

SWINDON BOROUGH COUNCIL

ANNUAL GOVERNANCE STATEMENT: 2007/08

1. Scope of responsibility

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 under the Local Government Act 1999 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.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, 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*. This statement explains how the Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

2. The purpose of the governance framework

The governance framework comprises the systems and processes, and 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 absolute assurance of effectiveness. The system of internal control is based on an ongoing 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 following section of the statement summarises Swindon Borough Council's governance framework that has been in place for the year ended 31st March 2008 and up to the date of approval of this Statement and the Statement of Accounts. The framework described reflects the arrangements in place to meet the six core principles of effective governance.

3. The Council's framework for ensuring compliance with the core principles of effective governance

(a) *The Council's purpose, outcomes for the community and creating and implementing a vision for the local area.*

The Council recently published a new Community Vision after nine months of extensive consultation. This sets out an ambitious Vision for place that is supported by our Corporate Plan. The supporting strategies and objectives are

summarised in the Council's Annual Operating Plan (AOP). The Community Vision is shared by our partners and identification of supporting partnership outcomes is contained within our Local Area Agreement (LAA) monitored and monitored via the Local Partnership Board (LPB) and reviewed twice yearly by the wider Swindon Strategic partnership. Many of the Council's services are informed by local consultation and are delivered to a high standard that make the best use of resources and are value for money by:

- Benchmarking the cost and performance of our services. SBC took a national lead in setting up a Unitary Benchmarking club in partnership with PWC.
- Working increasingly with our partners, delivering services that meet the needs of the local community, and put in place processes to ensure that they operate effectively in practice.
- Through the use of data, determining local needs and targeting resources accordingly.
- Developing effective relationships and partnerships with
 - other public sector agencies, including integration with the coterminous PCT voluntary and community organisations
 - the private sector through our Swindon Economic Partnership (SSEP) through our incremental strategic partnership with Capita.
- Responding positively to the findings and recommendations of external auditors and statutory inspectors and putting in place arrangements for the implementation of agreed actions.
- Carrying out value for money benchmarking of our costs and performance against our family groupings to ensure best use is made of the resources available to the Council.
- Delivering specific projects within an effective, corporate programme management framework, as appropriate.

(b) *Members and Officers working together to achieve a common purpose with clearly defined functions and roles.*

The Council has ensured that the necessary roles and responsibilities for its governance are identified and allocated so that it is clear who is accountable for decisions that are made. The Council has done this by:

- Appointing a Leader of the Council, and executive members (cabinet members), with defined executive responsibilities
- Agreeing a scheme of delegated executive responsibilities to directors, and protocols that make clear the respective roles of members and officers and ensure effective communication between them.
- Annually appointing committees to discharge the Council's regulatory responsibilities
- Annually appointing committees to discharge the Council's overview and scrutiny responsibilities
- Setting clear role definitions for chairs of committees and councillors in their different roles

- Undertaking an annual review of the operation of the Council's constitution
- Making the Chief Executive (the Head of Paid Service) responsible and accountable to the Council for all aspects of operational management.
- Making a senior officer (the Monitoring Officer) responsible to the authority for ensuring the lawfulness and fairness of decision-making, and that agreed procedures are followed and that all applicable statutes and regulations are complied with.
- Making a senior officer (the Section 151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.
- Ensuring significant partnerships and contracts with other public bodies, voluntary and community organisations, and the private sector have clear governance accountabilities, including effective and equitable financial arrangements
- Having in place effective and comprehensive arrangements for the scrutiny of services

(c) *Promoting our values and upholding high standards of Conduct and behaviour.*

The Council promotes and maintains high standards of ethical conduct of members and officers through the work of its Standards Committee.

The Council fosters a culture of behaviour based on shared values, ethical principles and good conduct.

The Council has done this by establishing and keeping under review:

- The Council's Constitution
- A Members' Code of Conduct
- An Officer's Code of Conduct
- A protocol governing Member/Officer Relations
- A Members' Planning Code of Good Practice
- Monitoring Officer Protocol
- Media Guidelines
- Contract Standing Orders and Financial Regulations
- The Council recently committed itself to "In Touch" a new set of values and behaviours (determined through extensive consultation with staff and Members) that will set and embed the organisational tone and culture moving forward. Commitment to this will be achieved by embedding it in the recruitment, appraisal and development processes.

The Council takes fraud and corruption very seriously and has the following policies that aim to prevent or deal with such occurrences:

- An anti-fraud and corruption strategy
- A Whistleblowing policy

- A Fraud Response Plan

Conduct of Members is monitored by a Standards Committee, which also investigates allegations of misconduct by Members.

