



**ANNUAL**

**GOVERNANCE**

**STATEMENT**

**2017/18**



## Introduction

Swindon 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 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having a regard to a combination of economy, efficiency and effectiveness

The Council is required to produce an Annual Governance Statement each year which describes its governance arrangements. The Council reviews its governance framework through the Audit Committee. This review identifies where the framework is working and whether there are any significant governance issues that need to be addressed.

The Annual Governance Statement is signed off by both the Leader of the Council and the Chief Executive after being reviewed by the Audit Committee.

## Corporate Governance

### *The purpose of a governance framework*

The Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE *Framework for Delivering Good Governance in Local Government* (2016).

This statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

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.

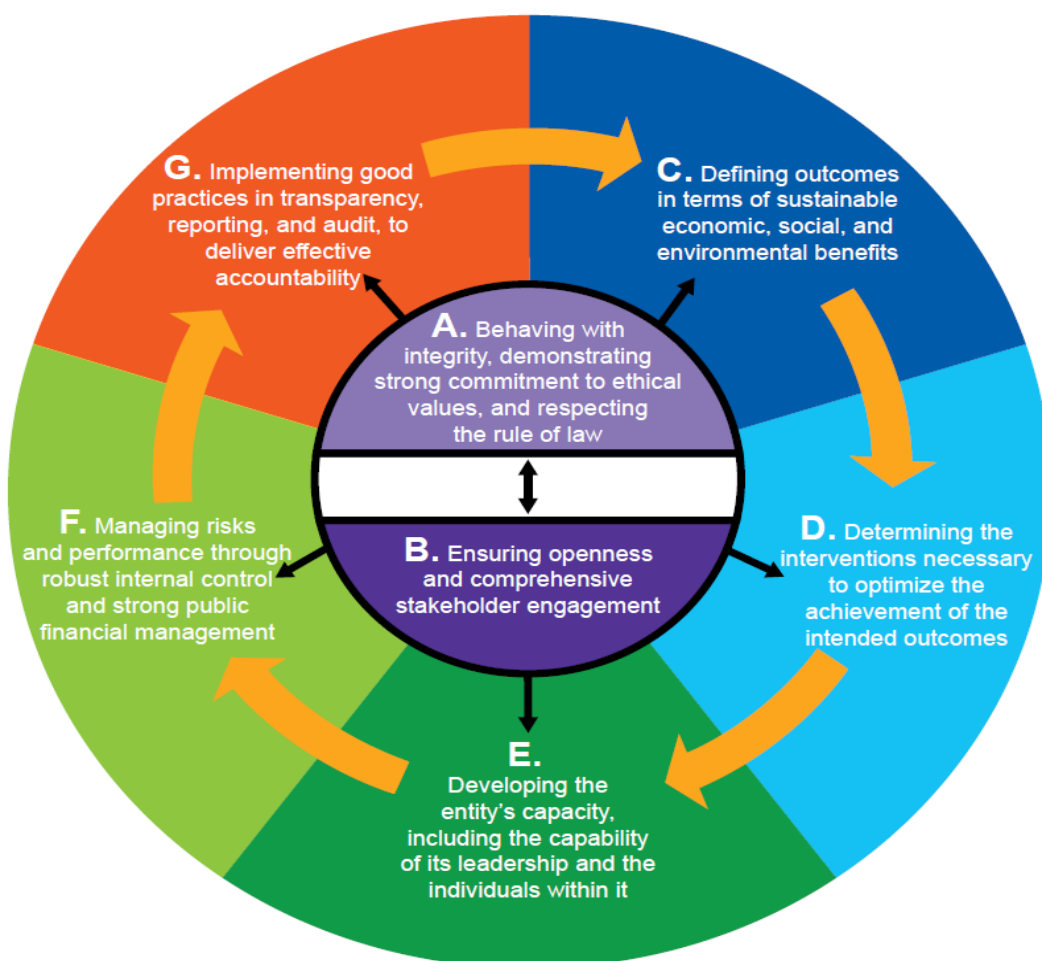
The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not an absolute assurance of effectiveness. The system 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 to manage them efficiently, effectively and economically.

