

# **Cheltenham Borough Council**

## **Annual Governance Statement 2013 – 2014**

### **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 at the local level. The Local Government Act of 1972 and 2000 (as amended). 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 of 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 2013 was reviewed by the Corporate Governance Group and approved by the Audit Committee in March 2013.

### **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 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. 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.
16. We are now recognised as a commissioning council that puts a strong focus on understanding the needs of Cheltenham and its people
17. The Leader of Cheltenham Borough Council is a Board member of Gloucestershire Local Enterprise Partnership (LEP) whose key aim is to support growth and the creation of private sector jobs in the area. The partnership covers the district council areas of Cheltenham, Cotswold, Forest of Dean, Gloucester, Stroud and Tewkesbury.
18. The Cheltenham Development Task Force brings together the private, public and voluntary sectors in partnership, as the way to progress the challenges and opportunities to improve the town for its citizens and businesses. The Task Force is led by its Managing Director who is an employee of Cheltenham Borough Council. The Council's Chief Executive chairs the Task Force Risk and Accountability Group which monitors the management of its key strategic risks,
19. The remit of the Task Force is to consider specific issues or sites and recommend action to Cheltenham Borough and Gloucestershire County Council. Recent development work based upon the recommendations of the Task Force have been;
  - Disposal of North Place and Portland Street car parks for a mixed use scheme, including 143 housing units, a 600 space car park and foodstore. The sale receipt will allow other town centre opportunities to be realised subject to Council agreement of capital strategy.
  - Supporting the Albion Street development - regeneration of the site for a housing led scheme based upon a former garage and redundant cinema site.
  - Supporting the Brewery phase 2 – a commercial led regeneration scheme on the High Street that will improve connectivity between the High street and Brewery phase 1.

- Supporting the Cheltenham transport plan – based upon a successful funding bid of £4.9m from the DfT Local Sustainable Transport Fund. This aims to deliver modal shift through improvements to pedestrian and cycle facilities, personalised travel planning, and traffic flow adjustments that will help improve public spaces in the town centre, such as Boots Corner
  - Developing options for the relocation of CBC in order to reduce operating costs and creating commercial opportunities for the existing iconic Municipal Offices in support of the long term vibrancy of the town centre
  - Successfully bidding to the Gloucestershire Local Transport Body for funding towards a major improvement to Cheltenham Spa Railway Station
20. When developing 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**

21. During 2012/13 there were 5 key commissioning reviews;
- Leisure and Culture services (ongoing)
  - Green Environment (ongoing)
  - Public protection and private sector housing (now incorporated in the REST review)
  - Environmental and regulatory service transformation (beginning)
  - Revenues and Benefits (option appraisal)
22. These reviews broadly followed the commissioning cycle and where possible took advantage of opportunities to deliver services more effectively with partners.
23. The council is creating a new charitable trust to operate its leisure, culture and tourism services. The trust is charged with delivering the outcomes set by Cabinet and generating significant financial benefits. Following a successful recruitment process a representative and highly skilled group of 12 trustees have been selected and are working closely with the council ahead of the October 1st 2014 launch date. On that day, current staff will transfer to the trust and the trust will deliver a range of outcomes for leisure, culture and tourism and take on the operation of Leisure@ Cheltenham, Prince of Wales Stadium, Cheltenham Town Hall, Pittville Pump Room and the Wilson Art Gallery and Museum as well as the council's leisure and arts outreach services. The buildings themselves will continue to be owned by the council but leased to the trust.
24. The contract between the trust and Council will be monitored by the Councils Client officers and progress will be reported in this statement next year
25. Cheltenham Borough Council and Cotswold District Council formed a Local Authority Company (Ubico) from April 2012 and from April 2013 joined the Gloucestershire Joint Waste Committee. 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.
26. 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.

27. The Joint Core Strategy (JCS) is a partnership between Gloucester City Council, Cheltenham Borough Council, and Tewkesbury Borough Council, supported by Gloucestershire County Council. The JCS was formed to produce a co-ordinated strategic development plan to show how this area will develop during the period up to 2031. The JCS is steered by officers and elected members from each of the three local authorities. The Pre-Submission Joint Core Strategy April 2014 document was agreed by each of the three Councils and will be published during summer 2014 for consultation.

