

ANNUAL GOVERNANCE STATEMENT 2012/13

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Summary: To present the Annual Governance Statement for 2012/13 to Audit and Governance Committee for review and approval. This includes an update on the Annual Governance Statement action plan from 2011/12 and the Internal Audit findings of the review of the Council's compliance with its Local Code of Corporate Governance during 2012/13.

1 Introduction

- 1.1 Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users. Good governance enables an authority to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk. All authorities should aim to meet the standards of the best and governance arrangements should not only be sound but also be seen to be sound.
- 1.2 Following extensive research and consultation, the SOLACE/ CIPFA Joint Working Group issued Delivering Good Governance in Local Government: Framework and an accompanying guidance note in 2007. The principles and standards set out in the Framework are aimed at helping local authorities to develop and maintain their own codes of governance and discharge their accountability for the proper conduct of business
- 1.3 The Framework emphasises the importance of good governance to the wider outcomes of good management, good performance, and good public engagement. It puts high standards of conduct and leadership at the heart of good governance, placing responsibility on members and officers to demonstrate leadership by behaving in ways that exemplify high standards of conduct, and so set the tone for the rest of the organisation.
- 1.4 To ensure the Framework remains fit for purpose, the SOLACE /CIPFA Joint Working Group has reviewed the Framework and has issued a 2012 addendum.
- 1.5 Executive agreed an updated version of Copeland Borough Council's local code in accordance with the 2012 addendum at it's meeting in May 2013. This is attached at **Appendix A**.
- 1.6 Delivering Good Governance in Local Government: Framework has been given 'proper practices' status by the Department for Communities and Local Government in respect of the Regulation 4(3) of the Accounts and Audit Regulations 2011, which requires all relevant bodies to prepare an annual governance statement which must accompany the statement of accounts.

2 Annual Governance Statement 2012/13 Delivering Good Governance in Local Government: Framework urges local authorities to prepare a governance statement in order to report publicly on the extent to which they comply with their own code of governance on an annual basis, including how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period.

2.2 The preparation and publication of an annual governance statement in accordance with Delivering Good Governance in Local Government: Framework fulfils the statutory requirement in England for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its statement of accounts. This requirement is reflected in the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC).

2.3 The Council is required to make proper arrangements to ensure that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. The Council also has a duty under the Local Government Act 1999 to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

2.4 The procedure for compiling the Annual Governance Statement includes an overview of all Council services, practices and policies in providing assurance that the Council's accounts can be relied upon, as they are based on a sound system of corporate governance. An action plan at the end of the statement addresses any significant governance issues identified.

2.5 The attached Annual Governance Statement sets out the extent of the Council's systems which contribute to its corporate governance and which therefore underpin completion of the final accounts. The Annual Governance Statement is signed off by the Leader and Chief Executive before the Council is asked to agree the final accounts.

2.6 This version of the Annual Governance Statement – **Appendix B** refers to the financial statements for 2012/13.

3 Progress on the Annual Governance Statement action plan from 2011/12

3.1 The Annual Governance Statement action plan from 2011/12 is attached at- **Appendix C**. This shows that the council has addressed 4 out of the 5 action points identified last year. The governance of partnerships has been carried forward into the action plan for 2012/13.

4 Annual Governance Statement action plan for 2012/13 Annual Governance Statement action plan arising from the annual assessment for 2012/13 is set out in **Appendix D**. This includes the action from 2011/12 on partnerships which has been carried forward plus two additional areas where actions need to be undertaken on updating the anticorruption strategy and process and to devise a comprehensive approach to information management and identify appropriate resources.

5 Internal Audit review of the Council's compliance with its Local Code of Corporate Governance during 2012/13 The scope of the audit covered:-

- Review of any significant changes to best practice governance arrangements that should be reflected in the Local Code;
- Review of the arrangements in place at Copeland Borough Council to demonstrate compliance with the detailed requirements of the Local Code and identification of any significant governance issues;
- Action taken by Council on implementing any significant governance issues included in 2011/12 Annual Governance Statement;
- Follow up implementation of previous internal audit recommendations arising from 2011/12 review of corporate governance.

5.2 The detailed findings of the Internal Audit review of the Council's compliance with its Local Code of Corporate Governance during 2012/13 are set out in **Appendix E**.

AUDIT CONCLUSION

Substantial assurance was allocated because the Council has updated its Local Code in 2013 following revised guidance from CIPFA and its 2012/13 AGS demonstrates compliance with the revised Local Code.

6 Conclusion and Recommendation

6.1 It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money.

6.2 The Council has adopted and amended its Local Code to reflect best practice and has conducted an annual assessment against this new code. The review undertaken by internal audit showed that the AGS demonstrates compliance with the revised Local Code.

6.3 The attached Statements sets out what the Council has done and put in place to ensure as far as is possible that the safeguards are in place and that the Council's accounts are properly managed.

6.4 As the year progresses the actions highlighted as required in the Annual Governance Statement are monitored through action plans for the Corporate Governance Reports that the Audit Committee receives and includes in its ongoing audit work.

6.5 It is recommended that the Audit Committee reviews the attached Annual Governance Statement 2012/13 **Appendix B** and, subject to its review, recommends it for inclusion with the Annual Statement of Accounts.

List of appendices:

Appendix A – Updated Local Code of Corporate Governance 2013

Appendix B - Annual Governance Statement 2012/13

Appendix C -Annual Governance Statement action plan 2011/12

Appendix D - Annual Governance Statement action plan 2012/13

Appendix E - Internal Audit review of the Council's compliance with its Local Code of Corporate Governance during 2012/13

COPELAND BOROUGH COUNCIL

CODE OF CORPORATE GOVERNANCE

APPROVED 28th May 2013

INTRODUCTION

Corporate Governance is a term used to describe how organisations direct and control what they do. As well as systems and processes this includes cultures and values. For local authorities this also includes how a council relates to the communities that it serves. Good Corporate Governance requires local authorities to carry out their functions in a way that demonstrates accountability, transparency, effectiveness, integrity, impartiality and inclusivity. Corporate Governance is also concerned with decision-making processes through which strategic objectives are set and performance monitored.

Copeland Borough Council is committed to demonstrating that it has fully effective Corporate Governance arrangements in place to perform effectively.

This Code is a public statement that sets out the way the Council will meet that commitment. As such it represents a key component of the Council's constitutional arrangements. The Code has been developed in light of CIPFA / SOLACE Delivering Good Governance in Local Government Framework, and its 2012 Addendum and is based upon the following 6 core principles:

- Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
- Members and officers working together to achieve a common purpose with clearly defined functions and roles
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Developing the capacity and capability of members and officers to be effective
- Engaging with local people and other stakeholders to ensure robust public accountability

The Code also addresses the key elements of the Council's systems and processes identified in the 2012 Addendum and sets out the mechanisms for monitoring and reviewing the Council's Corporate Governance arrangements.

THE COUNCIL'S CORPORATE GOVERNANCE PRINCIPLES

Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

1. The Council will, in exercising Strategic Leadership, develop and communicate its purpose and vision and intended outcomes for residents and service users. It will explain and report regularly on activities, performance and the Council's financial position. Timely, objective and understandable information about the Council's activities,

achievements, performance and financial position will be provided. The Council will do this by publishing annually:

- A vision of its purpose and intended outcomes for residents and service users;
- A Corporate Plan translating the Council's vision into measurable goals, objectives, targets and key projects;
- Externally audited accounts;
- Independently verified performance information.

2. The Council will aim to deliver high quality services that are value for money. The Council will do this by:

- Delivering services to meet local needs, and put in place policies and processes to ensure that they operate effectively in practice;
- Ensuring our statutory services are delivered effectively and efficiently;
- Directing resources to those that need services most;
- Developing effective relationships and partnerships with other public sector agencies and the private and voluntary sectors;
- Responding positively to the findings and recommendations of external auditors and statutory inspectors and putting in place arrangements for the implementation of agreed actions and improvement;
- Comparing information about our services with services provided by similar organisations, assessing why levels of efficiency, effectiveness and quality are different elsewhere and considering other alternative means of service provision to maximise opportunities and improve value for money where appropriate;
- Providing services on behalf of other organisations

Members and officers working together to achieve a common purpose with clearly defined functions and roles

3. The Council will ensure that the necessary roles and responsibilities for the Governance of the Council are identified and allocated so that it is clear who is responsible and accountable for decisions, together with delivering performance against the Council's objectives. The Council will do this by:

- Electing a Leader of the Council who appoints Executive Members with defined executive responsibilities;
- Agreeing a scheme of delegated responsibilities to Officers;
- Annually appointing Committees to discharge the Council's Regulatory responsibilities;
- Annually appointing a Committee to discharge the Council's Overview and Scrutiny responsibilities;
- Undertaking a regular review of the operation of the Council's Constitution;
- Having in place effective and comprehensive arrangements for the scrutiny of services and for holding the Executive to account;
- Making the Chief Executive as the designated Head of the Paid Service responsible and accountable for all aspects of operational management;

- Making a nominated Senior Officer responsible for the proper administration of its financial affairs (S151 Officer);
- Making a nominated Senior Officer responsible for actions taken in accordance with Statute and Regulation (Monitoring Officer);
- Developing protocols that ensure effective communications between Members and Officers.
- Ensuring the authority's assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010).

Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

4. The Council will foster an organisational culture based on shared values, high ethical principles and good conduct. The Council will do this by establishing and keeping under review:

- The Council's own values on Leadership as enshrined in the Corporate Plan and evidenced in Codes of Conduct that sets a standard for behaviour;
- A Member Code of Conduct, including requirements for declarations of gifts and hospitality, and arrangements for determining allegations of breaches as required by the Localism Act 2011 ;
- A Code of Practice for Members responsible for determining Planning Applications;
- An Officer Code of Conduct, including declaration of gifts and hospitality ;
- A Protocol governing Member/Officer relations;
- Financial and Contract procedures rules
- A Whistleblowing policy;
- The roles of Members and officers in decision-making;
- Appropriate and timely advice and guidance to both Members and Officers;
- Systems for reporting and dealing with any incidents of fraud and corruption, via the Council's Anti-Fraud Strategy.

5. The Council will ensure that effective governance arrangements are in place for with our key partners by:

- Being aware of partnerships we are involved with, and the money and other resources we invest in them, reviewing partnership arrangements regularly to strengthen accountability, manage risks and rationalize working arrangements;
- Establishing clear criteria against which partnerships can be evaluated to determine that they help to achieve our objectives cost-effectively;
- Taking hard decisions to scale down involvement in partnerships if costs outweigh benefits, or if added risks cannot be managed effectively;

- Telling service users and residents how partnerships work and where responsibility and accountability lie and how redress can be obtained through complaints.
6. The Council will ensure it manages change and transformation effectively by:
- Establishing a Change Programme Board with a clearly defined Terms of Reference and chaired by the Chief Executive that will bring together and co-ordinate the complex portfolio of projects and other work which will deliver the strategic priorities of the Council.
 - Ensuring that the Change Programme Board own the Blueprint and overall Roadmap for the Change Programme and will ensure alignment with the policy context at a national and local level.
 - Setting out a clearly defined Change Plan identifying key actions to effect the transformation of the Council.
 - Investigating and providing the necessary resources to implement the Change Plan.
 - Identifying and supporting Senior Responsible Officers within the Change Plan.
 - Routinely reviewing and reporting progress and taking corrective action where necessary through quarterly financial reporting arrangements
 - Maintaining a proactive approach to risk, opportunity and benefits realisation.
 - Communicating with key stakeholders the reasons for change and the benefits to be realised.

Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

7. The Council will ensure that appropriate legal, financial and other professional advice is always considered as part of the decision-making process and the Council will always observe both specific requirements of legislation and general responsibility by Law.

HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by 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

8. The Council will be transparent about how decisions are taken and recorded. The Council will do this by:

- Ensuring that all decisions are made in public and recording those decisions and relevant information and making them available publicly (except where that information is exempt under the provisions of the appropriate statute or determined as being confidential by Government or otherwise exempt by the Council);

- Having rules and procedures which govern how decisions are made.

9. The Council will operate a risk management approach that aids the achievement of its strategic objectives, supports its decision making processes, protects the Council's reputation and other assets and is compliant with statutory and regulatory obligations. The Council will ensure that the risk management arrangements are operating effectively:

- Promoting a culture of risk awareness;
- Formally identifying and managing risks;
- Involving elected members in the risk management process;
- Mapping risks to financial and other key internal controls;
- Documenting and recording details of risks in a risk management information system;
- Monitoring the progress in mitigating significant risks, and reporting this to appropriate Members; and
- Reviewing and, updating its risk management register at least annually.

10. The Council will ensure that effective, transparent and accessible arrangements are in place for dealing with complaints.

Developing the capacity and capability of members and officers to be effective

11. The Council will ensure that those charged with the governance of the Council have the skills, knowledge and experience they need to perform well. The Council will do this by:

- Consistent application of HR policies;
- Ensuring that the Council maintains an effective and skilled workforce;
- Implementing a Member Development Strategy based on individually identified needs and on training and development on core corporate activities and values;
- Cascading regular information to Members and staff;
- Investing in Member and Officer Leadership training;
- Providing resources that support Member and Officer development;
- Promoting schemes supporting ongoing professional development.

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

12. The Council will seek and respond to the views of stakeholders and the community. The Council will do this by:

- Forming and maintaining effective relationships with the leaders of other organisations;
- Ensuring Partnership arrangements demonstrate clear and appropriate governance accountabilities, through the Partnership Register;

- Producing locality plans for service delivery within the community;
- Publishing a Forward Plan of Key Decisions;
- Having a communication and consultation strategy and providing access to a range of consultation methods, particularly to those groups which are in greatest need by utilizing to the maximum those closest to vulnerable groups
- Recognising that people are different and giving everyone the same or an equal opportunity to consider information, advice and support in ways that are suited to their needs or circumstances of the individual, via customer access and communications strategy;
- Encouraging and supporting the public in submitting requests for aspects of the Council's Service to be scrutinised;
- Providing and supporting ways for Citizens to present community concerns to the Council, via Neighbourhood Forums and public participation scheme;
- Providing for the public the opportunity to ask questions or make representations at full Council, Executive and Regulatory Committees;
- Publishing a Corporate Plan providing information in relation to the Council, supported by the Medium Term Financial Plan, and publishing the annual report and accounts;
- Continually developing clear channels of communication with our customers and our partners;
- Developing a modern IT Service that meets the needs and aspirations of the organisation and the communities we serve;
- Working with young people through youth councils, youth forums and our designated youth engagement officer.

MONITORING AND REVIEW

13. The Council has arrangements in place for monitoring and reviewing the various aspects of the Council's Corporate Governance arrangements.

14. The Audit and Governance Committee considers the Council's arrangements relating to:

- Monitoring and reviewing the risk, control and governance processes and associated assurance processes to ensure Internal Control systems are effective and that policies and practices comply with statutory and other regulations and guidance;
- Reviewing the Council's Accounts;
- Reviewing the work of internal and external audit, providing a forum for the work and considering overall progress by the Council in responding to audit recommendations :
- External audit;
- Internal audit;
- Risk Management;

- Making recommendations concerning relevant governance aspects of the Constitution;
- Promoting high ethical standards across the Council and overview of the Member Code of Conduct and associated protocols

15. These arrangements will ensure that the Council's governance is kept under review and regularly reported to the Council.

The Annual Governance Statement

16. Each year the Council will publish a Governance Statement. This process will be managed by Corporate Leadership Team, who will provide an overall assessment of the Council's Corporate Governance arrangements and an appraisal of the key controls in place to manage the Council's principal governance risks.

17. The Annual Governance Statement will be published as part of the Council's Annual Statement of Accounts and will be subject to audit.

DRAFT ANNUAL GOVERNANCE STATEMENT 2012/13

SCOPE OF RESPONSIBILITY

Copeland 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. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Copeland Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Copeland Borough Council has approved and adopted a code of corporate governance, which was reviewed and updated in May 2013. The code has been consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. The statement explains how the Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit (England) Regulations 2011 in relation to the publication of a statement on internal control – the Annual Governance Statement.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Copeland Borough Council for the year ended 31 March 2013 and up to the date of approval of the Statement of Accounts for 2012/13.

THE GOVERNANCE FRAMEWORK

The key elements of the systems and processes that comprise the Council's Governance Framework include:

1. Identifying and communicating the authority's vision and outcomes for citizens and service users

1.1 In response to the national policy framework and financial pressures facing the Council, the Executive has spent 2012/13 reassessing its vision, mission and priorities and service delivery options. This comprehensive programme of work has been managed alongside the delivery of the existing 2012/13 corporate implementation plan.

1.2 Following on from a series of member-led review groups, considering the future role of the Council in light of the budget cuts we faced, in 2012/13 we launched a wide-reaching public consultation exercise. This consultation focused not only on the budget cuts being proposed, but also on the council's future role, focussing on the provision of statutory services.

1.3 Recognising that the changes being proposed were significant, covered all areas of the Council's work and would impact on a wide range of stakeholders; we launched one of the largest consultation exercises we have ever undertaken. This process included the production of a detailed consultation document, a dedicated issue Copeland Matters on the subject, a series of drop-in events held in locations across Copeland, a detailed press briefing that led to a three page feature in the local press, extensive use of social networking sites, an online consultation resource which included additional background information and an electronic response form.

1.4 The proposals garnered huge interest in the local community, including much coverage in the press, and many comments and queries on social networking sites. These helped to increase the response rate to the consultation. In addition, we worked intensively to engage with our stakeholders and the chief executive, Council Leader and members of the corporate leadership team all spoke directly and individually to key partners and stakeholders to understand our proposals, and importantly, the impact on their organisation. This helped to ensure that responses from these organisations were focussed.

1.5 Following on from the closure of the consultation, we fed back to those who had taken part through articles in the local media, direct contact with stakeholders, letters to those consulted and articles in Copeland Matters, some of which focussed on the impact of the changes and any mitigating actions. We were also keen to make clear the organisation that provide support to those impacted by some of the changes, such as the Citizens Advice Bureau and Community Law Centre.

1.6 The consultation helped us better understand the impact of the changes we proposed on residents and service users and on specific groups. It also helped us to develop our thinking on our new role, and how we'd deliver statutory services and work more closely with partners.

2. Reviewing the authority's vision and its implications for the authority's governance arrangements

2.1 The Council agreed its new policy framework and service delivery options in February 2013 marking a change to the Council's future focus and agreement to focusing on delivering 3 priorities:- delivering efficient and effective statutory services, being an effective partner and working in partnership with communities.

2.2 The Corporate Plan has been published and this will be implemented and reflected in the service planning and personal appraisal process for 2013/14. This clearly sets out our mission and guiding principles

2.3 Throughout the year, the Corporate Policy Framework has also been reviewed in detail. This has involved an assessment of all statutory and locally determined policies and strategies (including sub regional, partnership and corporate and service level ones). This has led to the identification of a number of strategy and policy requirements for the Council as well as the retention of a number of policies and strategies and proposed deletions which more appropriately reflect the substantial policy changes taking place at national, regional and local level and the new Corporate Plan.

2.4 In year, work has already taken place to develop the new Corporate Policy Framework further. This includes the adoption of new Localism policies such as the Community Right to Challenge Policy and a new Assets of Community Value (Community Right to Bid/Buy) Policy. The Council's Community Asset Transfer Policy has also been reviewed and refreshed.

2.5 Work will continue throughout 2013-14 to maintain the new Corporate Policy Framework and develop the new strategies and policies required for the Council going forward

2.6 Resource Planning Working Group (RPWG) has previously taken a lead role in the budget build process, however, due to the nature of the additional budget savings required by the national government's austerity programme (up to £2.5m to be found over the next two years) and the new localised Business Rates and Council Tax Support regulations it was decided that the RPWG would be replaced by Policy Development Groups as the process of considering all these issues would have a direct impact on the Council's policy priorities and business strategy for delivering to its communities. The approach to the budget savings included reviews of the statutory, discretionary and business support functions.

2.7 The Policy Development Groups (PDG) had Member representation from across the Council and each group focused on policy issues and the options and alternatives for the future, in order to deliver the required savings. Each group was supported by a lead officer from the Corporate Leadership Team (CLT) and included a representative from the Council's Executive. Where required, managers and service team members assisted in ensuring that PDG's fully understood the issues and were able to make well-informed recommendations. The PDG's met over the period from mid-August through to early September.

2.8 This programme included engagement with the wider Council membership and the establishment of service specific (PDGs). These cross party groups have enabled Members to consider the major policy and budgetary implications facing the Council and options for addressing these. The PDGs played a fundamental role in establishing the Council's 2013/15 budget process, devising proposals for revised and new service options. PDGs will continue as a forum for discussing any future major policy and service changes.

2.9 The proposals and the decisions subsequently taken on the budget and future role of the Council have also formed the basis of the new Corporate Plan 2013-15, which was agreed by Full Council on 12 February 2013.

3. Translating the vision into objectives for the authority and its partnerships

3.1 During 2012/13 the Council delivered its original objectives through its one year Council Implementation Plan. This plan, displayed on a single A3 page, highlighted the key projects and performance indicators for 2012/13. These in turn were reflected in service plans, which were in place by April 2012 and monitored routinely through the Council's Performance Management Framework. This includes monthly and quarterly monitoring and reporting.

3.2 The Council published the Corporate Implementation Plan 2012/13 for delivery of its vision and objectives through the website and a summary in the Council newspaper, Copeland Matters.

3.3 During 2012/13, the Council has continued to implement its essential transformation programme. The Council's Executive, in a programme of engagement, has reassessed the role of the Council and how it will operate in future. The development of the new Corporate Plan 2013-15 has been a key tool in reviewing the authority's vision, mission and priorities.

3.4 The Corporate Plan is key to meeting the Council's financial challenges and will determine the authority's future governance arrangements, setting out the Council's new strategic direction and priorities for 2013-15 and will provide the context and direction for which all resources will be allocated and future decisions taken.

