

Annual Governance Statement 2011 - 2012

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 2000 provides the current governance arrangements for local government with the ultimate accountability lying with the full council. 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, the 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. The 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.
5. You can download a copy of the local Code of Corporate Governance (CCG) 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 the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
8. The internal controls are a significant part of the framework to support the management risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to support the achievement of Cheltenham Borough Council's objectives and actions.
9. The CCG for the period commencing 1st April 2011 was reviewed by the Corporate Governance Group and approved by Council in March 2010 and there was a further review in March 2012 by the Audit Committee.

The Governance Framework

10. The Code of Corporate Governance 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. The 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. The strategy was based on the sustainable community strategy – a document which was drawn up following extensive public consultation on key issues and priorities for the town and which sets out a long term vision for Cheltenham.
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 committees to ensure that the council's objectives are progressing as planned.
13. The Corporate Strategy supports Cheltenham's Community Strategy which sets out its vision for the long-term future of Cheltenham as

“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. On 28th June 2010, the Council formally agreed to adopt a strategic commissioning approach that
 - i. puts a strong focus on understanding the needs of Cheltenham and its people in designing outcomes for public services,
 - ii. seeks to work much more closely (including sharing budgets where appropriate) with other parts of the public service and the voluntary and community sector (VCS) and
 - iii. makes objective, transparent, evidence-based decisions about how services should be provided and by whom.
15. By using this strategic commissioning approach, the council will 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.
16. The 2011-2012 Corporate Strategy also included an additional commitment to this Vision

“By April 2012, we will lead our community by taking a commissioning approach. We will be driven by the needs of people and place, in order to improve wellbeing, the economy and the environment and use resources efficiently and effectively”

17. The above vision for commissioning has been realised through a programme of change led by the Chief Executive. The Strategic Commissioning Programme had its own governance arrangements and was managed through a programme board for the period up to spring 2012; it considered which services should be in scope for commissioning, and how they will be delivered in the future.
18. During 2011/12 there were 3 key commissioning reviews;
 - Built Environment services

- Leisure and Culture services
 - Partnership working.
19. These reviews have followed the commissioning cycle; a Commissioning Protocol and toolkit were developed to ensure that commissioning reviews are inclusive and comprehensive.
 20. Cheltenham Borough Council and Cotswold District Council formed a Local Authority Company (Ubico) and are partners in the wider Gloucestershire Joint Waste Partnership. The new Company and the Joint Partnership can operate independently of one another.
 21. The decision to form Ubico from April 2012 contributes to the council's strategic commissioning objectives and is the chosen vehicle for partnership working in this case with the aim of delivering improved outcomes and value for money. It is estimated that annual savings for the council will increase to c£400,000 by 2014/15.
 22. Tewkesbury Borough Council has requested to join Ubico and 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.
 23. The Built Environment and Leisure and Culture Commissioning reviews began by analysing;
 - community needs
 - what resources are available to CBC and our partners to meet the needs and
 - what our priorities are.
 24. In 2012/13 the Council will decide on the most appropriate way for Leisure and Culture to achieve its objectives.
 25. The Place Based Commissioning review commenced July 2010 with the aim "To have a fit for purpose Cheltenham Strategic Partnership (CSP) that is ensuring partner resources are targeting the priority needs in Cheltenham". As part of the review, senior officers and practitioners within the public sector and the voluntary and community sector, participated in the Partnership Improvement Programme (PIP) to consider the strengths of partnership working in Cheltenham and areas where they would like to improve to meet local needs in the light of changing legislation.
 26. A draft structure of three new partnerships was proposed and agreed by all participants. With simplified governance arrangements a more flexible approach, outcomes focussed with the potential to engage diverse groups.
 27. The draft structure was consulted on over the summer and the final proposals were endorsed by the CSP on 29 September and CBC's Cabinet on 18 October. The new partnerships are;
 1. Positive Participation Partnership
 2. Positive Lives Partnership
 3. Strategic Leadership Group
 28. Members of Executive Board agreed to take a lead on the partnerships, and along with the relevant Cabinet member are able to ensure that the council's views are fully represented at partnership meetings.
 29. The Cabinet agreed a Medium Term Financial Strategy which is in line with the priorities as set out in the council's business plan and identifies any expenditure which

may need to be incurred to meet new legislation or changes in service provision and reflects the financial impact of government plans to tackle the level of national debt. In order to address year on year budget shortfalls, efficiency savings and new or improved income, the council has described within its Medium Term Financial 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 additional income, which will not impact on its ability to deliver in priority areas.