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

28. 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).
29. 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.
30. The Council has evolved over the last few years to become a commissioner of services - predominantly commissioning from shared arrangements set up with other local authorities. The result is that the Council is now much smaller in terms of directly employed staff and has a smaller budget to support those remaining directly provided services.
31. In the light of this the Chief Executive exercised his power as Head of Paid Service under s4 Local Government and Housing Act 1989 and recommended to Council a restructuring of the senior management structure and the approval of authority for the Borough Solicitor to make any necessary amendments to the Councils Constitution. Prior to the submission of the report the Head of Paid Service consulted with the Leader and Cabinet in accordance with the Employment Rules.
32. The Council approved the recommendations for the restructuring resulting in the removal of one Executive Director post in March 2014 and a Director post in October 2014 – which at current costs and in accordance with Council policy and statutory entitlement would, on an ongoing basis, save nearly £220,000 per annum
33. The outcome of this reorganisation was reported to all Council employees in July 2013 and to the public shortly afterwards in the local press.
34. The Council has an Overview and Scrutiny committee that aims to:-
  - support the Council in achieving its vision and delivery of its Corporate Strategy
  - promote open and transparent decision-making, democratic accountability and to hold the Cabinet to account for its actions
  - achieve positive outcomes for the people of Cheltenham by monitoring and challenging service delivery to ensure it meets customer needs and encourage innovation and good practice
35. The Overview and Scrutiny Committee is responsible for ensuring that the overview and scrutiny process is operating effectively and is making a difference for local people. The committee's role includes commissioning scrutiny task groups.

36. 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.
37. To promote the work of the Overview and Scrutiny Committee and the Scrutiny Task Groups the Democratic Services Unit have published a range of guidance documents on the Councils Website.
38. There were 5 new scrutiny task groups set up to look at
  - Cemetery and Crematorium
  - Section 106 agreements - Planning obligations
  - Dog Fouling
  - Deprivation
  - ICT- network issues.
39. 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 Grant Thornton 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 2014.
40. The Localism Act 2011 abolished the statutory national standards framework for elected Members and removed the requirement for a Statutory Standards committee. In May the Council approved its Code of Members' Conduct, its arrangements for the consideration and determination of complaints and decided to retain a Standard Committee.
41. During 2013/14 the Standards Committee met and considered;
  - A new Planning Code of Conduct
  - The Localism Act 2011 - implementation of conduct regime
  - CBC Code of Members' Conduct – Applications for dispensations in respect of interests
42. The Terms of Reference are published on the website for this committee and provides clear guidance upon what the committee can and cannot consider. The agendas and minutes for these meetings are published.
43. 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.
44. The Council has a Chief Executive who is the Head of Paid Service; which is a statutory role 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. He also;
  - ensures that the strategic aims of the council are clear and reflect our vision, values and the needs of the people of Cheltenham;
  - leads the delivery of services

- provides leadership and direction to the staff
- positions the organisation to meet current and future challenges
- leads, develops and continually improves corporate strategy, policy and organisational culture across the Council
- promotes strategic partnerships across Cheltenham, the County of Gloucestershire and beyond, to ensure the development of shared commitment and capacity.

45. A pay policy statement is required to be produced annually under section 38 of the Localism Act. The Council agreed its 2013/14 statement in March 2014 which is available to employees through the intranet and to the public through the internet.
46. Article 2 of the Constitution refers to the roles and functions of elected Members while Article 12 refers to the roles and responsibilities of the statutory officers. The Code of Conduct for all employees was last revised in March 2014.
47. The Council appointed the Borough Solicitor as Monitoring Officer. The Monitoring Officer function ensures compliance with established policies, procedures, laws and regulations. The Monitoring Officer reports to the Council, after consulting with the Chief Executive (Head of Paid Service) and Director of Corporate Resources (section 151 officer), if any proposal, decision or omission would give rise to unlawfulness or maladministration.
48. To ensure compliance with the Financial Procedure Rules set out in the constitution, the Council has designated the Director of Corporate Resources as Section 151 officer (Chief Finance Officer). The Council is able to confirm that it conforms to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). The Section 151 Officer is qualified and a substantially and suitably experienced accountant, who is responsible for the proper administration of the Council's financial affairs and for ensuring the lawfulness and financial prudence of financial transactions. The s151 Officer is a member of the Executive Board and Senior Leadership Team with responsibility for: leading and advising on the strategic financial decisions impacting on the Council's delivery of its objectives; ensuring continuing effective financial controls and risk management; management of the Corporate Finance function, which is appropriately resourced with professionally qualified management.
49. 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, and legal and HR implications as well as any risks associated with the issue.
50. 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.
51. 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
52. 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.
53. From October 2012 the external audit function has been provided by Grant Thornton. In September 2013 they published their report to those charged with governance (ISA 260) where they confirmed that there were no issues to report and
- *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.*
54. 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.
55. 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.
56. 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. Policies are being developed in co-operation with our partners and elected Members so that there is a consistent approach to their application.