3.5 It outlines our new vision which shares that of our Sustainable Communities Strategy, the Copeland Partnership Plan. It also publishes our mission: to be "an

effective Council that works with partners to arrange services for residents in Copeland” and our priorities to: Deliver efficient and effective statutory services; Be an effective public service partner so we can get the best deal for Copeland and; Work in partnership with communities.

3.6 Reflecting on effective partnership working and getting the best deal for Copeland, the Council’s Overview and Scrutiny function has undertaken a review during February and March 2013 to consider how it can best focus its role to support the delivery of this part of the Corporate Plan. It is currently in the process of making recommendations to Full Council on redefining its focus, establishing Public Sector Partner Priority Task Groups to carry out effective partnership working and scrutiny and a one committee structure.

3.7 A new Corporate Policy Framework has also been agreed. This has been revised and brought into line with the Corporate Plan and substantial policy changes taking place at national, regional and local level.

3.8 In response to the provisions of the Localism Act 2011 the Council agreed new policies in relation to the Community Right to Challenge and Assets of Community Value (Community Right to Bid). Council also revised its Community Asset Transfer Policy in the context of national and local policy developments. These were all agreed by Full Council on 22 January 2013.

4. Measuring the quality of services for users, ensuring they are delivered in accordance with the authority’s objectives and for ensuring that they represent the best use of resources and value for money

4.1 The Executive ensures that resources are allocated to Council priorities in line with the approved Medium Term Financial Strategy. At the February 2013 Council meeting the full Council approved the detailed budget which was updated to reflect changed planning assumptions for the period 2013/14.

4.2 The Medium Term Financial Strategy (MTFS) is a four year rolling strategy updated annually to reflect changes regarding the new understanding of public sector finance within the national economic conditions and new Local Government funding regime. Reports setting out our understanding of the Council’s financial position has been regularly reported and discussed by the Executive during the year.

4.3 Work continued on this strategy resulting in an updated Medium Term Financial Strategy being agreed by the Council on 23 February 2012, covering the period 2012/13 – 2015/16. The annual review of the MTFS for 2013/14 to 2016/17 will be considered by Council during the summer of 2013 following the Governments spending review which may impact considerably on the four year projections and therefore plans of the Council.

4.4 The Executive received quarterly financial reports in 2012/13 on both revenue and capital expenditure compared to budget. In addition, the Corporate Management

Team and Managers receive monthly budget monitoring reports to reflect the increased importance in managing budgets efficiently.

4.5 Executive agreed, in December 2011, to enter into an agreement with Cumbria County Council for 2 years for the provision of procurement support and advice. Procurement skills and knowledge are scarce, this arrangement will provide resilience and a more robust procurement service fully able to meet increasingly complex demands (overcoming recruitment and retention problems), through contracting with a county unit of a critical mass and offer longer term efficiencies through economies of scale.

4.6 There is also an opportunity for increased purchasing power or “leverage” savings as the number of county wide contracts increases known as Efficient procurement in Cumbria (EPIC). This arrangement is now in place and work has commenced, the contract register has been refreshed and updated identifying those contracts which will be aggregated into county arrangements (Leverage) and those which will require separate arrangements.

4.7 The Council actively uses the CHEST to maximise the opportunities for purchasing cost effectively. Copeland is already taking advantage of county wide contracts such as electricity, gas, car hire, and stationery. Work was commissioned in 2012/13 on reviewing our water costs leading to a one off saving of £15K.

4.8 During 2010/11 the Council entered shared services arrangements in respect of Revenues and Benefits and for Internal Audit. Both sets of arrangements have sought to reduce costs and improve resilience in these statutory services. Members of the Council are involved in the governance and performance arrangements for both shared services. The portfolio for finance and resources in 2012/13 chaired the Revenues and Benefits shared service strategic board initiating work on reviewing performance issues and commissioning a series of performance workshops. The Audit Committee received reports on the performance of the audit shared service and the portfolio holder also attended the audit service strategic board.

4.9 The Council’s own headquarters is in a building provided under a PFI agreement. This has allowed the provision of good quality facilities. Accounting for PFI schemes has changed with the introduction of International Financial Reporting Standards (IFRS), and since 2009/10 PFI schemes are included on the Council’s Balance Sheet. An insurance rebate was secured in 2012/13 through a review of our terms and conditions this resulted in one off savings to the Council in the region of £80K and an annual rebate of around £20K.

4.10 The Council’s financial managers have undertaken on-going training to ensure the accounts accurately reflect the new IFRS accounting arrangements, and have taken external advice where appropriate. Work was undertaken in 2011/12 and again in 2012/13 to address the depreciation and componentisation aspects of IFRS with discussions and agreement on methodology with the District Auditor.

4.11 In 2012/13 the Council has funded and project managed the implementation of an asset management system interfaced with our financial system. Real Asset Management (RAM) is an IFRS/SORP compliant fixed asset accounting and asset tracking system which supports our approach to accounting for fixed assets. As part of this project the Council has undertaken a review of our accounting policy to check for consistency of application on its treatment of assets, the asset lives and componentisation.

4.12 In October 2012 the Council embarked on a new approach to customer services with the adoption of its new Customer Service Strategy. The strategy commits the Council to centring itself on the needs of the customer while reflecting the changing environment the Council is working in. It seeks to ensure these changes do not prevent customers from accessing the services they need. The Council has secured the delivery of the Customer Service Strategy with capital funding.

4.13 There are a number of arrangements in place for securing customer feedback. During 2012/13 the Council has used a number of mechanisms corporately to encourage and gain customer feedback. These include regular face to face exit surveys and more specific exercises such as the Council's Consultation of Proposed Budget Savings 2013-15 and the Future Role of the Council and its Borough wide Consultation on Waste Service Changes Proposals. This specific consultation involved writing to a wide sample of service users and stakeholder groups, together with drop in sessions and an on-line consultation process.

4.14 This detailed work on specific service changes complements the routine monitoring of key performance metrics, for example, call handling rates through the Council's contact centre and the Council's Compliments, Complaints and Comments Scheme. This scheme was also revised in 2012/13 with new procedures being implemented in November 2012. The review has led to the appointment of customer 'champions' in each department and has also introduced more robust monthly information sharing with departments and quarterly monitoring and reporting arrangements to CLT.

4.15 This information will support evidence based decision making and service delivery and complements the Community Needs data which was developed during 2012/13 and will continue to be updated and utilised. Such arrangements are enhanced by a proactive approach to seeking feedback from key stakeholder groups on behalf of service users, as was demonstrated throughout the Council's main budget consultation and waste service proposals consultation. Both consultation exercises drew on experience from the Council's detailed Discretionary Concessionary Travel Review Consultation in 2011/12 and feedback secured from both consultations supported the development of the Council's service change options for 2013-15 and the new Corporate Plan.

4.16 The arrangements described above help to maximise the use of resources and meet service users' needs. In 2012/13, a number of additional processes have been moved into the Council's contact centre, meaning more customer needs can be

addressed at the first point of contact. An example of this is the redesign of waste services which led to queries relating to bigger bins, clinical collections and assisted collections being relocated into the contact centre.

4.17 As well as corporate arrangements, individual service areas also measure service quality and seek and act upon customer feedback through mechanisms such as customer satisfaction surveys. Environmental Health, Housing Renewal and Building Control and trade waste 'exit interviews' are all examples of services which take an active approach to seeking and acting upon customer feedback.

4.18 The re-development of the Council's website is focussed on promoting choice in how services can be accessed and the re-design has a strong community focus and feel. The previous Copeland website was no longer fit for purpose, so we embarked on a full redesign based on research and customer feedback. We began with a questionnaire on our current site to invite feedback from customers on what they liked and did not like and what they would like to see on a new website. We also targeted customers with hard copies of the questionnaire as well as asking similar questions of our stakeholders.

4.19 The results of the questionnaire were then used to create some initial designs for the website and its associated functionality. The main requirements were to improve the search facility and navigation, improve the quality of the text and introduce new features such as an events calendar.

4.20 We invited comments from customers at each step of the way with an interim consultation website. Industry best practice tells us that 'top tasks' should be the mainstay of any Council website. We have therefore put 'top tasks' centrally on our home page. We built our top tasks around what customers most frequently phone us to enquire about and enquiries made at reception. Our list closely mirrors what SOCITM and other industry experts e.g. Gerry McGovern suggests would be in a top tasks list. This is complemented by links to our e-forms which allow customers to transact with us. This is called the 'I want to' section and again this is positioned centrally on the home page, next to an events calendar and latest news.

4.21 Following the customer feedback, we have also introduced a large search box with a very powerful, Google-like search engine; along with dropdown menus and an A-Z facility giving customers many ways to find what they are looking for. Before going live, we had a Beta version of the website which was tested extensively with a wide range of customers and stakeholders. This included people with disabilities, customers whose first language wasn't English, people who had not previously used the website, as well as regular users of the previous site. This feedback allowed us to make final tweaks to the design before going live. Rather than cutting and pasting from the previous website, we have where practicable, written fresh copy. We undertook extensive internal training and circulated best practice writing guidelines to ensure content was written in plain English and we avoided using jargon. We have included on our website a glossary to explain any terms that could not be avoided and customers are able to add their own words to this, for us to explain. Similarly, we have included an FAQ facility and again customers can contribute their own questions.

4.22 We have strived to make our website as useful as possible to the user and have included links to third parties as well as community provided content so that customers can find what they want, even if it is not a Council –provided service. We have openly invited parish Councils and other community groups to post information on our website and we will continue to develop community content. Within the first month of launching we have had 10,000 unique visitors.

4.23 The Council is complying with the transparency agenda and publishing local spending data on line in accordance with requirements.

5. Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements

5.1 Council's Constitution provides a general framework for governance and it was comprehensively reviewed during 2010/11, and approved by full Council. The new Constitution sets out rules for running the Council's political and officer management, including the roles and responsibilities of the Executive, non-executive Overview and Scrutiny and officer functions, with delegated powers explained.

5.2 The Executive meets at least monthly to facilitate prompt decision-making, with a "call in arrangement", as required by statute, preventing decisions being implemented for 7 working days, to allow for effective scrutiny. The Executive received regular reports on corporate performance throughout 2012/13. Portfolio Holders have individual areas of responsibility allocated to them by the Leader of the Council and these are set out in the Constitution.

5.3 Corporate Leadership Team (CLT) consists of the Chief Executive, Director of Services and Heads of Service who have prime responsibility for advising members on policy and allocation of resources. CLT take an overview of all Executive and Council reports at timetabled pre-meetings during the year.

5.4 A further review of management arrangements took place in 2012/13, to reduce costs and reflect new requirements of the Council, this built on the previous years' work to rationalise senior management and generated a further saving in excess of £240K pa.

5.5 Executive and Council reports contain a section which sets out the financial, legal, governance and policy implications of the report together with any impact on equalities, human resources etc. The Constitution also sets out the basis for "key" decisions. All reports to Executive set out whether a decision is a "key" decision requiring it to be published in the forward plan.

5.6 In 2012/13 the Council operated two Overview and Scrutiny Committees (OSCs) to consider Internal and External matters. They developed a joint work programme which provided a mechanism for feeding into policy making. The OSCs reviewed a

range of topics and these resulted in recommendations for changes in Council policy or practice.