(d) *Taking informed and transparent decisions that are subject to effective scrutiny and managing risk.*

The Council has ensured that the decision-making process includes a rigorous risk assessment including:

- Financial, legal and staffing implications
- Sustainability implications
- Health Impact and Promotion implications
- Value for Money;
- Implications for Partnerships
- Implications for Community Safety
- Impact on Rural Communities.
- Diversity and racial impact assessment
- Risks, mitigations and opportunities

The Council has been rigorous and transparent about how decisions are taken and recorded. The Council has:

- Ensured the Cabinet make decisions in an open and transparent way and that information relating to those decisions is made available to the public, unless statutory rules allow otherwise
- Ensured that all decisions of regulatory committees of the Council are made in public and that information relating to those decisions is made available to the public, unless statutory rules allow otherwise
- Ensured that legal and financial implications are recognised in all reports on which decisions are based
- Recorded all decisions that are made by committees and key decisions made by officers (where applicable).
- Rules and procedures, which govern how decisions are made.
- Developed and maintained an effective overview and scrutiny function which encourages constructive challenge
- Maintain an effective Standards Committee and Audit Committee

The Council has continued to develop its risk management strategy to enable the Council to manage and control risks in order to maximise the quality of its service provision and uphold its reputation, making a powerful contribution to continuous service improvement and the achievement of best value.

The Council has ensured that the risk management system:

- Formally identifies and manages risks
- Involves elected Members in the risk management process

- Includes the undertaking of a risk assessment of every key or strategic decision
- Maps risks to financial and other key internal controls
- Reflects business continuity planning; and
- Reviews and, if necessary, updates its risk management processes at least annually.

(e) *Developing the capacity and capability of Members and officers to be effective.*

The Council has ensured that those charged with the governance of the Council have the skills, knowledge and experience they need to perform well. The Council has done this by:

- Maintaining member training and development through the Member Development Steering Group
- Developing leadership skills and capacity across the Council
- Developing our approach to workforce planning
- Achieving Investor in People accreditation across all directorates
- Encouraging quality mark accreditation
- Maintaining and developing our personal development and performance review systems
- Cascading regular information to Members and staff by paper and electronic means, having regard to diversity issues

(f) *Engaging with local people and other stakeholders to ensure robust public accountability.*

The Council is committed to increasing public involvement in decision-making and devolving power to individuals and local organisations. We have sought and responded to the views of stakeholders and the community. The Council has done this by:

- Forming and maintaining relationships with the leaders of other organisations
- Ensuring openness and accessibility to citizens, service users and staff, including partner organisations
- Implementing the Corporate Consultation Strategy and utilising an appropriate range of consultation methods
- Making use of local forums at ward, parish and neighbourhood level to maintain communication with all the Borough's communities and other stakeholders
- Encouraging and supporting the public in submitting requests for Scrutiny
- Maintaining and reviewing an effective complaints procedure
- The Council has also committed itself and its partners to a transformational approach to locality based delivery and community engagement through its new Neighbourhood Management Strategy

4. Review of effectiveness

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 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.

Directors have completed a detailed questionnaire reviewing the control environment within their directorate and the results of the questionnaire have been used to inform our assessment of significant control issues for the Council.

The following process has been applied in maintaining and reviewing the effectiveness of the system of internal control. Both in year and year-end reviews processes have taken place.

In year review mechanisms include:

- The Executive is responsible for considering overall financial and performance management and receives comprehensive reports on a regular basis. It also receives reports relating to risk management and monitors the corporate risk register, as well as being responsible for key decisions and for initiating corrective action in relation to risk and internal control issues.
- The terms of reference for the Audit Committee reflect best practice, CIPFA guidance and CPA requirements. The Committee is a full committee of the Council emphasising the commitment to ensuring that there are high standards of internal control within the Council. The Committee is responsible for reviewing the financial performance, risk management and both Internal and External Audit performance and their findings and recommendations.
- Internal Audit is an independent and objective assurance service to the management of the Council who complete a programme of reviews throughout the year to provide an opinion on the internal control environment in the areas examined. Their reviews include examination of the main financial systems, enabling them to provide the Section 151 Officer with an overall opinion on the main financial controls in place as well as risk management, internal control and governance arrangements across the authority. In addition the Section undertakes fraud investigation and proactive fraud detection work. Internal Audit report bimonthly to Audit Committee summarising audits issued since the previous meeting. Audit Committee has called in relevant Directors to update them on the progress in implementing agreed audit recommendations. The Audit Committee also reviews the effectiveness of the Council's system of internal audit.
- The External Auditor / Audit Commission's Annual Audit and Inspection letter is considered by both Cabinet and the Audit Committee. The report stated that the Council continues to make good progress. Monitoring of progress towards implementing recommendations takes place.
- The External Auditors completed their CPA Use of Resources assessment during the year and awarded the Council a score of three overall. The Council's arrangements regarding probity and propriety scored four with the overall internal control arrangements scoring a three.