30. 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. This reflected on the budget consultation exercise that was undertaken during 2010/11 and new objectives identified by elected Members.

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

31. 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. The 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).
32. The council's constitution and policy framework are approved by Council, and is subject to periodic review. A constitution working group comprising of elected members and officers led the review in 2011/12. The constitutional changes mainly relate to Part 3 - Responsibility for Functions, Part 4 - Procedure Rules, O&S Rules, Budget and Policy Framework Rules, Financial Rules, Contract Rules, Part 5 - Employee Code of Conduct.
33. There are three overview and scrutiny committees which hold the bodies exercising executive functions to account and assist with policy formulation; from May 2012, there will be one overview and scrutiny committee assisted by scrutiny task groups. This change has arisen out of a review which commenced in July 2011. The brief was 'to ensure that there was an effective scrutiny process in place to support commissioning and achieve positive outcomes for the town.
34. The council has two committees which deal with governance, internal control and ethical arrangements, (Audit Committee and Standards Committee).
35. 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 2012 to ensure that they reflected the changes brought about by the Senior Officer restructure and the strategic move towards becoming a Commissioning Authority by April 2012. The Audit Committee also receives routine information papers on the work of the Corporate Governance Group which monitors Significant Issues arising from the Annual Governance Statement.
36. The Localism Act 2011, which abolished the statutory national standards framework for elected members, removes the requirement for a statutory standards committee.

Therefore, the council will be deciding in 2012 whether to retain a local standards committee and, if so, what form it will take.

37. The Staff and Support Services Committee, which dealt with employee related functions, were discontinued in February 2011; those functions are now dealt with by the Appointments and Remuneration Committee and senior officers. In addition there are two quasi judicial committees which deal with licensing and planning.
38. 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 Partnership 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.
39. 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.
40. 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 Councils activities, including its management structure, the number of staff employed and the salary grades of chief officers.
41. 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 2012 which is available to employees through the intranet and to the public through the internet.
42. The Council approved revisions to the Constitution in March 2012, Article 2 refers to the roles and functions of elected Members.
43. Article 12 refers to the roles and responsibilities of the statutory officers.
44. The Council also approved a revised Code of Conduct for all employees on the 26th March 2012 which provides additional information on roles and responsibilities.
45. The Council appointed a Monitoring Officer under a shared service agreement with Tewkesbury Borough Council (to ensure lawfulness and fairness of decision making and to support Standards Committee) and a Director of Resources who is the section 151 officer (to ensure lawfulness and prudence in financial decision making and that the council's financial arrangements are sound); these are both statutory posts.
46. 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 reports identify options, the financial, legal and HR implications, any risks associated with the matter, as well as how it addresses priorities within the Corporate Strategy.
47. The council has an internal audit function called 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. Audit Cotswolds is managed by a Partnership Board with its own Terms of Reference and representatives from each authority. Due to the success of this partnership, and also in light of developing further, the partnership was expanded to include West Oxfordshire District Council.

48. In 2011/12 Audit Cotswolds Board considered that the partnership had been successful and should move to a more formalised governance arrangement. A report was made to Cabinet in November 2011 confirming that the partnership had met the original business case objectives. It was agreed that the partnership be formalised through a Section 101 agreement (delegation of functions) of the Local Government Act 1972 from April 2012.
49. The Corporate Governance Group has 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.
50. The council has external inspection and audit undertaken by KPMG the external auditors appointed by the Audit Commission and their annual management letter is presented to Members.
51. In September 2011 KPMG published its report to those charged with governance (ISA 260) where they confirmed that the wording of the 2010/11 Annual Governance Statement accords with their understanding. They also concluded that it complied with Delivering Good Governance in Local Government: A Framework published by CIPFA/SOLACE in June 2007; and that it was not misleading or inconsistent with other information that they were aware of from their audit of the financial statements.
52. 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.
53. 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.