5.7 Throughout 2012-13, both OSCs have considered and reviewed a number of matters and have done this jointly on a number of occasions. External OSC led a detailed review of the Council's Car Parking Fees and Charges across the Borough, feeding in a number of recommendations into the annual budget process. Internal OSC undertook pre-scrutiny on waste service redesign proposals, an in year overview of the Discretionary Concessionary Travel Policy and an overview of community rights policies relating to the Localism Act 2011.

5.8 The Council ensures clear delegation arrangements and protocols for effective communication in respect of partnership arrangements by a) ensuring the annual outside bodies review and allocations of members is undertaken and endorsed by Full Council, b) regular monitoring and detailing partnership officer delegations within Service, Team and individual work plans in support of partnership Implementation Plans and c) work within the terms of reference and operating protocols of the individual partnerships to enable joint communication activity, reporting via relevant portfolios to Full Council and management teams.

6. Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

6.1 The Councillors' Code of Conduct has been revised as required by the Localism Act. A new Cumbrian Model Code has been developed by the Cumbria Monitoring Officer Network for recommendation to and adoption by all principal authorities and parish Councils in the County. In addition the Council has in place as required by the Localism Act a set of arrangements for determination of allegations of breaches of the Code by members of the Council or of parish Councils in Copeland, including two appointed Independent Persons as required by the Act to assist the Council in determining allegations of breaches of the Code and, where necessary deciding on appropriate sanctions.

6.2 Governance responsibility for the new Code and associated procedures and protocols has been assigned to the Audit and Governance Committee. Training on the requirement of the new Code has been provided to all Councillors. The Employee Code of Conduct was reviewed and reissued in April 2007. All employees are required to sign to say they have received it. The officer register of interests has been updated following the middle management restructure with the annual declaration of related party transactions now including all members of leadership and management team.

6.3 The Council has a Dignity At Work Policy which was most recently updated in 2010 to take account of the provisions of the Equality Act 2010. When new Council employees are recruited they receive the Employees' Code of Conduct, Confidentiality Statement, Security Policy and CRB form (if required) along with their employment contracts.

6.4 During 2012/13, the Council has continued to ensure it complies with the Equality Act 2010 Public Sector Equality Duty. The Council's Equality Scheme was published in April 2012. This set out its objectives and proposed actions for 2012/14. A number of the actions identified have already been implemented. These include monitoring of the delivery of the Sustainable Communities Strategy, further development of the Locality working model and increased participation with stakeholder groups.

6.5 The budget setting process for 2012/13 also included initial Equality Impact Assessments against all budget proposals, as well as a Full Cumulative EIA covering all final proposals. A major consultation process on the budget proposals and future role of the Council included a wide range of key stakeholder groups including those representing individuals and communities within the protected characteristic groups.

6.6 Members and officers who represent the Council on outside bodies and partnerships are working both within the Council's codes of conduct and within the Partnership terms of reference which does in most instances set out behaviours anticipated by members and attendees of partnership meetings.

7. Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality

7.1 The Council's Constitution was reviewed by The Constitutional Working group in May 2012 and several changes adopted by Council in June 2012. These changes were aimed at increasing participation, enabling openness and engagement in the budget and policy setting process and included the proposed changes to executive arrangements arising from the localism bill; the deletion of the RPWG and widening of the ownership of policy and budget strategy through the introduction of policy development groups; changes in the terms of reference for Choosing to Change Board and the changes to the remit of audit committee and its proposed name change to Audit and Governance Committee.

7.2 Council in June 2012 also approved amendments to Financial regulations including changes to Orders, Write offs, Debtors, Virements, Work for third parties, Bidding for and Acceptance of external grant funding, Accountable bodies, Year end Balances, Reserves, Stocks and Stores and Petty cash.

7.3 The MIS team provides the key technology building blocks to support the needs and growth of the Council and to provide an effective internal ICT support service. In addition they are responsible for the provision and support of the Council's IT infrastructure.

7.4 Data is primarily held in electronic formats on servers based in the Copeland Centre. Information in some service areas, for example Bereavement Services is held in a mixture of paper and electronic format and retained securely. Throughout 2012/2013 and into 13/14 the MIS team have been carrying out a programme of server

virtualisation involving decommissioning old servers approaching the end of warranties and replacing them with virtual servers on new servers. Databases are now mirrored in virtual environments supported by integrated backup solutions that support disaster recovery and enhanced business continuity contributing to enhanced data management capability.

7.5 The Council has taken a number of steps to ensure its financial systems are PCI compliant. In April 2013 the Council implemented a new voice recording system within the customer services department which is integrated with the Civica Online Web Staff card payments portal. The recording software recognises when the payments portal has been opened and pauses recording ensuring that no customer card details are retained on voice recordings. The system allows call retrieval subject to permissions based log in to named individuals only. The Council continues to use Civica as its payments provider – transactional data is sent over a secure, dedicated connection to the Civica data centre where it is held on PCI compliant systems. Payment files absent individual card details are retained on an in-house database to support financial reconciliation with our finance system. Civica are currently upgrading their solution to ensure continued compliance with PCI regulations which will necessitate a software upgrade at Copeland in 13/14. The software upgrade will see the implementation of new PCI compliant chip and pin devices

7.6 The Council website is located in a secure DMZ. Web traffic is securely firewalled and is monitored and protected by virus and malware software. Traffic is encrypted to destination servers and is delivered by a secure VPN. All Council PCs have total loss prevention installed on them to prevent data loss and also have end point security installed. Mobile devices are hardware encrypted to safeguard data in the event a device is stole or lost. All USBs are securely encrypted and the network has in built tools to monitor their usage. USBs are not enabled for high risk departments such as Revenues and Benefits. MIS are also responsible for maintaining the Councils GSI (Government secure intranet) / GCSX (Government connected secure extranet) networks and applications. This ensures a dedicated network connection direct to central government, allowing secure encrypted information exchange with government agencies.

7.7 The Council uses modern firewalls - Dual layer firewalls at the edge i.e. double firewalls which are fully configured to comply with PCI and government connect requirements with associated security policies. All traffic is locked down unless it is a managed exception. The Council has a number of policies relating to IT - all Council employees sign an Acceptable Use of IT policy which covers a range of permitted and unacceptable uses of the Council's IT. There is also a remote working and mobile working security policy and a Secure handling of data policy which is regularly reviewed and updated. These policies help ensure that the Council's network is protected. The Council is also undergoing a PSN audit (public services network COCO) which will be completed in mid-July. We utilise an external company to do annual IT testing, firewall testing, and internal security checks for vulnerability on network and servers.

7.8 Individual service areas are responsible for the management and quality of the data they collect and use. Technical support is provided centrally to back up SQL databases daily and also ensure database availability.

7.9 The Council has a number of challenges relating to data quality and information management. In response to these challenges, the Council has commissioned Zurich to undertake a review of Information Management which will result in the implementation of a number of policies including a retention and disposal policy and will define roles, responsibilities and accountabilities for information management and data quality. The Council recognises Information Management as a key enabler to support the delivery of the Council's Corporate Plan and as such it features within the Change Plan 2013/14. The Council also recognises that weak Information Management can lead to financial penalties, inefficient working practices, business continuity issues and reputation damage and by the end of the review will have a common set of up to date policies that have been adopted throughout the organisation.

7.10 With regard to data quality, training has been provided for key staff previously, these principles were reiterated during the Service Planning 2012/13 facilitated workshop and on-going arrangements are supported through the Council's Performance Management Framework.

8. Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability

8.1 The Council's Risk Management Strategy sets out how the Council approaches risk management. Risks to the delivery of service plans are set out in the annual service plans and risk owners are able to monitor these through the use of the Council's Performance Management Framework. Managers continue to review and monitor their services operational risks in line with the framework. In 2011/12 an audit of the Council's approach to Strategic Risk Management identified a number of improvements that should be made to the Council's approach in particular that the Corporate Risk Management Strategy required review and updating with procedures for the identification, management and reporting of operational and strategic risks require to be strengthened.

8.2 During 2012/13 a number of actions have been taken to address this. This has included Member and Management training delivered by Zurich. There have also been improvements to processes leading to the identification of risks and the management of the Strategic Risk Register. This has involved the introduction of 'Top Facts' which reports individual service area achievements and risks on a monthly basis to CLT who then review this and determine whether anything needs escalating to the Strategic Risk Register. CLT also review the Strategic Risk Register and its scores, actions and controls on a quarterly basis. The Strategic Risk Register is also reported to Audit and Governance Committee on a quarterly basis.

8.3 An updated corporate business continuity plan was agreed by Corporate Leadership Team in December 2012 with a mid year update in August 2012 and annual review in January 2013.

8.4 2012/13 was an unprecedented in terms of Emergency and Business Continuity situations, both planning and real. The council successfully planned for and managed many areas of potential risk, the year commenced with planning for the Olympic Flame Tour, with the flame passing through Whitehaven on 21 June, in parallel with planning for the Whitehaven Maritime Festival, then followed by a series of emergency situations involving repeated flooding and a mine shaft collapse. All of this at a time of a major Counter Terrorism and Sellafield off-site emergency planning exercise (Northern Chain) on 5 and 6 March.

9. Ensuring Effective Counter-fraud and Anti-corruption Arrangements are Developed and Maintained

9.1 The Council has in place its Counter fraud and Corruption Strategy which was updated in 2009. This requires review and updating to ensure the processes are clear for staff and the bribery and money laundering acts are properly considered in the arrangements. This work is nearing completion and a new strategy is with Audit and Governance Committee for its consideration at the June 2013 meeting.

9.2 The Council completed the Audit Commission Fraud and Corruption Survey and National Fraud Initiatives (NFI) in 2012/13.

9.3 The fraud team in the revenues and benefits shared service has Counter Fraud Officers based at all three sites. These Officers are managed by a Counter Fraud Team Leader who spends time at each location. Each of the Counter Fraud Officers is fully PINS trained (Professionalism in Security). There are clear procedures in place outlining how Counter Fraud Officers are to tackle fraud investigation covering fairness, professionalism, objectivity and propriety. Management checks are undertaken each month on both ongoing and closed fraud files. This ensures that files are actioned in accordance with the legislation in a timely manner and also that the highest standards are being met and maintained.

9.4 The Fraud Team has an effective and productive working relationship with the Department for Work and Pensions and carries out a large number of investigations jointly. This has resulted in a significant number of high profile prosecutions. Joint working is also undertaken with other agencies such as the Police.

9.5 There is a dedicated Benefit Fraud Hotline in operation at each of the three sites. The telephone number is regularly publicised in Council publications as well as by posters in area offices. The Fraud Hotline allows members of the public to advise the Council anonymously of a person whom they believe is committing benefit fraud.

9.6 Web referrals. Each Council website contains a Hotline Form which can be used to report alleged fraudsters anonymously.

9.7 An effective deterrent against those who commit Benefit Fraud is a robust and effective overpayment recovery policy. The Shared Service has a dedicated overpayments team with terms of reference to recover all benefit overpayments including those caused by fraudulent activity. Robust recovery targets have been set for the dedicated team with results reported to both Management and Members on a regular basis.