### *The Council's framework for ensuring compliance with the core principles of effective governance:*

Good corporate governance requires local authorities to carry out their functions in a way that demonstrates accountability, transparency, effectiveness, integrity and inclusion. The Council's Local Code of Corporate Governance sets out the framework by which the Council will meet that commitment. The Code is based upon the following seven core principles:

## CIPFA International framework: Good Governance in the Public Sector

### Achieving the Intended Outcomes While Acting in the Public Interest at all Times



The Local Code of Corporate Governance forms part of the Council's Constitution and the full version can be found at:

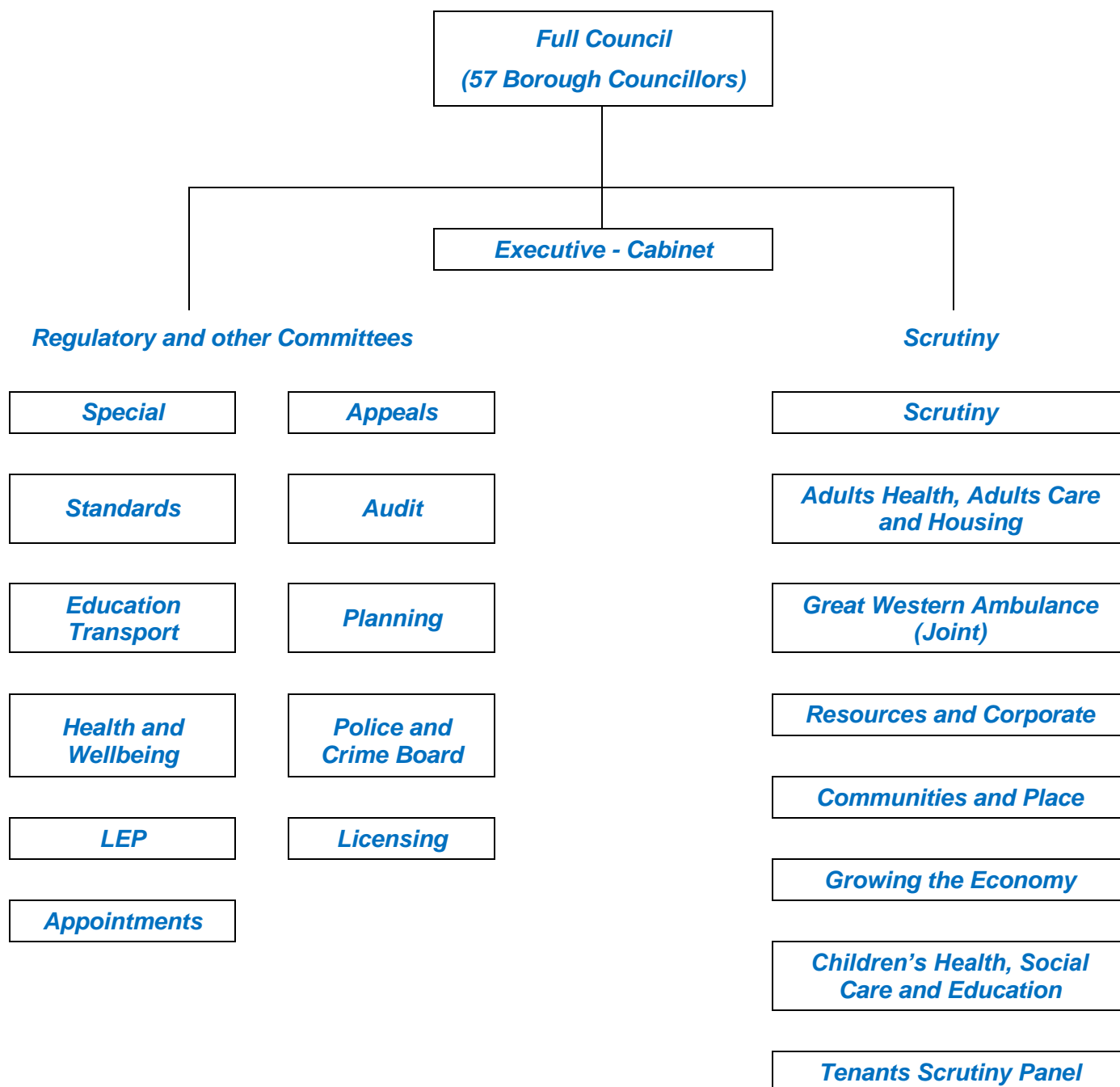
<http://ww5.swindon.gov.uk/moderngov/ecSDDisplay.aspx?NAME=SD6032&ID=6032&RPID=5603053>