- A Corporate Governance Working Group, consisting of both Members and officers, including the Monitoring Officer, reviews the effectiveness of the Council's corporate governance arrangements by reference to the CIPFA/SOLACE corporate governance standards and other best practice. The Group has streamlined the Council's decision-making process ensuring that agreed decisions could be implemented promptly.
- The Council has also adopted a Local Code of Corporate Governance against which Internal Audit assessed the Council's compliance.
- Risk Management – the Corporate Risk Management Group provide guidance and feedback to Group Directors and management teams.
- Performance management is carried out through the CPAR and LPAR process and through the use of the Council's performance management system COMPASS. LAA Outcomes are monitored via the LPB.

A year-end review of governance arrangements and the control environment has also been completed which included:

- Obtaining assurances from all Group Directors and Directors that key elements of the control framework were in place during the year in their departments. They were also asked to identify areas where control weaknesses had resulted in a significant issue arising for the department.
- Validation by a Working Group including the Section 151 Officer and the Monitoring Officer of these assurances to other relevant sources of information.
- Reviewing the Head of Internal Audit's annual audit report presented to Audit Committee.
- Obtaining specific assurances from Directors with regard to the governance arrangements in place for key partnerships.

Corporate Board and the Audit Committee have advised us on the implications of the result of the review of the effectiveness of the governance framework and a plan to address weaknesses and ensure continuous improvement of the systems is in place.

5. Governance: Key Areas of Focus

The review process has highlighted a number of significant areas for enhanced focus regarding the governance and internal control environment and these are described briefly below. For each one, action plans have been determined by a responsible officer and are under implementation or are in the process of being prepared and a summary of the key elements of these are included below:

- **Contracting of works** – fundamental weaknesses in the process of contacting out works were identified by Internal Audit. SBC management have taken the audit findings seriously and the Directors of Law and Democratic Services, Finance, Procurement, Housing and the Managing Director of Swindon Commercial Services committed to an action plan with Internal Audit. The report was also taken to Audit Committee where senior managers were present to explain how and when the audit recommendations would be implemented in order to ensure compliance with due process and that the level of risk to the Council would be fully mitigated. The need for improvement regarding the approved contractor list; procurement process; contract documentation and contract awards was all agreed. Additional training has been given to relevant

staff and assurance has been given that revised procedures are in place, a revised contractor list has been created, a contract checklist introduced and a revised authorisation procedure implemented.

Issues relating to contracted provision of adult care were also highlighted. Once the facts had been established, Corporate Procurement worked together with Adult Social Services to regularise the position by formal reference to the requirements of the Gateway Review Process and the need for Member Scrutiny of all major contract awards. In addition Corporate Procurement is in regular dialogue with Adult Social Services to assist them in developing effective supply market management processes and techniques, and to formally incorporate the Gateway Review Process into all critical spend decisions.

- **Project Management** – The Council a large Capital programme that reflects its transformational ambition for place.. To further enhance value for money and efficiency Corporate Board approved the creation of a corporate Project Management Office (PMO) that will report to the Group Director, Business Transformation and will receive its strategic direction from a Steering Group comprising Directors from across the Council. The PMO has been commissioned and Corporate Board made an investment decision on the basis that the PMO plays a major role in enhancing the organisation's delivery of successful projects and benefits realisation. All issues raised in the recent internal audit of project management will be addressed and the MPO will create the environment for the good governance of project management. In particular:
 - Enhanced commissioning of projects will give strategic context for all projects and give clarity over desired outcomes and commit appropriate resources.
 - Group Directors/ Directors as Project Sponsors are an effective link between Corporate Board and the Project.
 - Support to service Project Managers from the PMO will ensure project teams are capable of delivering objectives because:
 - They have the skills and experience.
 - Resources are available.
 - Effective tools and processes are in place.
 - Reliable and timely information supports the decision-making processes.

The PMO infrastructure will be in place by the 31st of August 2008 and will be fully functional (delivering all services to an agreed standard) by the 30th of April 2009.