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

57. The Council has 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.
58. The Cheltenham Futures Programme included a work stream for the review of the appraisal process which was led by the Deputy Chief Executive and involved consultation with the SLT, senior managers and staff. The outcome is an easier more focussed process to meet the needs of a commissioning council.
59. 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 determined appropriately. The Code of Members' Conduct was reviewed in June 2012 in the light of the abolition of the national standards framework.
60. 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.
61. 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 with the requirements of the new Bribery Act and the working

arrangements of Audit Cotswolds. These documents are available to the public on the Council web site, and accessible to Members and employees from the intranet site.

62. 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.
63. 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.
64. This guidance reflects best practice and 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.**

65. Most of the day-to-day decision making powers of the Authority rest with the Cabinet whilst the full Council is responsible for high level matters such as approving the Budget and policies and strategies within the Policy Framework and appointing the Leader.
66. The Cabinet consists of the Leader and six other Councillors with specific portfolios of responsibilities. When major decisions are to be discussed or made, these are published in the Cabinet's Forward Plan in so far as they can be anticipated. If these decisions are to be discussed with council officers at a meeting of the Cabinet, this will generally be open for the public to attend except where exempt or confidential matters are being discussed
67. The Cabinet has to make decisions which are in line with the Council's overall policies and budget. If it wishes to make a decision which is outside the Budget or Policy Framework, this must usually be referred to the Council to decide. Cabinet Members may make individual executive decisions with regard to matters in their portfolios in so far as such is delegated to them by the Leader.
68. The Authority has an Overview and Scrutiny Committee and this, usually through task groups, scrutinises the work and decisions of the Authority. The Committee also has power to call – in those decisions of Cabinet and Cabinet Members which have been made but not yet taken effect.
69. All reports that make recommendations to Council or Cabinet are supported by a risk assessment based upon the methodology in the Councils Risk management policy. The Risk management Policy is agreed by the Audit Committee and the Senior Leadership team own and maintain the Corporate Risk Register which is reported to Cabinet Members on a regular basis
70. In February 2013, Cabinet and Council members met to discuss the final budget report for 2013/14. The Government had announced that it would cut on-going support to the Council by a further £762k in 2013/14 which cumulatively equated to a £4.2m cut since 2009/10. As a result, the Council had to identify, prioritise and make savings to meet this funding gap.
71. 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. Arrangements are also in place for publishing all Council committees' agendas and minutes.
72. The Council has agreed data sharing protocols with all the Gloucestershire authorities, GO Shared Service, Cheltenham Borough Homes, Ubico and the Gloucestershire Joint Waste Committee, Cheltenham Borough Homes which allows for the sharing of data between the organisations and provides arrangements for making sure that it remains secure.

73. 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.
74. 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.
75. During 2013/14 there were 4 e'Petitions received by the Council that were managed through its website;
76. 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.
77. The Audit Committee annually reviews the Corporate Risk Management Policy and a report on the risk management activities that have taken place during the year. The policy was agreed by Audit Committee in March 2013.
78. In December 2013 the full Council debated the scoring of the risks associated with the Councils Public Sector Network (PSN) assessment as a result of which the Council review its Risk management Policy and Score Card.
79. This review was carried out during January and February 2014 and involved officers and Members. The outcome from the review was considered by the Audit Committee in March 2014 and a revised Policy and scorecard were approved for use during 2014/15.
80. The PSN risks identified through this process are managed by the ICT Shared Service and monitored by the Security Working Group (SWG) which is chaired by the Chief Executive who is designated the Councils Senior Information Risk Officer. The SWG has an agreed Terms of Reference and reports its progress on managing these risks through the ICTSS Joint Management Liaison Group and to the Senior Leadership Team.
81. 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.
82. 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.
83. The membership of the Information Management Group was revised during 2014 to include a wider group of officers so that it jointly considered the management of information with CBC, CBH and UBICO.
84. 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.**

85. All Members and officers are subject to codes of conduct and periodically training sessions are held. A wide range of training and briefings were made available to all Members including;