54. 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.
55. The code of corporate governance was reviewed March 2012 and a revised code was approved by the Audit Committee in March 2012 and will be included in the council's constitution from June 2012. This code clearly sets the aspirations of the council in ensuring that there are effective governance arrangements.
56. All Members and officers are subject to codes of conduct, and periodically training sessions are held. Members and officers must declare any interests and registers of those declarations are maintained. The council's Monitoring Officer and Standards Committee are responsible for ensuring that reported breaches of the Code of Members' Conduct are investigated appropriately. The Code of Members' Conduct will be reviewed in 2012 in the light of the abolition of the national standards framework.
57. The Chief Executive and other members of the Senior Leadership Team routinely promote good governance messages to employees and Members through the intranet, employee blogs and Twitter.
58. Members of staff are encouraged to shadow the Chief Executive to promote their understanding of the wider aspects of the councils work. They are then given the

opportunity to be a guest on the Chief Executives Blog to provide their views on the experience to other staff.

59. The council's Whistle Blowing policy was reviewed and revised in August 2010 and its Anti-Fraud and Anti-Corruption Policy is currently under review to ensure that it aligns to the requirements of the new Bribery Act and the working arrangements of the Go Partnership. These documents are available on the council web site, and accessible to Members and employees from the intranet site.
60. The council has a complaints process and quarterly reports analysing the nature and type of complaint are considered by the senior leadership team.
61. 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.

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

62. 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 operates executive style arrangements the main differences with the new model is that the Leader will be appointed for a 4 year term (subject to removal by Council) and must appoint a deputy leader.
63. The Leader can delegate their executive functions to members of the Cabinet or to officers and this is set out in the council's constitution. Meetings of Cabinet are held in public, agendas are published in advance and the minutes of the meetings are available on the council's web site or for public view in libraries and the council offices. Decisions made by the Cabinet must be in accordance with the Budget and the Policy Framework which are approved by Council.
64. Arrangements are in place for other council committees with published agendas and minutes. For all meetings of the council the public are able to ask questions (with advance notice).
65. There are currently three overview and scrutiny committees which hold the Cabinet to account and have (subject to criteria) the ability to call in decisions of the Cabinet. 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.
66. In March 2011 the Council agreed a 5 year Corporate Strategy (2010-2015) alongside an action plan for 2011-12. The Senior Leadership Team has collective ownership in ensuring that the Corporate Strategy and its supporting actions are monitored and delivered.
67. 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.
68. The council also prioritises expenditure based on need and provides scrutiny and Cabinet with quarterly budget monitoring reports. The council has an appraisal

process where all employees are set objectives for the coming year which meet the business plan priorities.

69. The Council approves the council's standing orders, financial rules and scheme of delegation and these are periodically reviewed to ensure that they are still relevant and appropriate. The constitution working group plays an important role in reviewing the council's constitution ensuring that changes are considered in greater detail ahead of their consideration by council. The council has a Risk Management policy which was revised and approved by the audit committee in March 2012 and clearly identifies roles and responsibilities for both Members and staff.
70. The Senior Leadership Team is responsible for the management of corporate risk process. The corporate risk register which includes the risk, mitigating actions, deadlines and the details of the responsible officers is updated and reported to them on a monthly basis. These risks were reported to Economy and Business Improvement overview and scrutiny committee and the Cabinet. 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.
71. Internal Audit carried out an assessment of the risk management process and has made a number of recommendations for improvement. These recommendations are being monitored by the Corporate Governance group and a new risk management module has been ordered to improve functionality and reports.
72. During 2009/10 the Council received a public interest report from its auditors in relation to the decision making process on a legal case. The report was considered by the council including a number of recommendations; an action plan was developed to address the issues raised. All of the recommendations within the report were actioned before the required deadlines and changes were made to the council's constitution where necessary.
73. The Cabinet agreed new RIPA guidelines in October 2010 and these were reviewed in March 2012. There were no applications to use these powers during 2011/12. Staff who could be involved in the process attended training sessions and information about the process has been made available on the intranet.
74. The council has an Information Management Group that developed an Information Management Strategy that was approved by SLT; it also reviewed the information management and data protection procedures and processes. These reflect partnership working and the sharing (where appropriate) of information with other organisations.
75. Internal auditors reviewed the Corporate Governance arrangements following the 2010/11 assurance check which led to a number of further improvements to the process and reporting protocols.
76. The 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.
77. The council manages its budgets through cost centre managers who are responsible for the day to day management of their income and expenditure in line with financial rules. The council reports how it intends to balance its budget when the council approves the budget proposals each February and reports progress in the quarterly Budget Monitoring Reports to Cabinet.