The Council has 57 Councillors and operates a Leader and Executive model of decision making. All Councillors meet at Full Council to agree the budget and the policy framework etc. Ten Councillors, including the Leader, form the Executive (Cabinet). The Executive decide on how to deliver the budget and the policy framework.

The remaining 47 Councillors form scrutiny committees. These committees review the policies, process and implications of Cabinet, Cabinet Member and Officer decision-making and the way in which Cabinet and Cabinet Member decisions are made.

There are also a number of regulatory committees such as Audit, Standards, Planning and Licensing.

The Council's current Committee structure is set out below:



## Outcomes

*The Council's vision, priorities and pledges:*

By 2030, Swindon will have all of the positive characteristics of a British city with one of the UK's most successful economies; a low-carbon environment with compelling cultural, retail and leisure opportunities and excellent infrastructure. It will be a model of well managed housing growth which supports and improves new and existing communities.

Swindon will be physically transformed with existing heritage and landmarks complemented by new ones that people who live, work and visit here will recognise and admire. It will remain, at heart, a place

of fairness and opportunity where people can aspire to and achieve prosperity, supported by strong civic and community leadership.

The Corporate Plan sets out a clear set of priorities and pledges, which will enable Councillors and officers to prioritise their work and ensure that the Council is using its increasingly limited resources to best effect in pursuit of delivering the vision for Swindon. You can find out how the Council is performing against each of its priorities and pledges by selecting the priority or pledge links below:

[Priority one: Improve infrastructure and housing to support a growing, low-carbon economy](#)

[Priority two: Offer education opportunities that lead to the right skills and right jobs in the right places](#)

[Priority three: Ensure clean and safe streets and improve public spaces and local culture](#)

[Priority four: Help people to help themselves while always protecting the most vulnerable children and adults](#)

Currently, the Council's Performance Dashboard shows that the following progress has been made:

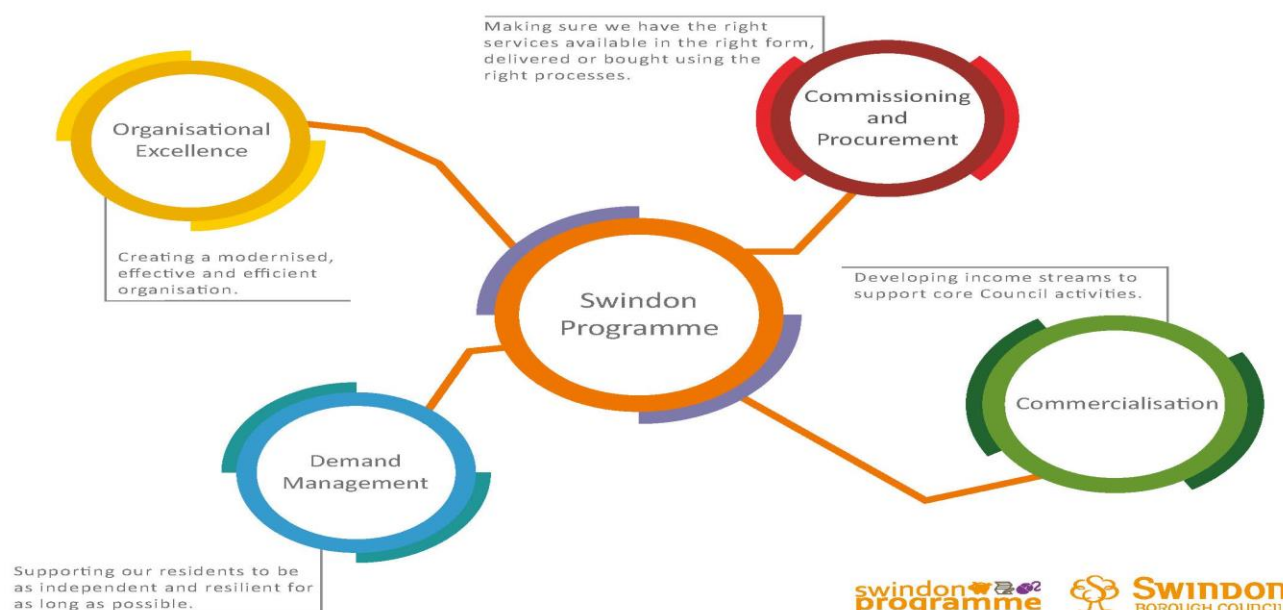
Priority	No. of Pledges	Achieved	On Track	Need Improvement
One	14	2	9	3
Two	5	0	2	3
Three	4	0	3	1
Four	7	0	4	3
<b>Total</b>	<b>30</b>	<b>2</b>	<b>18</b>	<b>10</b>

### Swindon Programme

The Swindon Programme sets the challenge of saving £30 million in 30 months. We will do this by transforming the way we work, and making our services, systems and processes more efficient for both our customers and officers. This will allow us to provide the residents of Swindon with the information and support they need in a way that is convenient to them and cost effective for us.

There are four strands to the Swindon Programme:

- Organisational Excellence
- Demand Management
- Commissioning and Procurement
- Commercialisation



### Value for Money

The Council's External Auditor, Grant Thornton, was satisfied that in all significant respects, the Council had proper arrangements in place to secure economy, efficiency and effectiveness in the use of its resources. In reaching this conclusion the External Auditor completed an overall assessment of arrangements and risks for the year of audit (2016/17) and looked in detail at how the Council built up savings plans and included them in to budgets.

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015). Timely support, information and responses are provided to our external auditors. Findings and recommendations from both our Internal and External Auditors are considered by senior management and at the Council's Audit Committee.

### The role of management

The Council's Corporate Management Team has a shared responsibility for delivering the organisational strategic direction, agreeing priorities and driving their successful achievement.

Over the last few years there has been a focused and planned programme of succession planning put in place by the Chief Executive to ensure that the senior management of the organisation is refreshed and better equipped to meet the challenges ahead.

This has resulted in new Corporate Directors being appointed and more recently the Chief Executive being replaced due to retirement. Organisational changes have also meant that some Heads of Service have been replaced and/or left as well.

The development and roll-out of the Swindon (transformation) Programme is continually ensuring that the skills and capacity required to manage the organisation going forwards helps better position the Council to be a modern, efficient and effective organisation.

### Risk Management

Risk management is about identifying and understanding the threats to the achievement of the Council's Vision and priorities by taking reasonable and sensible action to reduce the chance of them happening. The Council is committed to managing risks within its control, to keep employees safe, protect assets, maintain and improve its services and make good use of funds, as part of sound corporate governance.

Risk is managed through the activities of the Council, including planning, monitoring, design, and decision-making. Risk is integrated within the planning and performance system and is not a separate standalone process as the management of risk and uncertainty is integral to the delivery of priorities and objectives. The process is designed to be simple to complete and is more focused on identifying and managing key risks rather than all risks.