9.8 Fraud section monitoring reports were submitted to the Audit and Governance Committee on a quarterly basis and fraud is included in the internal audit approach when it audits the 12 fundamental systems.

10. Effective Management of Change

10.1 Over the last two years the Council has delivered a significant efficiency savings programme and has identified a further £2.69 million of savings to be delivered over the lifetime of the new Corporate Plan 2013-2015.

10.2 Managing change effectively will be critical to the successful delivery of the Savings Programme and the delivery of the wider ambitions set out within the Corporate Plan in particular the changes required to the way in which services are delivered. These proposed changes are a direct reflection of the move towards digital by default and the need to remove waste and unnecessary costs from the Council's underlying systems. These changes are captured within our Change Programme Plan.

10.3 In order to manage this change process effectively, during 2012/2013 the Council established the Change Programme Board. The Board was established in order to provide the governance and accountability for the delivery of both the Savings Programme and the Change Programme so that the overall transformation of the Council is controlled effectively. The Council has implemented a programme management approach with clear lines of accountability and clearly defined roles and responsibilities. The Chief Executive is accountable for the programme and Senior Managers and Heads of Services are responsible for delivering individual projects within the programme.

10.4 The Programme Board focuses on the delivery of strategic outcomes rather than being involved in the day to day management of the portfolio of projects that make up the programme.

The role of the Board is defined in its Terms of Reference:

- a. Ensuring that the Programme delivers the required outcomes to agreed timescales
- b. Overseeing and delivering a cohesive set of actions and activities across the work streams to achieve those outcomes
- c. Maintaining an overview of the work streams to ensure integration and synergy between services, projects and outcomes and avoiding duplication
- d. Commissioning new projects and other strategic initiatives

- e. De-commissioning existing projects that do not align with the Programme Blueprint
- f. Identifying and advising of appropriate Invest to save opportunities and resourcing requirements.
- g. Assigning the necessary budget and resources for design, delivery and support of the Change Programme
- h. Ensuring that dependencies and risks relating to the successful completion of the Programme are identified and managed
- i. Building a shared understanding and view on action across work streams, organisations and stakeholders through effective engagement and communication (including staff, partners, public)
- j. Advising and updating the Council Executive
- k. Stakeholder engagement and consultation.

10.5 The Change Programme Board has established some broad principles which all change initiatives should have in common:

- Reduce costs e.g. improve efficiency
- Customer centred e.g. improve effectiveness
- Focus on outcomes e.g. improve effectiveness
- Ensure deliverability e.g. improve effectiveness
- Set and achieve clear timescales and cost reductions
- Ensure joined up programmes of work
- Take measured risks

10.6 In order to support this approach, the Council appointed a Transformation Programme Manager during 2012/13 and established a Programme Management Office function to facilitate and support the successful delivery of the programme. The Programme Management Office function is responsible for:

- Developing, and issuing programme templates and pro-formas
- Supporting work streams in the completion of programme documentation
- Production of Programme Board; Agendas, Minutes and Action Lists
- Maintaining the Programme Risks and Opportunities Register
- Developing and maintaining the Programme Issues Log
- Developing and maintaining the Programme Level 1 schedule and indicating progress
- Developing and maintaining the dependencies list and management plan
- Co-ordinating reporting arrangements
- Support SROs and Work stream Leads with programme management guidance and support as required

10.7 Our recognised project management methodology is based on Prince 2 and during delivery projects are monitored and reported on by exception and have a structured approach to managing issues and risks. During 2012/13, the Council decided its approach to resourcing the change effort aiming to develop the delivery capacity and capability internally as much as possible and supplement it through the procurement of specialist external resources where appropriate and required. External resources will be

used in cases where there is insufficient capacity to deliver a priority project or where we do not have the resources with the relevant expertise.

10.8 In November 2011 Personnel Panel recommended and the executive agreed a change management policy which clearly set out the steps and processes by which the Council manages changes in its staffing arrangements. This “refresh” of key HR policies, incorporated learning from experience of the change programme and processes arising from the Choosing to Change Programme and post-CSR savings drive in. The policy also guides all future organisational change processes, and was designed to incorporate best practice. This policy was reviewed in 2012/13 with some minor changes to the redundancy policy being implemented.

11. Ensuring the Authority’s financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)

11.1 The revised CIPFA statement on the Role of the Chief Finance Officer (CFO) in Local Government describes the roles and responsibilities of the CFO who are bound by both professional standards and also legislative responsibilities, with a fiduciary duty to the local taxpayer. The Council has a duty to either comply with each of the five key principles set out in the Statement or explain why they do not and how they deliver the same impact. The Council has complied with each of the five principles as set out in the paragraphs below.

11.2 Principle One: The CFO is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority’s strategic objectives sustainably and in the public interest. The CFO in Copeland BC for 2012/13 is the Head of Corporate Resources, who reports directly to the Chief Executive and is one of the 7 members of the new Corporate Leadership Team, comprising the Chief Executive, the Director of Services, the Head of Corporate Resources, the Head of Policy and Transformation, the Head of Neighbourhoods, the Head of Regeneration and Community and the Head of Nuclear, Energy and Planning.

11.3 Principle Two: The CFO must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and aligned with the overall financial strategy. The CFO at Copeland is responsible for establishing the authority’s medium term financial strategy, annual budget process and budget monitoring process and ensure alignment of the three. Each report that is considered by the Executive has a specific section for the CFO to record financial implications, risks and other operational and strategic advice.

11.4 Principle Three: The CFO must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively. The CFO in Copeland BC is responsible for ensuring that appropriate advice is given on all financial matters,

for keeping financial records and accounts and for maintaining an effective system of financial control. The Financial Procedure Rules set out in detail how controls operate.

11.5 Principle Four The CFO must lead and direct a finance function that is resourced and fit for purpose. The Finance Function is considered to be adequately resourced and additional resources are brought in for specialist work or to fill gaps in expertise or vacancies. During 2012/13 there were two interim finance staff in place to cover vacancies and specialist work, one of whose contract finished in August 2012. A restructure of the finance function was carried out during 2011 and was fully operational from Autumn 2011. The exception to this was the position of Financial Services Manager which remained vacant despite attempts to recruit to the position. A number of options were considered and proposals were approved to cover the position by an interim manager for a two year period from June 2012.

11.6 Principle Five The CFO must be professionally qualified and suitably experienced. The CFO in Copeland BC is a qualified CIPFA accountant and has suitable relevant experience of public services bodies.

12. Ensuring the authority's assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact

12.1 The Head of Internal Audit for the Internal Audit Shared Service is the Group Audit Manager but in effect the Head of Internal Audit role at participant organisations in the Internal Audit Shared Service is carried out by the relevant Audit Manager.

12.2 The Head of Internal Audit in a public service organisation plays a critical role in delivering the organisation's strategic objectives by:

1)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;

The scope of internal audit work covers all aspects of the organisation's risk management, internal control and governance frameworks and the Internal Audit annual report feeds in to the preparation of the Council's Annual Governance Statement. Where appropriate, internal audit advises the organisation on emerging risks and undertakes 'hot assurance' work on new projects and developments as they take place.

2) Giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.

Yes – an annual audit opinion is provided to the Audit and Governance Committee based on the work undertaken by Internal Audit during the year on the Council's full range of operations, based on all aspects of risk management, internal control and governance.

12.3 To perform this role the Head of Internal Audit:-

1) Must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit and Governance Committee;

Yes -the Internal Audit Manager reports directly to the Council's section 151 officer and has open access to the Corporate Leadership Team (CLT) as required. The Audit Manager attends all meetings of the Council's Audit and Governance Committee and has the opportunity for private dialogue with the Chair as appropriate.

2) Must lead and direct an internal audit service that is resourced to be fit for purpose;

The resources available within the shared audit service have been assessed as fit for purpose. This will be subject to regular review going forward by the new Group Audit Manager. The audit team has a range of skills and qualifications including AAT, PIIA and CCAB.

3) Must be professionally qualified and suitably experienced.

The Group Audit Manager is CIPFA qualified and has 15 years' experience in Local Government Internal Auditing, nine of these in a management capacity. The Audit Manager is ACA qualified and has similar experience in Internal Audit.

13. Ensuring effective arrangements are in place for the discharge of the monitoring officer function

13.1 The democratic services manager is also the Council's Monitoring Officer with the Legal services Manager acting as his deputy. These officers have a duty to report to the Council and the Executive in any case where there is of the opinion that any proposal, decision or omission is or is likely to be illegal or to constitute maladministration.

13.2 The monitoring officer provides a range of functions relating to the conduct of Councillors (for example maintaining the Register of Members' Interests and advising the Audit and Governance Committee), commenting on every report to executive and Council.

13.3 The monitoring officer alongside the S151 officer and the Constitutional Working Group conducted a review of the Council's Constitution and made recommendations for change, which were adopted by Council in June 2012.

13.4 To ensure the effective undertaking of these duties, the Monitoring Officer has regular quarterly meetings with the Chief Executive, Head of Resources (S151 officer) in order to review current and likely future issues with legal, constitutional or ethical implications.

13.5 The monitoring officer maintains good liaison and working relations with the Independent Person(s), and the chair of the Auditor and Governance Committee

13.6 The monitoring officer ensures that Councillors and officers are kept up to date on new legislation and changes in the law which are relevant to the carrying out of the Council's activities. The Legal Services Manager issues monthly updates to service managers on new legislation and associated statutory guidance.

13.7 A regular weekly members briefing is emailed to all members which contains information on member development sessions, and the forthcoming meetings.

13.8 A forward plan of key decisions is operated and updated at each Executive. The Council published agendas and minutes on the website.

13.9 There are also regular training and briefing sessions including in 2012/13 on key topics

- Standards and Code of Conduct
- New Audit responsibilities
- Risk Management
- Emergency Planning
- Treasury Management
- Leading & Facilitating Meetings
- 'Bringing Money to your ward'
- Team Working
- Mentoring and Coaching

They also received Briefings on:-

- National Planning Policy Framework & Neighbourhood Planning
- Finance Bill & Welfare Reform Act
- National Grid Options
- Sellafield Transport & Vehicle Access Project
- Britain's Energy Coast
- South Whitehaven Plan & West Whitehaven Plan
- Welfare Reform
- DONG Energy

13.10 A review of the use of covert surveillance was undertaken in 2012 by the office of surveillance commissioners (RIPA) and a new policy was adopted by the Executive in December 2012 which complies with the Nov 2012 changes .

14. Ensuring effective arrangements are in place for the discharge of the head of paid service function

14.1 The Copeland Borough Council, Code of Corporate Governance, originally approved in 2008 and revised in 2013, includes the principle of Members and Officer working together to achieve a common purpose with clearly defined functions and roles and references 'making the Chief Executive responsible and accountable for all aspects of operational management'. In addition, The Local Government and Housing Act 1989, requires the head of paid service to prepare a report to the authority setting out his proposals for matters which relate to:

- a) the manner in which the discharge by the authority of their different functions in co-ordinated
- b) the number and grades of staff required by the authority for the discharge of functions
- c) the organisation of the authority's staff
- d) the appointment of proper management of the authority's staff

14.2 In response, the chief executive and head of paid services has made the appropriate arrangements to ensure the statutory provisions required of the Council are provided and the proper arrangements for the organisation and management of the authority's staff through the provision of comprehensive human resources policies and procedures; job profiles and competencies for all posts; arrangements for the recruitment of staff; personal appraisal for all staff; effective organisational communications; health and safety systems and audits; trade union consultation; involvement and engagement of staff and robust performance management systems and processes are in place, fit for purpose and reviewed regularly.