- Council size and electoral cycle working group.
  - Making Asset-based Community Development work
  - Presentation of latest household projections
  - Social Media Training
  - ICT Member Seminar
  - Objectively Assessed Need and Potential JCS Strategic Sites
  - Member Seminar JCS
  - Licensing Committee Training - Scrap Metal Dealers Act 2013
  - Commissioning Seminar
  - Commissioned Services Seminar
  - Cheltenham LCT Trust - Member Seminar
  - Licensing Member Training - Sexual Entertainment Venues
86. Members also have access to the Learning Gateway and can attend any training course that is currently being offered to employees.
87. Officer learning and development needs are identified through the appraisal process and 1-2-1s and fed into the professional and corporate training programmes. A wide range of facilitated and self awareness training programmes are available through the Learning Gateway for all employees and Members
88. In addition to supporting delivery of the Council's Corporate Strategy during 2013-14 the Chief Executive Officer continued to push forward the Cheltenham Futures programme to build on the progress of commissioning services from external providers. This programme of work continues to deliver improvements for the organisation including the restructuring of the Senior Leadership team.
89. This programme comprises of three work streams, one of which considers the council's performance and organisational culture. This includes organisational culture, pay and reward. Work on culture and behaviours (review of competencies) is underway, linked to appraisal's as is work on how best to ensure that pay and conditions continue to attract, retain and reward employees of Cheltenham Council in the future.
90. 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 deliver efficiency savings
    - To establish a permanent service structure.
  2. Central Services
    - To 'right size' the Resources and Commissioning divisions to meet future Council requirements
    - To introduce service failure scenario and risk planning
91. 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**

92. Cheltenham Borough Council, through the Cabinet is accountable for allocating resources. There are a range of internal checks and systems in place to provide assurance that they achieve value for money.
93. 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.
94. In 2007, the Council agreed the building of a new extension and the refurbishment of the existing Art Gallery and Museum. The total project costs for the Development Scheme were estimated at £6.3 million. This project was completed and the Art Gallery and Museum re-opened to public acclaim on the 5 October 2013 under the new brand name of 'The Wilson'.
95. The complexities of extending new buildings to adjoining listed buildings led to delays, increased project costs and, since fund raising activity is still underway, a shortfall in funding at the time of the out-turn report to Cabinet and Council in February 2014.
96. The report acknowledged this over-spend and highlighted that internal audit had been commissioned to identify any weaknesses in the control, monitoring and approval mechanisms supporting this project and to understand how the Council might have been better informed about the likely cost overrun providing an opportunity to take corrective action. Following on from the meeting the Head of Internal Audit discussed the scope of this work with the Section 151 officer and it was decided that its External Auditor, Grant Thornton should carry out the review; this will be completed during 2014.
97. Council agreed to set aside a further allocation of capital receipts (from the sale of Midwinter allotments) by £360,000 to £1,282,000 to address this shortfall
98. 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.
99. 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"**.
100. 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.
101. The three main elements of the structure are:
  - Positive Participation Partnership
  - Positive Lives Partnership
  - Strategic Leadership Group.
102. 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.

103. The Council's Corporate Strategy Action Plan includes specific commitments to support the delivery of these priorities.
104. The Council has an established web site which was visited 433,420 times during 2013-14 and a total of 2,559,177 pages were viewed. We took steps to improve the interactive nature of the website by developing systems that allow improved access to Council services and information. Members of the public used the 'Report It' function 458 times to bring issues to the attention of the Council.

### **Delivery of services and outcomes through third parties**

105. 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.
106. Ubico Ltd 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.
107. 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 (GJWC) from the 1st April 2013. In July 2013 it agreed a business plan for next 5 years which outlines key priorities and actions for the next five years. The critical purpose of this plan is to provide a mandate for the GJWC to consider and make decisions, according to set governance and budgetary principles, without constant reference back to the partner authorities. The agenda and minutes for this committee are published on the Gloucestershire County Council website.
108. 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 (GOSS) covering Finance, Procurement, Human Resources, Corporate Health & Safety, Learning & Organisational Development 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.
109. The GO Shared Service partnership continued to develop its service provision and provide savings during 2013/14:
110. GOSS Human Resources (HR) delivered the core business as usual for the Council, and in addition, projects including Pensions Automatic Enrolment, work to comply with the new Baseline Personnel Security Standard, and Local Government Pension Scheme 2014 implementation.
111. GOSS HR service also provided support to key commissioning projects, restructures, and numerous change programmes (e.g. Housing, Leisure and Culture Trust), and Cheltenham Futures projects including the senior management review, and appraisal & core competencies redesign, and commenced work on a reward and recognition approach. GOSS helped the Council retain accreditation of the Investors in People Standard.
112. The main emphasis of work for the GOSS Finance teams has been on finalisation of the budgets for 2014/15 and preparation for the 2013/14 financial year-end. The team also continued to: provide support to relevant local authorities with decisions relating to the recovery of Icelandic Banking Investments, supported Cheltenham Borough Homes Ltd New Build programme and supported various projects within the Cheltenham Futures programme.