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

78. There is a People and Organisational Development Strategy that sets out the council's longer term aspirations for member and officer development, together with an annual action plan. Skills gaps within the organisation have been identified and a programme of learning interventions is being delivered. Progress will be monitored and development reassessed as part of the appraisal process. There is a member training programme, which is supported by both the human resources division and democratic services. Generic training needs for Members are identified in consultation with Members and group leaders. All Members have personal learning accounts on the council's Learning Gateway, to log training needs and record training undertaken.
79. During the course of the year the council's external auditors identified the need to review the way in which the council delivers training to its Members and this has resulted in a greater input from the human resources division, better usage of the council's learning gateway system and proposals for supporting new Members following the election (e.g. "buddying" new Members with officers to help them orientate themselves into the council). A new on-line risk management training module for Members and staff has been developed which is available through the learning gateway.
80. Officer learning and development needs are identified through the appraisal process and 1-2-1s and fed into the professional and corporate training programmes. The Senior Leadership Team and service managers have recently completed a leadership development programme, the principles of which are used to underpin coaching relationships for executive directors, directors, service managers and the wider organisation. The senior leadership team has adopted a "balanced scorecard" approach to their appraisal process.
81. The council has adopted a programme and project management approach to its key change programmes and has released capacity for programme and project support. This approach has enabled the better use of resources to focus on the key delivery issues.
82. Certain Members were 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. 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.

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

83. Cheltenham Borough Council as a whole, 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.
84. The principal local checks on regularity and propriety are as follows:
- i. Clarity about who is accountable for resources
 - ii. A set of financial duties and rules
 - iii. Internal assurance checks by the section 151 officer of the council; and external checks by an independent auditor
 - iv. Transparency through publication of annual accounts and spending.

85. 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; these decisions are made at public meetings.
86. Council, Cabinet and committee meetings are open to the public with agendas and minutes being publicly available. Members of the public are able to ask questions at such meetings. The council has an adopted equality policy which recognises the need to engage with different sections of the community.
87. The council has a complaints and comments system for members of the public. There is a three stage complaint system which gives divisions an opportunity to resolve a complaint at the first point of contact, but if a complainant is still unhappy they are entitled for the matter to be investigated on behalf of the chief executive. Complainants may also refer matters to the local government ombudsman for investigation once they have been through the council's complaint system.
88. The council publishes a leaflet with its council tax demands which summarises performance and at the end of each financial year also publishes an annual report. This year the leaflet contained additional information to inform customers about the Go and UBICO projects and how information will be shared to enable the delivery of services.
89. 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. Advice on how to submit a petition is provided on the council's website and a public participation section is being produced for inclusion in the council's constitution.
90. The council has been working with the police and county council on a neighbourhood-based approach to helping local residents tackle and resolve local problems. There are 14 neighbourhoods in Cheltenham with coordination groups that meet every 3 months to agree local priorities, councillors and officers take part in the group meetings to help co-ordinate agreed courses of action.
91. The council has a well established web site which provides access to many of its services online, including a "report it" tool which was used 285 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.
92. The council makes significant use of the social media including Facebook, twitter and You Tube in order to get across key messages and to receive feedback, staff and members are also made aware of issues that have been discussed in the media through monthly briefings and the intranet.
93. CBC was ranked 2nd in the Public Sector Customer Services Forum social media reputation index for December 2011. We've seen an increase in the number people using Twitter to contact us and ask questions and we've had some good feedback from customers about the service.
94. The Department for Communities and Local Government introduced a Code of Recommended Practice for all local authorities on Data Transparency for spending on goods and services over £500. The council complies with this Code and continues to consider additional information and data that it can publish.

95. The council published senior officer remuneration as part of its annual accounts as of the 31st October in line with government guidelines.
96. We also published information on the council's contracts and tenders register which is linked to the expenditure data.