14.3 In addition the authority has a formally agreed Change Management policy setting out the key principles and procedures for managing minor and major organisation changes in accordance with best practices and in order to meet statutory and employment law requirements.

14.4 In 2012/13, proposals to deliver efficiencies, reduce costs and continue the Council's journey of transformation through the Review of Service Management and service delivery arrangements were implemented in line with the Council's agreed Change Management Policy.

14.5 As part of the overall process in 2012/13 and to mitigate the key risks to the organisation of loss of knowledge and skills, business continuity and change management, a support package for all staff was put in place and included support to staff from Human Resources during the process including support from an "honest broker; NWEO outplacement support package which includes skills development and career counselling and conducting some work on management of knowledge including an initiative on Retention of Critical Knowledge (ROCK). In addition Job Profiles for all new posts were available on the Council's intranet site for staff consideration.

15 Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committee – Practical Guidance for Local Authorities

15.1 The Council restyled the Audit and Governance Committee in 2012, this committee retains an independent chair and its role is to monitor internal and external audit and inspection work, including reviewing the adequacy of internal controls, and to oversee and monitor the new Code of Conduct for Councillors and associated procedure and protocols. The Committee has received training in the latter, newly acquired role. The Audit and Governance Committee monitors risk and Treasury Management and received Treasury Management training in April 2013.

15.2 Internal Audit submit regular progress reports to the and Governance Committee including an Annual Report on Internal Control, and a report on compliance with corporate governance standards on 20 June 2012 for 2011/12. A similar report will be considered in June 2013.

15.3 The Audit Governance Committee considered and formally approved the audited 2011/12 Statement of Accounts on 20th September 2012, together with the Audit Commission Annual Governance Report.

15.4 The Audit and Governance Committee receives audit and inspection letters on behalf of the Council from External Audit. Other Audit Commission reports included a report into certification of Claims and Returns, review of Financial Systems and the Annual Audit fee. The Audit and Governance Committee has the opportunity to meet regularly with the external auditors in private to discuss any areas of concern to either party.

15.5 Fraud section monitoring reports were submitted to the Audit and Governance Committee on a quarterly basis and fraud is included in the internal audit approach when it audits the 12 fundamental systems.

16. Compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

16.1 During 2012/13 Council decisions and arrangements for considering recommendations and items of business were in accordance with the relevant legislation and the Council's Constitution. The Section 151 Officer (CFO) and the Council's Monitoring Officer provided comments on every report to Executive and were present in person or represented by their appointed deputies at every meeting of the Full Council and Executive. Preparation for each Executive report required completion of a checklist to allow assessment of the decision against the Council's policy framework.

16.2 The Council's budget was set in accordance with the requirements of the relevant legislation and guided by the Council's Medium-Term Financial Strategy. The s151 Officer is required to comment each year on the robustness of the proposed budget and this statement was supplied to Full Council prior to the agreement of the 2013/14 budget.

16.3 A full review was undertaken of the Reserves held by the authority to ensure that the reserves were held for legitimate purposes and that transactions were accurate and expenditure was fully reflected in the Income and Expenditure Account. An increase in the level of general reserves held was recommended to Council in February 2013 recognising the increased financial risks faced by the authority.

16.4 At every meeting of the Council there are opportunities for elected members to declare Disclosable Pecuniary Interests. Members have been advised that they should leave the room where a meeting is being held when they have Disclosable Pecuniary interests, and certain other interests, in matters under discussion. There are registers which elected members and officers are required to use to declare hospitality and personal interests. Corporate Team members and all Council members and senior officers are required to complete an annual declaration of related party transactions.

16.5 The Council's call-in procedure for Executive decisions can be invoked if it is thought there has been a departure from policy guidance. There were no call-ins during 2012/13. There were no S.151 or Monitoring Officer reports issued in 2012/13.

16.6 The Legal Services Manager issues monthly updates to service managers on new legislation and associated statutory guidance;

17 Whistle-blowing and receiving and investigating complaints from the public

17.1 In November 2012 the Council introduced a revised Comments, Compliments and Complaints Procedure. The existing procedure had been in place since 2007, management information systems have changed and some feedback from customers and officers suggested that the current system was too lengthy and didn't allow for a quick resolution. The overall timescale of the existing complaints process could potentially take up to 123 days (including a 90 day Appeal before Members timescale but not including the complainants 3 week response period) compared to 35 days in the new process. We also envisaged the overall cost of the process will decrease due to fewer complaints escalating into stages 1 and 2, negating the need for managerial involvement, which has since proven to be the case.

17.2 We also looked at examples of best practice and the Local Government Ombudsman's (LGO) guidance to create a new procedure. We introduced an informal first point of resolution via the Customer Relations Officer to act as a filtering system to distinguish between requests for explanation of, or requests for, services and minor complaints which lend themselves to a quick resolution, and the more complex complaints which may require in-depth investigation. If the complaint cannot be resolved at this stage it will be passed to the Service Manager/Head of Service. The final Stage 3 investigation is now conducted by the Chief Executive, who expressed a wish to be more involved/ accountable.

17.3 The previous Stage 3, Appeal before Members, was also seen to be costly/time consuming (although a maximum of 3 per year to date) but more importantly isn't seen by complainants as a truly independent review. If the complainant remains dissatisfied

with the Chief Executive's response they are given details of how to complain to the Local Government Ombudsman. Members were consulted and no objections were raised. The new process is an efficient and effective way of complaint handling in order to meet the requirements of the customer, the Council and the LGO

17.4 In 2012/13, whilst we have not yet received the Annual report from the Ombudsman so are not aware of exactly how many complaints they received, we are aware of 5 investigations the outcomes of which were -

- 2 related to Planning, both of which they decided to discontinue the investigations
- 1 related to a Council Waste vehicle allegedly causing damage to property which they decided was not in their jurisdiction
- 1 related to the Council not granting Council Tax exemptions for the complainants properties, which again they decided was not in their jurisdiction
- 1 related to Environmental Health air pollution which was resolved by local settlement of an apology for the delay in providing the complainant with a copy of the report detailing the Environmental Health investigation of his concerns.

17.5 In 2012/13 we received 95 complaints compared to 65 the previous year. Whilst the service areas the complaints related to were comparable with Planning and Revenues and Benefits continuing to receive most. However there was a considerable increase in the number of complaints relating to Waste Services, but this was anticipated due to the Waste Collection Review carried out in 2012. For example In November 2012 change to collecting waste in rural areas to lane ends was introduced and this attracted a number of complaints.

17.6 In 2012/13 79% (75 actual complaints) were closed at the first stage with 15% (14) reaching stage 2 and 6 % (6) reached the third stage.

17.7 The Confidential Reporting Code was updated in September 2011 and is being further reviewed as part of the wider work on updating the counter fraud and corruption strategy.

17.8 The monitoring officer or S151 Officer did not receive any reports in 2012/13. The Council is considering adopting British Standards PAS 1998:2008 'Whistleblowing Arrangements Code of Practice' as part of its refresh of the counter fraud and corruption strategy

18. Identify the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

18.1 A Members' Development Plan was in place during 2012/13, arrived at through in depth discussions with individual members on their individual development needs and how those might be addressed. A comprehensive induction programme is in place for any new Councillors elected to the Council mid-term. The member development programme is actively managed through the cross party Member Development Panel who meet on a monthly basis and lead and shape the focus and delivery of the annual

programme. The Council achieved the Members' Development Charter from North West Employers' Organisation in 2007 and was re-accredited to the Charter in 2012; a member development newsletter is published on a regular basis. See paragraph 13.9 for the briefings and training conducted in 2012/13.

18.2 To lay the foundations for the organisational development work which will underpin its journey of transformation, the Council has launched a new competency framework and appraisal process. As well as playing a key role in employee performance management, the appraisal process is the major diagnostic tool in identifying and meeting the learning and development needs of the organisation.

18.3 For 2012/13, a "Core Curriculum" has been developed to meet the key corporate needs, as identified through the dominant themes emerging from the appraisal process. Individual employee needs are identified, and the most cost-effective solutions implemented after consultation between the employee, line manager and HR team. The appraisal process is intended also to ensure that employees have personal objectives linked to their service's Service Plan for the year, which in turn supports the Council's high level plans, thus creating the desired "golden thread".

18.4 Having achieved the North West Skills Award in 2010/11, which shares much common ground with Investors in People, the Council decided not to seek reaccreditation under the IiP standard. This decision was reluctantly taken having considered the value for money aspect of continuing IiP membership in the current financial climate, and the substantial costs associated with the accreditation process.

19. Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

19.1 The Council's current Communication Strategy sets out the main guidance for communication and consultation with the public. This strategy was revised during 2011/12 and a new strategy was agreed in January 2012. The Council consulted the public on the development of a range of its service and corporate objectives, including in preparation of the 2013/14 budget, stakeholders were consulted on Council proposals.

19.2 The Council has developed a Media Forward Plan and produced a resident information paper Copeland Matters 3 times in 2012/13 this will move to an online from April 2013.

19.3 There are regular staff briefings, and consultation with all recognised trades unions through the single table trades union group (STTUG) which has a forward plan of meetings.

19.4 During 2011/12 and in 2012/13 the Council was engaged in a range of activities to communicate with the public on the future of the nuclear industry in West Cumbria. The Managing Radioactive Waste Safely Partnership, of which the Council is an active

partner, has implemented its public engagement commitments. This process resulted in highly transparent and participative discussion at full Council and Executive meetings at which decisions were made about the Council's wish for on going participation in the debate over the provision a geological disposal facility. The Council hosted one of four national events by the Department of Energy and Climate Change to ensure the public were able to express their views on the inclusion of, and adjacent to Sellafield as a site for Nuclear New Build.

19.5 The Council's activity as the Local Planning Authority provides considerable scope to demonstrate the effectiveness of communication, engagement and transparent decision making. Consultation and progress to adoption of Supplementary Planning Documents for 3 areas of Whitehaven, and the completion of the examination stage of the Core Strategy, with an unprecedented 2 day examination provide examples. The Council is demonstrably well versed in ensuring that locally controversial development proposals are handled with necessary and appropriate levels of public engagement, where necessary facilitating consideration by members at the Planning Panel and guiding the chair and members as to how best to respond to the outcome of consultation to secure responsible and accountable decisions.

19.6 The Council reached the "Achieving" stage of the Equalities Framework for Local Government in November 2010, which included a significant effort in training and raising awareness of the law among Councillors, employees, partners and contractors.

19.7 The overall budget consultation also included the Council's key stakeholder groups including those representing individuals and communities within the protected characteristics. This includes the Council's Consortium Partners. See section 1 for further details on the budget consultation.