The Council's Corporate Risk Register is regularly reviewed at Leader's Advisory Group, Audit Committee and the Corporate Management Team as part of their review of overall organisational performance to ensure that the significant risks are being managed effectively.

Key risks identified in the Corporate Risk Register are:

Risk area	Risk rating	Risk area	Risk rating
Financial sustainability	High	Safeguarding children	Medium
Empowering communities	Medium	Safeguarding adults	Medium
Growing the economy	Medium	Governance	Low

Managing the environment	Medium	Realising potential	Medium
The local, national and international context	Medium	Effective prevention	High
IT: Business critical systems	Medium	Business continuity	Low

### Review of the effectiveness of our governance arrangements

Swindon Borough Council annually reviews the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by executive managers within the Council 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.

Corporate Directors and relevant Heads of Service have completed an assurance questionnaire reviewing the control environment within their service and the results of the questionnaire have been used to help inform our assessment of significant control issues for the Council.

Details of the review were presented to Audit Committee at their June 2018 meeting. Details can be found at:

<http://ww5.swindon.gov.uk/moderngov/ieListMeetings.aspx?CId=687&Year=0>

### Opinion on the Council's governance arrangements

The review has found that the Council's governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

### Areas of focus – looking forward

Whilst these arrangements generally work well the review identified a number of significant governance issues that need to be addressed:

Governance issue	Lead Officer
Information Governance and Security	Director: Digital Services and Corporate Programmes
Financial Stability and the Swindon Programme	Director of Finance
Children Services	Corporate Director: Children
GCSE attainment	Head of Education
Premises management	Corporate Director: Resources and Growth

- **Information Governance and Security:** Following the refresh of its information technology and governance policies in 2016/17 the Council also invested in MetaCompliance, a policy delivery, management awareness and compliance tool. A phased roll-out of this software to all computer users has ensured that currently compliance records show that more than 98% of our computer users have now read, been tested upon and agreed to abide by the Council's IT Acceptable Use Policy.

PSN compliance remains outstanding, mostly due to component software needed to run legacy systems. The PSN project manager has a clear programme of work to get Swindon compliant by mid-2018 which will deliver Swindon IG toolkit 13 and 14.

Work continues to develop in-house Information and Technology capacity and capabilities and modernisation of the service following the in-sourcing of the service from Capita. Some of the key deliverables are:

- Migrations from Capita Private Cloud computing facilities to Council ones.



- Building modern secure, networking and cloud storage facility at the Council.
- Plan to encrypt swindon.gov.uk emails to meet Data Protection Act compliance
- **Financial Stability and the Swindon Programme:** In response to the pressures facing the Council it has adopted a cross-cutting approach, the Swindon Programme, to address the funding gap in the period to March 2020. Across the two year period from April 2018-March 2020 it is anticipated that £30million of savings need to be delivered. During the course of the 2018/19 financial year the Council will need to focus on the delivery of in-year savings already identified while developing plans for closing the remaining gap in the subsequent year.

Given the importance of this work the Council's Corporate Management Team convenes as the Programme's Board on a monthly basis to provide leadership for the individual work streams and, where appropriate, redirect resources to ensure that progress is maintained.

- **Children Services:** The recent Ofsted inspection that focussed on the children's services 'front door' confirmed two areas that require priority action from the Council. The 'front door' refers to the service provided to professionals and members of the public with advice, information and support about services for children and young people who are potentially vulnerable or at risk. The priorities include improving the identification of risk so that there is no delay in decision making when children are at risk of harm and the quality of management oversight in relation to safeguarding practice.

Ofsted recognised that "a well-targeted programme of improvement has begun" including the revision of early support for vulnerable children as well as plans to increase senior leadership capacity and management training for all managers. Inspectors noted that these are not yet embedded or sustained enough to ensure that the front door is providing a consistently safe, well-targeted and timely response to every child. Colleagues in Children's Services and across the Council are working hard to implement the improvement plan and bring about rapid change and improvement for children and families. The improvement priorities have been developed following both internal and external review and have been supported by Cabinet with £7.5m of investment in the service over the next two years.