Delivery of services and outcomes through third parties

97. In September 2010 the council considered an options appraisals for the future delivery of environment services which indicated that the formation of a Local Authority Company (LAC) involving a partnership between Cheltenham Borough Council (CBC) Cotswold District Council (CDC) and Tewkesbury Borough Council (TBC) would be the most viable and effective means by which to deliver their services. It would also provide the first step towards achieving joined up waste services across Gloucestershire. In March 2011 elected Members of TBC decided against joining the LAC at that time, CBC and CDC agreed to continue.
98. In June 2011 Members of CBC and CDC approved the formation of a LAC called UBICO Ltd. Tewkesbury Borough Council asked to re-join the partnership from April 2013 (which was approved by the Board) and 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. CBC went live on 1st April with relevant staff transferring to the LAC via TUPE. In August 2012 CDC will also go live with relevant CDC & SITA UK staff transferring to the LAC via TUPE.
99. 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 the procedures and policies and report on the adequacy of arrangements. The company is overseen by a board of directors which includes tenants and has an audit committee.
100. A resources committee oversees CBH finances, manages HRA finances and reports to the board of directors. The board receives quarterly reports on performance. CBH has a service level agreement with the council and the management fee and level of service is agreed on an annual basis. Monthly monitoring meetings are held to discuss performance. Payroll and payments services are administered by CBC on behalf of CBH and the company shares the council's financial ledger system. CBH completes an annual assurance certificate to confirm compliance with the agreed governance arrangements.
101. The council is a 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 commercial director and company secretary as well as an airport director. The statutory accounts are audited each year by a private firm of accountants, and presented to the board and to the shareholders, and are approved at the AGM in September. The council's Director of Resources or designated representative receives regular management accounts for the airport, and either he or the strategic director or their designated representative attends the monthly airport programme board meetings.

Review of effectiveness

102. 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 Partnership annual opinion report, and also by comments made by the external auditors and other review agencies and inspectorates.

103. The effectiveness of the governance framework draws on evidence from:

- Internal and external audit and inspection
- Statutory officers group
- Financial controls
- Risk and performance management
- Assurance statements from each division
- Legal standards
- Code of corporate governance.

104. The council approved the code of corporate governance and it established a Corporate Governance Group which oversees the review of the effectiveness of the code of corporate governance and internal control. All directors have to complete an annual statement of assurance which outlines the key control areas to which the division should comply.

105. The Corporate Governance Group reviews the statements to identify common themes which need to be reflected in any 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, Audit Partnership Manager 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.

106. 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 taken, or proposed, to deal with significant governance issues.

107. 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 with that Cabinet Member so that they are aware of any issues.

108. The Head of Internal Audit's Annual Opinion identified four areas as receiving 'limited' assurance opinions, which therefore presented risks to the achievement of organisational objectives in those areas. Where there remain recommendations for implementation in 2012-13 the significant governance issues table below includes details for the Corporate Governance Group to monitor.

- Building Control Shared Service Reporting
- Registration of Interests, Gifts and Hospitality
- Payroll
- Refuse and recycling stock control

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, and an action plan to address weaknesses and ensure continuous improvement of the system is in place.

Significant issues action plan

Control issue and source	Action	Deadline	Lead officer
Matters identified by Internal Audit <ul style="list-style-type: none"> Building Control Shared Service Reporting – August 2011 	Proposed actions for meeting the requirements as set out in the Shared Service Agreement are being managed.	April 2012	Head of Building Control
<ul style="list-style-type: none"> Registration of Interests, Gifts & Hospitality – October 2011 	Process implemented for ensuring Registers of Interests are properly maintained A revised Employee Code of Conduct will be issued.	June 2012 July 2012	GOSS HR Operations Manager
<ul style="list-style-type: none"> Payroll – January 2012 	Payroll resilience issues are being managed via the GO Shared Services. Ongoing operational issues to be overseen by the GO Client Officer.	October 2012	GO Client Officer
<ul style="list-style-type: none"> Refuse & recycling stock control– November 2011 	Stock and procurement controls are being managed by Ubico Ltd and CBC management.	May 2012	Ubico Ltd & CBC Management
Matters identified through the Assurance Review <ul style="list-style-type: none"> Compliance with Equalities Regulations 	Review and revise report writing as necessary to ensure that legislative and policy requirements relating to equality are embedded within the decision making processes.	March 2013	Director of Commissioning

Control issue and source	Action	Deadline	Lead officer
<ul style="list-style-type: none"> 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 2013	Director – Resources
<ul style="list-style-type: none"> Safeguarding Children and Vulnerable Adults 	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.	December 2012	Strategy and Engagement Manager

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 which 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

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Councillor Steve Jordan

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Andrew North