19.8 The Council has continued to lead, support and embed the locality working framework and delivery across Copeland. The six locality partnerships, facilitated by a Council funded team, use their locality plans to set community based and informed priorities, engage and influence service providers. The long term plan has been to move locality partnerships to a more sustainable arrangement and the next 3 years with a mix of Council and external funding has been put in place to focus on the regeneration outcomes of the plans and enable partnership developments to increasingly engage the widest range of stakeholders from the core three tier community leadership base.

19.9 Each locality area also has a connected but independent youth forum. These youth forums feed into the Copeland Youth Council which in turn feeds into the Cumbria Youth Council. The Youth Forums and Locality Partnerships offer a strong mechanism for community engagement and participation and were effectively used as part of the Council's budget consultation process. The locality partnerships link with the County Council Neighbourhood Forum to enable co-ordinated discussions and priority setting.

19.10 The Council is also looking to inform and support its community through the national changes and recently held surgeries for local communities on the bedroom tax and how the changes will affect residents.

19.11 Consultation on key changes to the Local Government Finance system following the Local Government Finance Act 2012 included Business Rates consultation – changes to the system of distribution of Business rates income which was presented to Full Council; and Council Tax Benefit consultation - consulted on the Council's proposed new local discount scheme, which would mirror the current Council Tax Benefit scheme.

20. Enhancing the accountability for service delivery and effectiveness of other public service providers

20.1 Whilst the Council continues to directly deliver most of its key services there are a number of areas where services are commissioned. Arrangements are in place, both to monitor both the administration of the services, the quality of that service and this information is reported back into the Council.

20.2 The Council receives quarterly reports from the Boroughs' Leisure Contractor across a number of areas: usage, take up of the Be-Active plus card by those on lower incomes, health and safety incidents, costs, maintenance profiling etc, the contract is currently under review alongside the Council's role in delivering sport and leisure facilities. This review also seeks to ensure that looking ahead, this model continues to be the right model for the Council and the deliverability of quality services.

20.3 The Council has also undertaken a review of the organisations and services that are grant aided by the Council. Grants have now be realigned to the new Council Priorities as set out in the Corporate Plan. Alongside each grant offer is a Service Level Agreement that seeks to ensure a level and quality of delivery that meets Council expectations, these SLA's and delivery against them is reviewed on a regular basis. This process also enabled us to review the amount of grant awarded, for example, the grant to the Citizens Advice Bureau has been increased, both in response to the good quality of service that is offered, and monitoring in terms of increased demand on the services as a result of legislative changes, meeting the needs of the most vulnerable in our society is a Corporate Plan priority.

20.4 The Council has also been hailed as being at the leading edge of the Planning world because of the common usage of Planning Performance Agreements. We understand that planning is an enabler to growth and that an efficient planning function can support that growth agenda. Usage of PPA's enables us to offer, and deliver against and agreed standard of service delivery with the developer, and likewise the developer making commitments with us.

20.5 All decisions to sign PPA's are reported to the Council's Executive and robust arrangements are in place to ensure transparency, work programming, invoicing, and payment. Although the Council does not make any profit from this process, it has

enabled us to support the service in terms of staffing resourcing to support the quality of the planning service for those developments not subject to PPA.

20.6 The statutory safeguarding children's self-assessment as issued by the Cumbria Local Safe Guarding Children's Board has been completed and an action plan has been developed to ensure the Council is meeting its safeguarding commitments.

21. Incorporating good governance arrangements in respect of partnerships and other group working, as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements

21.1 In order to increase its effective and efficient partnership working the Council has developed and formally agreed a tool, based on the CIPFA model, to assess our partnerships. Our corporate governance reviews elected member representation annually. There are service level agreements with some partners for delivery of advice services which are reviewed annually, e.g. CAB and CLC, others less frequently and in line with delivery and project programmes.

21.2 External Audit opinion found that there were still improvements that the Council could make in line with implementing the partnership assessment tool annually and revising partnership arrangements, representation and governance in line with this annual appraisal.

21.3 Senior officers and Executive have reassessed and revised its strategic partnership list in 2012/13 and aligned this list with the new Corporate Plan 2013-15 setting out in the associated performance framework which partnerships will report at what regularity and to which governance group. Executive will be receiving a quarterly performance report against the Corporate Plan which will pick up the key strategic partnerships – others will report to specific groups and pass on to full Council through portfolio reporting as previously. OSC will be able to pick up any of the partnerships to investigate further through their annual work programme as previously eg Housing Strategy overseen by the Copeland Housing Partnership.

21.4 The Copeland Partnership met in July 2012 and in January 2013. The Partnership is underpinned by the six Copeland localities and engages with other theme partnerships and representatives of a wide group of local organisations and stakeholders, including residents. The Partnership has adopted a set of principles and a new 10 year Copeland Partnership Plan, Copeland's Sustainable Community Strategy. The Partnership meets twice yearly to action plan and monitor targets which are priority issues for the borough and the Partnership. The meeting in January was dedicated to Welfare Reform in Copeland and how partners were preparing for the community impact many of the changes will bring about. As a result of the Partnership Meeting, a working group of stakeholders is now in place to meet and share experiences and information. An outcome of this has been the arrangement of several advice 'drop in' sessions across the Borough on the introduction of the 'Bedroom Tax'. These were staffed by Council officers and a number of partner agencies.

21.5 A review of all strategic partnerships has been underway during the past two years originally due for completion by March 2013. The involvement of elected members in outside bodies has been subject to annual review, with a view to more active involvement in partnerships, better feedback to the Council and being in a better position to manage risks in achieving Council objectives through partnerships.

21.6 The final activity to be completed relates to staff engagement in operational partnership activity and the use of our toolkit assessment to ensure both members and staff involved in operational partnership activity are managing any corporate or service risks relating to this partnership activity and reporting this through the existing management frameworks to CLT who consider the service and corporate risks on a monthly and quarterly basis respectively.

REVIEW OF THE EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK

Copeland Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the governance framework included the following:

- The **Authority** has continued to review its Constitution in 2012/13;
- The **Executive** has included in its Forward Plan decisions relating to the Council's governance ;
- The **Audit and Governance Committee/Overview and Scrutiny Committees** have included a range of reviews of aspects of the Council's governance in their programmes of work, including, in the case of the Audit and Governance Committee, some statutory governance reports;
- The **Audit and Governance Committee** has responsibility for promoting high ethical standards across the Council, maintains an overview of the Member and Officer Codes of Conduct and other relevant protocols, together with the Council's arrangements for determination of allegations of breaches of the Code of Conduct for Councillors;
- The **Chief Financial Officer** has responsibility for ensuring the effectiveness of the financial controls and the Financial Procedure Rules were reviewed and re-issued during 2012;
- **Internal Audit** has created a plan for and undertaken a number of reviews including governance issues and reported its findings to Corporate Team and the Audit & Governance Committee;
- **Other explicit review/assurance mechanisms.** Heads of Service have operated their services to comply with the Council's framework of policy and procedures in managing resources and observing the requirements of probity. Operational risks

were identified through service and project planning and are logged on the Covalent performance system, monitored at least quarterly by managers.

The Audit and Governance Committee at its meeting of 26th June 2013 received the Annual Report on Internal Control 2012/13 from the Internal Audit Manager which concluded that

“based on the audit work undertaken in the year, internal audit has reached the opinion that key systems are operating satisfactorily and there is no fundamental break down of controls resulting in potential material error or discrepancies.”

The meeting also considered the internal audit report of Corporate Governance Arrangements 2012/13, which evaluated performance against the CIPFA/SOLACE Framework for Delivering Good Governance updated for the 2012 Addendum in Local Government and its checklist. The Head of Internal Audit concluded that the Council’s Code of Corporate Governance is effective and that arrangements were generally in line with the CIPFA/SOLACE Framework. This is attached as Appendix E

The meeting also received a report from the Head of Corporate Resources on the effectiveness of the system of internal audit which operated in 2012/13. The report brought together the findings of the Self-Assessment of the Head of Internal Audit on Internal Audit’s compliance with the CIPFA Code of Practice for Internal Audit in Local Government, and an assessment of the effectiveness of the Audit Committee, the Annual Report on Internal Control 2012/13 and the main findings of the External Audit in 2012/13 in relation to Internal Audit.

The conclusion of the report was that the system of internal audit had operated effectively in 2012/13.

SIGNIFICANT GOVERNANCE ISSUES

The Action Plan from 2011/12 at Appendix C shows that the council has undertaken work to address the issues in 4 of the 5 action points. The action on partnerships has been carried forward to the 2012/13 action plan with the addition of two new actions relating to updating the counter fraud and corruption strategy and information management.

The significant governance issues in 2012/13 which we will want to address have been identified from a number of sources. They are included in the action plan following: Appendix D.

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:
Leading Member (or equivalent)

Signed:.....
Chief Executive (or equivalent)

Date:.....

ANNUAL GOVERNANCE STATEMENT 2011/12 - ACTION PLAN

APPENDIX C

Issue No.	Governance Issues to be Addressed	Action Agreed	Responsible Officer	Target Date	Position as at June 2013
1.	<i>The Corporate Risk Management Strategy needs to be reviewed and updated. Procedures for the identification, management and reporting of operational and strategic risks require to be strengthened. (AGS paragraph 6.3)</i>	<i>Update of the Risk Management procedures</i>	<i>P Mell Head of Policy and Transformation</i>	<i>30 September 2012</i>	Complete <i>The work on reviewing and updating the Risk management strategy has been completed and embedded into the performance framework with regular quarterly reports to CLT and audit committee tracking the risks and their treatment. The follow up audit identified considerable progress.</i>
2.	<i>Continue to improve arrangements to identify and mitigate potential risks associated with partnership working. (AGS paragraph 13)</i>	<i>The Head of Regeneration and Community will develop a framework for analysing Partnership Risk.</i>	<i>J Betteridge Head of Regeneration and Community</i>	<i>30 September 2012</i>	<i>An exercise to map the current strategic partnerships was completed.</i>
3.	<i>Since November 2011 the effective operation of the payroll system relies on a single individual introducing risk in terms of resilience/business continuity and lack of independent check/review. Payroll</i>	<i>Management to ensure longer term resilience arrangements are established and that key independent checks are carried out.</i>	<i>D Law Head of Corporate Resources</i>	<i>30 September 2012</i>	Complete <i>To resolve the independent checking issue a series of management checks have been initiated and this new system has been checked and agreed with Audit, follow up work identified these checks were being satisfactorily conducted.</i>

	<i>resilience and independent checking needs to be improved to ensure that this key business system is not compromised (AGS Effectiveness of Governance)</i>				<i>The resilience issue continues for a small service and resources do not allow for any additional team members. This risk is being tolerated.</i>
.4	The Customer Services Strategy needs to be approved and implemented	Strategy to be developed and implemented.	<i>P Mell Head of Policy and Transformation</i>	<i>30 September 2012</i>	Complete <i>The Customer Services Strategy has been reviewed and updated and was agreed at Executive in October 2012. The document will be implemented as part of the wider Transformation programme.</i>
5	The Local Code of Corporate Governance needs to be revised in line with the CIPFA supplementary guidance	Local Code of Corporate Governance to be updated for CFO role.	<i>Tim Capper Democratic services manager and Monitoring Officer</i>	<i>30 September 2012</i>	Complete <i>The updated Local Code was taken to Executive on 28/05/13. This included requirement re role of CFO and has also addressed the new elements arising from the 2012 Addendum.</i>