We have been proactive in seeking support from other Local Authorities and The Local Government Association's regional children's services adviser has brokered support to help us on our journey of improvement.

- **GCSE Attainment:** Significant action was taken during 2017/18 to develop a robust governance structure that enables and challenges performance concerning school improvement in Swindon. This has included the development of the Swindon Challenge Board (established in March 2017) which has funded a considerable number of improvement projects within schools and updated the Schools Causing Concern Strategy as well as the School Improvement strategy. GCSE results are currently below the national average and pupil progress measures are too low. Raising attainment across the Borough will not be a quick fix however, and time will be needed for the Board to have an impact on a rise in standards.

An on-going challenge for the Council is ensuring the involvement of academies in contributing to the improvement agenda. This has improved over the past twelve months with much closer working with the Regional Schools Commissioners office. The Council and the academy schools now work with national organisations (PIXL, Rossendale National Research School) and external academy trusts. All bar one of the Council's secondary schools is an academy and although the local authority has responsibility for school improvement there is a lack of direct power that the Council can use to influence the performance of academies and ultimately attainment.

- **Premises Management:** an Internal Audit review of the premises management arrangements within the Council was undertaken during 2017/18. The audit found a number of significant weaknesses including:
  - A lack of clarity regarding roles and responsibilities as the Council's Health and Safety Policies for Fire Risk Assessments and Legionella Management (in hot and cold water systems) are not sufficiently detailed

- No overall performance process in place to ascertain the extent and status of any fire risk assessment actions or legionella risk assessment actions for corporate buildings as there is no corporate management and monitoring conducted of parties' assigned responsibility under the current process
- Formal risk criteria is not in place to determine the frequency of risk assessments for buildings and to provide a standard and consistent approach.

Corporate Management Team (CMT) had also raised concerns and the Director: Resources and Growth initiated a work stream to resolve the issues raised both by CMT and Internal Audit. The work of this work stream is nearing completion and the key issues raised are being addressed. Internal Audit has scheduled a follow-up audit to be carried out during 2018/19 to ensure agreed recommendations have been implemented.

### Looking back to 2016/17

The review also identified that the following areas included in last year's statement have either progressed sufficiently for them not to be included in this year's statement or were one-off occurrences that are not applicable to the year being reviewed:

- **Transfer of staff from SEQOL.** Due to SEQOL ceasing to trade approximately 500 staff had to be brought back in-house over a very short time period during 2016/17. Services brought back in-house included: the front line social work team; two older people care homes; a learning disability care service; shared lives; building futures; Swindon Support team; the Hospital social work team; Enterprise Works etc. Work was also required to find new providers for four older people day services. The staff transfers were carried out successfully in a very short period and involved a significant amount of officer time, however there was no adverse effect on service users.
- **Parishes.** A significant diversion of resources was required during 2016/17 to:
  - Work with pilot parishes regarding the transfer of services
  - Establish new parishes including the election of new Councillors
  - Disaggregate budgets and service provision
  - Consult regarding the proposed changes
 All areas of the Council have now been successfully parished.
- **Housing maintenance contract management.** An Internal Audit review of the contract management arrangements within Housing was undertaken during 2016/17. The audit found a number of significant weaknesses. A subsequent follow-up audit carried out later in the year found that procedures had improved but there was still a significant amount of work required to implement agreed audit recommendations. Further Internal Audit work is planned in this area during 2018/19.

These areas will continue to be reviewed and relevant risks will be included and managed through the Council's Corporate Risk register (see above).