113. One of the largest projects that GOSS is supporting is the establishment of the new Cheltenham Leisure and Cultural Services Trust. The Trustees, supported by the executive team, have been considering the GOSS bid and have agreed in principle to procure HR, Payroll and Finance services from GOSS from October 2014. A decision on whether to take H&S and Learning & OD services is due to be made in July.
114. The Financial Rules were reviewed with the GOSS 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 from 1st April 2012.
115. 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 Council's internal audit arrangements, including drawing up the internal audit strategy and annual plan and giving the annual audit opinion.
116. 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.
117. On 1 December 2013 the housing options team transferred to CBH. This gives them an opportunity to develop within a focused housing delivery environment. The housing options team is one of the top performing for reducing homelessness across the country and will compliment CBH's work.
118. The cabinet and board members along with senior officers from both organisations periodically meet to undertake "bluesky" thinking and to talk about the strategic direction of CBH and improvements for tenants and the wider community.
119. 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.
120. The Building Control Service is in the process of carrying out mid term review to measure the performance in respect of the initial objectives identified when the partnership was formed.
121. The 2013/14 Building Control budget anticipated a net trading surplus of £80,800 (before support service costs and including the annual savings share from TBC). The provisional outturn demonstrates this has been overachieved, generating a net trading surplus of £108,301.32, a variance of £27,501.31
122. 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 Corporate Resources or designated representative receives regular management accounts for the airport,
123. 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.

124. 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. There was one application for a community right to bid in 2014.

### **Review of effectiveness**

125. 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.
126. 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
  - Assurance statement from other service providers
  - Assurance Statement from Gloucestershire Airport
  - Legal standards
  - Code of corporate governance.
127. The Council has an approved CCG which was reviewed in April 2013 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.
128. There were 45 areas of control considered by each of the 3 Directors resulting in 180 comments, of which 130 (72%) were deemed to have been Met, 37 (21%) were Partial, 2 (1%) Not Met and 11 (6%) were regarded as being not applicable. Overall full compliance was down compared with the previous year however a number of criteria were considered to be Not Applicable this may be due to the changing nature of the way we deliver services and consideration will be given to this for next years review.
129. The review 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. This improved during the year with a new process for recording declarations of interest from employees. There was also a new register set up for recording of declarations in respect of Gifts, Hospitality and Sponsorship.
130. In addition to the internal review of the effectiveness of the governance framework we also drew on evidence from Client Officers in respect of compliance with agreements with Ubico, Cheltenham Borough Homes, ICT Shared Services, the GOSS Partnership and Gloucestershire Airport.

131. The outcome of these external reviews were that the;
- Director of Commissioning was asked to review 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 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 Corporate Resources was asked to get assurance in respect the ICT Shared Service from the Forest of Dean District Council. This assurance was provided and identified 3 key areas of focus for the forthcoming year. These are discussed further on in this section.
  - The Deputy Chief Executive who is the client officer was asked to review of the effectiveness of internal controls In respect of the Gloucestershire Airport. Concerns about compliance with the Articles of Association were raised with the Managing Director in particular with regard to authority to borrow. Clarification on issues relating to Safeguarding are still under discussion with their Managing Director. Also to note, following a review of the airport's operations, commissioned by Gloucester City, a commercial review of the airport is currently underway which will make recommendations regarding future airport governance.
132. 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.
133. 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.
134. 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 Borough Councils' performance management framework.
135. 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 2013/14 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.
136. The ICT Shared Service (ICTSS) between Cheltenham Borough Council and Forest of Dean District Council went live on 01 April 2013 and the service is provided under an agreement pursuant to s101 Local Government Act 1972. The shared service was created following a commissioning review by Cheltenham Borough Council and Forest of Dean District Council (FoDDC) adopted the role of lead authority.