ANNUAL GOVERNANCE STATEMENT 2012/13- ACTION PLAN

APPENDIX D

Issue No.	Governance Issues to be Addressed	Action Agreed	Responsible Officer	Target Date
1.	<i>Counter Fraud and Corruption Strategy to be reviewed and reporting process updated</i>	<i>Updated Counter Fraud and Corruption Strategy in place</i>	<i>D Law Head of Corporate Resources</i>	<i>30 September 2013</i>
2.	<i>Continue to improve arrangements to identify and mitigate potential risks associated with partnership other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements</i>	<i>Assess current arrangements against the AC governance report and Action plan agreed</i>	<i>Chief Executive – Paul Walker and J Betteridge Head of Regeneration and Community</i>	<i>30 September 2013</i>
3.	<i>Councils approach to Information Management to be reviewed and an appropriate strategy and action plan resourced.</i>	<i>Self Assessment to be completed and Action plan agreed</i>	<i>Chief Executive – Paul Walker and Penny Mell – Head of Policy and Transformation</i>	<i>30 September 2013</i>



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SHARED INTERNAL AUDIT SERVICE

REPORT

FOR:

COPELAND BOROUGH COUNCIL

ON:

CORPORATE GOVERNANCE 2012/13

1st Draft Issued: 12th June 2013

2nd Draft Issued:

Final Issued: 13th June 2013

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2. Scope
3. Evaluation and conclusion
4. Follow up of the previous audit
5. Recommendations

Section 2

6. Detailed findings and recommendations

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Appendix A Summary of Recommendations and Action plan

Section 1 – Executive Summary

1.0 INTRODUCTION

- 1.1 This audit reviews the Council's compliance with its Local Code of Corporate Governance during 2012/13. It also reviews the Council's adoption of recently revised best practice governance arrangements as jointly set out by CIPFA (Chartered Institute of Public Finance Accountants) and SOLACE (Society of Local Authority Chief Executives).
- 1.2 The Local Code, which was originally adopted by the Council in 2008, is a public statement that sets out the arrangements in place for effective corporate governance. The Code is based on CIPFA/SOLACE's Delivering Good Governance in Local Government Framework 2007. This was updated in December 2012 with the issue of CIPFA SOLACE's Addendum to the Delivering Good Governance in Local Government Framework.
- 1.3 The main changes to the Framework relate to the list of key elements that comprise the Governance Framework. In the 2007 guidance 12 key elements were stated. This was increased to 13 in 2011 by the inclusion of a new requirement to comply with CIPFA's Statement on the role of the Chief Finance Officer. The latest Addendum has increased the number of key elements to 21 with some additional changes to existing elements.

2.0 SCOPE

- 2.1 The scope of the audit covered:-
- Review any significant changes to best practice governance arrangements that should be reflected in the Local Code;
 - Review of the arrangements in place at Copeland Borough Council to demonstrate compliance with the detailed requirements of the Local Code and identification of any significant governance issues;
 - Action taken by Council on implementing any significant governance issues included in 2011/12 Annual Governance Statement;
 - Follow up implementation of previous internal audit recommendations arising from 2011/12 review of corporate governance.

3.0 EVALUATION AND CONCLUSION

3.1 EVALUATION

3.1.1 Internal Audit applies four assurance levels to assist departments to assess the adequacy of the control environment, see below:

- Substantial assurance
- Reasonable assurance
- Partial assurance
- No/Limited assurance

Details:

Assurance Level	Criteria: A Combination Or All Of The Following
Substantial assurance	<ul style="list-style-type: none"> • Well-designed system with good controls in place that are supervised • Regular reporting on performance • Regular reconciliation • Procedures regularly reviewed • Evidence of risk assessment, if appropriate
Reasonable assurance	<ul style="list-style-type: none"> • Several recommendations but the impact overall is not significant • Procedures are in place, but may need updating
Partial assurance	<ul style="list-style-type: none"> • Overall, a large number of recommendations (but not all Grade 1 recommendations) • A sound system has been introduced, but it is not yet fully operational • Out of date reconciliations • Procedures are in place, but have not been updated for many years and are out of date
No/Limited assurance	<ul style="list-style-type: none"> • A number of Grade 1 recommendations • Major control weaknesses • Fundamental controls may be missing on non-compliant • Large number of errors

3.2 CONCLUSION

Substantial assurance was allocated because the Council has updated its Local Code in 2013 following revised guidance from CIPFA and its 2012/13 AGS demonstrates compliance with the revised Local Code.

3.2.1 The Local Code now reflects CIPFA/SOLACE’s Delivering Good Governance in Local Government Framework as updated for the 2012 Addendum. A report was taken to Executive on 28/05/13 that set out the changes to the Framework. Copeland Borough Council Local Code was also presented to Executive; this had been updated to reflect the changes set out in the addendum.

3.2.2 The Council’s AGS 2012/13 explains how the Council has complied with its Local Code during 2012/13 and how it has reviewed the effectiveness of its governance framework. Internal Audit has reviewed the AGS and the assertions included within it and concluded that these are reasonably evidenced. The Council has identified 3 significant governance issues for future action relating to counter fraud; partnerships and information management.

3.2.3 The Council has implemented significant governance issues identified in its AGS for 2011/12.

3.2.4 Recommendations arising from the 2011/12 Internal Audit review of corporate governance arrangements have been implemented – see Section 4 below.

4.0 AUDIT ASSURANCE

4.1 The previous Corporate Governance audit report included 1 new recommendation and 2 recommendations that had been brought forward from 2010/11 & 2011/12. A completed Action Plan was compiled to record the actions to be taken, see table below. It also includes findings from this audit under Current Actions.

RECOMMENDATION	GRADE	AUDITEE RESPONSE TO ORIGINAL ACTION PLAN	CURRENT ACTIONS
Ensure that risk management and governance arrangements weaknesses in partnerships are addressed	P1	Partnership Group established, chaired by J Betteridge. Framework for analysing Partnership Register has been developed to identify key partnerships in terms of risk and financial impact. List of Partnerships has been established. Reports to be presented to Executive 21/08/12 & Full Council 06/09/12	Complete The Head of Regeneration & Community stated that the final strategic partnership review was considered at Audit Committee and Executive in October 2012. An annual review as part of the Corporate Planning Process is now being completed for 2013/15 corporate plan delivery.
The Customer Services Strategy needs to be approved and implemented.	P2	Strategy to be developed and implemented.	Complete The Customer Services Strategy has been reviewed and updated and was agreed at Executive in October 2012. The document will be implemented as part of the wider Transformation programme.
The Local Code of Corporate Governance needs to be revised in line with the CIPFA supplementary guidance (on compliance with Role of Chief Financial Officer) and formally adopted by	P2	This will be taken through the Constitutional Working Group and then submitted to Full Council.	The updated Local Code was taken to Executive on 28/05/13. This included requirement re role of CFO. Decision: That authority be

Full Council.			delegated to the Chief Executive in consultation with the Leader.
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5.0 RECOMMENDATIONS

5.1 The recommendations made in this report are graded in accordance with their perceived importance and are categorised as follows:

Grade 1: Major recommendation that indicates a fundamental weakness that must be addressed

Grade 2: Recommendation which should be addressed in order to establish a satisfactory level of internal control

Grade 3: Minor recommendation made to improve the system under review

5.2 There are no new recommendations as a result of this audit review.

Section 2 – Main body of Report

6.0 DETAILED FINDINGS & RECOMMENDATIONS

6.1 Review any significant changes to best practice governance arrangements that should be reflected in the Local Code

6.1.1 CIPFA SOLACE issued its Addendum to Delivering Good Governance in Local Government: Framework in December 2012. The Addendum includes an updated Annual Governance Statement which gives an increased emphasis to a strategic approach and which extends the key elements of an effective governance framework.

6.1.2 The new elements listed in the revised governance framework are as follows:

- Translating the vision into objectives for the authority and its partnerships;
- Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability;
- Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained;
- Ensuring effective management of change and transformation;
- Ensuring the authority’s assurance arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit (2010)* and, where they do not, explain why and how they deliver the same impact;
- Ensuring effective arrangements are in place for the discharge of the monitoring officer function;

- Ensuring effective arrangements are in place for the discharge of the head of paid service function;
- Enhancing the accountability for service delivery and effectiveness of other public service providers.

6.1.3 In addition some existing elements have been extended as follows (changes in bold italic):

- Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority’s objectives and for ensuring that they represent the best use of resources **and value for money;**
- Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication **in respect of the authority and partnership arrangements;**
- Reviewing **the effectiveness of the authority’s decision-making framework**, including delegation arrangements, **decision making in partnerships and robustness of data quality**

6.1.4 Internal Audit has reviewed the revised Local Code and concluded that the changes required in the Addendum have been incorporated with the following exception:

- Ensuring the authority’s assurance arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit (2010)*, and where they do not, explain why and how they deliver the same impact.

6.1.5 The Local Code has been updated to include the above. This will ensure that the Council is fully compliant with the Framework.

RECOMMENDATION			
Ref	Recommendation & Grade		Risk if not actioned
R1	The Local Code of Corporate Governance needs to be revised in line with the CIPFA supplementary guidance (on compliance with Role of the Head of Internal Audit (2010)).	2	The Council’s Local Code of Corporate Governance will not comply with the Governance Framework.

6.2 Review of the arrangements in place at Copeland Borough Council to demonstrate compliance with the detailed requirements of the Local Code and identification of any significant governance issues

6.2.1 Compliance with the Local Code is formally reviewed on an annual basis and reported in the council’s AGS. Internal Audit has reviewed the draft AGS and evidence included within this and concluded that there is sufficient evidence that corporate governance arrangements have been effectively applied during 2012/13.

6.2.2 It is noted that the Local Code was not formally reviewed and updated for changes arising from CIPFA/SOLACE’s Addendum until after the 2012/13 financial year, but the relevant requirements had been met during 2012/13.

6.3 Action taken by Council on implementing any significant governance issues included in 2011/12 Annual Governance Statement

6.3.1 The 2011/12 AGS identified 5 significant governance issues. 4 of these have been implemented. *“Continue to improve arrangements to identify and mitigate potential risks associated with partnership other joint working as identified by the Audit Commission’s report on the governance of partnerships, and reflecting these in the authority’s overall governance arrangements”* has been brought forward to the 2012/13 Annual Governance Statement Action Plan and will be monitored throughout 2013/14.

SUMMARY OF RECOMMENDATIONS & ACTION PLAN

REPORT REF	RECOMMENDATION	GRADE	PERSON RESPONSIBLE	AGREED/INTENDED ACTION (to be completed by client)	IMPLEMENTATION DATE (to be completed by client)
R1	The Local Code of Corporate Governance needs to be revised in line with the CIPFA supplementary guidance (on compliance with Role of the Head of Internal Audit (2010).	2	T Capper/D Law Democratic Services Manager/ Head of Corporate Resources	Updated during the course of the audit	completed