### Certification

To the best of our knowledge, the governance arrangements, as defined above, have been effectively operating during the year although we recognise the areas for additional focus identified in the first section of this statement. We are satisfied that these enhancements 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:

Signed:

Councillor David Renard  
Leader of the Council

John Gilbert  
Chief Executive

## Governance and Internal Control issues - Action Plan

Ref.	Area of Governance/Internal Control	Action
1	Information governance and security	<p>Areas for improvement during 2018/19:</p> <ul style="list-style-type: none"> <li>PSN compliance remains outstanding, mostly due to component software needed to run legacy systems. The PSN project manager has a clear programme of work to get Swindon compliant by mid-2018 which will deliver Swindon IG toolkit 13 and 14.</li> <li>Work continues to develop in-house Information and Technology capacity and capabilities and modernisation of the service following the in-sourcing of the service from Capita. Some of the key deliverables are: <ul style="list-style-type: none"> <li>Migrations from Capita Private Cloud computing facilities to Council ones.</li> <li>Building modern secure, networking and cloud storage facility at the Council.</li> <li>Plan to encrypt swindon.gov.uk emails to meet Data Protection Act compliance</li> </ul> </li> <li>Ensure the organisation is prepared to comply with the General Data Protection Regulations by May 2018.</li> </ul>
2	Financial Stability and the Swindon Programme	<p>During the course of the 2018/19 financial year the Council will need to focus on the delivery of in-year savings already identified while developing plans for closing the remaining gap in the subsequent year.</p> <p>Given the importance of this work the Council's Corporate Management Team convenes as the Programme's Board on a monthly basis to provide leadership for the individual work streams and, where appropriate, redirect resources to ensure that progress is maintained.</p>
3	Children Services	<p>The recent Ofsted inspection identified the following two areas as priorities: improving the identification of risk so there is no delay in decision making when children are at risk of harm and the quality of management oversight in relation to safeguarding practice.</p> <p>Ofsted recognised that "a well-targeted programme of improvement has begun" including the revision of early support for vulnerable children as well as plans to increase senior leadership capacity and management training for all managers. These actions need to be embedded and sustained to ensure that the front door is providing a consistently safe, well-targeted and timely response to every child.</p> <p>Colleagues in Children's Services and across the Council are already working to implement the improvement plan, which we developed following both an internal and external review, and which was supported by Cabinet in February with £7.5m of investment in the service over the next two years. Children Services has been proactive in seeking support from other local authorities and The Local Government Association's regional children's services adviser brokering support to help us on our journey of improvement.</p>
4	GCSE attainment	<p>Significant action was taken during 2017/18 to develop a robust governance structure that enables and challenges performance concerning school improvement in Swindon. This has included the development of the Swindon Challenge Board (established in March 2017) which has funded a considerable number of improvement projects within schools and updated the Schools Causing Concern Strategy as well as the School Improvement strategy. This will continue during 2018/19.</p> <p>Raising attainment across the Borough will not be a quick fix however, and time will be needed for the Board to have an impact on a rise in standards. Involvement of academies in contributing to the improvement agenda has improved over the past twelve months with much closer working with the Regional Schools Commissioners office. The Council and the academy schools now work much with national organisations (PIXL, Rossendale National Research School) and external academy trusts. This, again,</p>

		will continue to be worked on during 2018/19.
Ref.	Area of Governance/Internal Control	Action
5	Premises management	<p>A work stream has been put in place by the Corporate Director: Resources and Growth to address the issues raised in an Internal Audit review along with those raised by Corporate Management Team. An action plan has been agreed by management to address the key issues raised by Internal Audit including:</p> <ul style="list-style-type: none"> <li>▪ A lack of clarity regarding roles and responsibilities as the Council's Health and Safety Policies for Fire Risk Assessments and Legionella Management (in hot and cold water systems) are not sufficiently detailed</li> <li>▪ No overall performance process in place to ascertain the extent and status of any fire risk assessment actions or legionella risk assessment actions for corporate buildings as there is no corporate management and monitoring conducted of parties' assigned responsibility under the current process</li> <li>▪ Formal risk criteria is not in place to determine the frequency of risk assessments for buildings and to provide a standard and consistent approach.</li> </ul>