137. The Forest of Dean District Council is therefore responsible for ensuring:
- its ICTSS business is conducted in accordance with the law and proper standards;
  - public money is safeguarded and properly accounted for;
  - public money is used economically, efficiently and effectively; and
  - there is a sound system of governance, incorporating the system of internal control.
138. CBC Cabinet agreed an ICT Infrastructure Upgrade Strategy including a 5 year capital investment of £1.3m to enable the improvements to take place. This investment is being delivered through a rolling programme of work by ICTSS shared services and is being monitored by the CBC Client Officer (Director Corporate Resources) and the Joint Management Liaison Group (JMLG) which includes offices and Members from both authorities.
139. In discharging these responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and including arrangements for the management of risk. In respect of identifying ICT Risks Threats and Treatments to the Public Service Network (PSN) the ICTSS has adopted the HMG Information Standard Assurance Numbers 1 & 2 methodology for this process.
140. This methodology was used to address issues raised through the 2013 PSN assurance submission process. These issues were reported to Audit Committee and Council; they were also the subject of an ICT Scrutiny Working Group review.
141. The CBC ICT PSN risks and other matters relating to Information Security are managed by the Security Working Group (SWG) which is chaired by the Chief Executive in his role as the Council's Senior Information Risk Officer. This group has a documented Terms of Reference (ToR) which was agreed by the Senior Leadership Team. The FoDDC council has its own SWG for managing FoDDC risks. The Two Councils also have a joint SWG that meets on a bi-monthly basis to consider the risks and issues that are common to both Councils; this also has a documented ToR.
142. FoDDC undertook their own review of effectiveness of the ICTSS and have identified a number of Focus Area for the forthcoming year;

Focus Area		Planned actions
1	Disaster Recovery	<ul style="list-style-type: none"> <li>➤ Complete ICT disaster recovery (DR) plan;</li> <li>➤ Ensure Corporate disaster recovery and business continuity plans link to the DR plan;</li> <li>➤ Install back-up generator.</li> </ul>
2	Service Level Agreements	<ul style="list-style-type: none"> <li>➤ Continue to develop JMLG to monitor costs and performance of ICTSS;</li> <li>➤ Refresh the Service Level Agreements and charging mechanism.</li> </ul>
3	Information Security	<ul style="list-style-type: none"> <li>➤ Complete 2014 Public Services Network (PSN) submissions</li> <li>➤ Provide annual refresher training for all members and staff on information security;</li> <li>➤ Introduce the revised HMG classifications for protective marking.</li> </ul>

143. FoDDC have provided assurance that these steps will address the needs identified in our review of effectiveness and further improve governance arrangements at the ICT Shared Service. These will be monitored by the appropriate SWG.
144. 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 Corporate 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.

145. 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.
146. 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.
147. The Head of Audit Cotswolds Annual Audit Opinion identified that overall there is a satisfactory opinion relating to the Councils framework for risk management, governance and control, confirming that appropriate action or progress has been made in relation to previously identified issues.

### **Significant governance issues**

148. 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 – Review 1<sup>st</sup> March 2014

Control issue	Action	Deadline as per AGS	Action planned and EoY position	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 2015	<p>Deliver ICT Business Continuity back up arrangements through ICT shared service with FoDDC that have been tried and tested.</p> <p><b>End of year position.</b> Business Continuity for the ICT Shared Service has been reviewed by South West Audit Partnership for. Senior officers from both authorities are reviewing the arrangements for individual authorities and developing a shared approach to Business Continuity.</p> <p>Recommend that this issue be redlined based upon internal audit recommendations and carried forward with a deadline of March 2015.</p>	Director of Corporate Resources
Safeguarding Children and Vulnerable Adults	<ol style="list-style-type: none"> <li>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.</li> <li>2. Hold a register of acknowledgements for all employees, casual staff, volunteers and elected members that they have read and understood the Safeguarding Children and Vulnerable Adults handbook.</li> </ol>	September 2015	<p>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</p> <p><b>End of year position</b> The manager reports that the declaration process is in place and that training records are being pulled together but are not complete.</p> <p>It is recommended that this issue is carried forward to March 2015</p>	Strategy and Engagement Manager
Car parking Services	An internal Audit Assurance report has identified a number of issues relating to the management of the car parking services impacting on income and operational effectiveness	September 2015	<p>New Issue A Cabinet report is being finalised with recommendations based on the Internal Audit assurance report to address weaknesses within the way that car parking services are managed.</p> <p>Corporate Governance Group received a position statement from the service in March 2014 highlighting the work that is being undertaken</p>	Head of public Protection

### Significant governance issues

149. 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

Chief Executive

.....  
Councillor Steve Jordan

.....  
Andrew North