- **Housing Benefits (Performance issues regarding the quality of claims assessment)** – significant improvements have been made in the last three years within the Benefits service but the quality of claims assessment remains an area for additional focus. The Benefits Service Improvement Plan for 2008/09 agreed with Capita, the service provider identifies 'Improve Accuracy levels' as a key target area for improvement. Actions to be taken by Capita in 2008/09 focus heavily on staff training and procedures:
 - Identify and implement all training requirements
 - Confirm work procedures are correct
 - Capita checkers to target individuals with highest error rates

Activity undertaken by the Client in 2008/09 includes:

- Identifying the specific areas of persistent error e.g. late notification dates
- Issuing guidance to improve processes
- Holding operational meetings every 3 weeks with the Teams in Mendip and Swindon – face to face or teleconference
- Improving the feedback on error notification sheets and detailing the specific regulations, if appropriate
- Making themselves available to Capita staff to clarify issues

In addition, the contractual Benefits Key Performance Indicator for quality has been strengthened. It has been made a monthly measure rather than quarterly and, by changing the definition from the statutory 128 DWP return to the Client 10% check for errors classed as 'financial', it will measure the accuracy of current work. It will also carry a heavier financial penalty for the provider now that it is a monthly KPI measure.

- **Recruitment of staff** – Swindon is like most authorities across the country in that it is experiencing recruitment challenges in some key professional groups. We are addressing this through our people strategy - A Great Place to Work, which has been fully endorsed by the Cabinet. The administration has also pledged to the local community that they will be seen as an employer of choice (Promise 14).

Good progress is being made here with Council wide IIP accreditation and an increase in staff satisfaction measured via our annual staff survey. Examples of initiatives to target recruitment and retention issues under A Great Place to Work include: Launch of a new values and behaviours set ("In Touch") that defines and will embed strong organisational values and behaviours across the whole organisation; the deployment of robust workforce planning in order to identify short, medium and long term staffing needs; positive action initiatives to ensure the full participation of the local community in active employment; grow your own schemes such as apprenticeships and traineeships; the Swindon School Leadership Development Strategy that offers a creative and effective programme of professional development opportunities for existing and potential school leaders, growing future leaders through succession planning and attracting high potential staff to Swindon to pursue their careers; Practice Leaders - a development programme to exploit untapped talent as an alternative to utilising consultants and contractors; career progression salary schemes to support professional as well as managerial careers; a flexible staff benefits package to align with partner agencies. In common with other authorities we recognise that single status will have an impact on recruitment but to what extent is unknown at this stage.

- **Sickness absence** – The Council has pledged to reduce sickness absence to a level of 7.5 days per FTE by 2010. The Council has made significant progress to date but this is still a challenging target, and is being pursued through the following initiatives: robust policy supported by mandatory manager development; clear target setting and performance reporting; a focus on holistic health and well-being - with health promotion events such as Well Woman and Well Man days; an extensive employee assistance programme for staff, members and their families; partnership working with local trades unions; sickness clinics with managers to focus on areas of poor absence performance;

dedicated attendance officers to help drive performance improvement through effective case management.

- **PCT: Health Integration** – The Council and the Primary Care Trust have committed themselves to an innovative approach to integrating services in order to provide better quality services and achieve greater efficiency. A formal programme structure has been implemented together with a series of senior level joint appointments that have already lead to significant efficiency savings and improved outcomes. A Project Implementation Document (PID) has been produced incorporating a programme risk assessment. A Joint Director of Integration took up post in November 2007 to oversee the development and delivery of the programme. Governance arrangements have been reviewed in the year. The Integration Programme Board is now focused on strategic alignment with membership from Corporate Board and PCT Directors; a Steering Group and 7 work-streams have been established to support delivery of the operational aspects of the programme. A Joint Advisory Group has also been established, bringing together Lead Cabinet Members and PCT Non Executive Directors, to oversee future direction, alignment and governance issues for the organisations. The Integration Programme Board will develop and review a joint risk register for the Integration programme

Section 256 and 75 agreements have been developed to cover the financial, governance and legal arrangements to ensure joint working can be implemented effectively. Each Section 75 Agreement has an associated risk register. Revised Joint Commissioning Board arrangements have been agreed for Children and Adults. The JCBs will review the Section 75 risk registers on a regular basis.

- **Business Continuity** – During 2007/2008 an experienced Business Continuity Manager was appointed, a Corporate Business Continuity Team formed, with Directorate Representatives and Business Continuity co-ordinators in Directorates. Corporate and Directorate Plan Styles developed, populated and tested. A training, exercising, awareness and updating programme has been developed for 2008/2009 and Team Business Continuity Plans will continue to be enhanced.
- **IT Security** – The project to migrate systems is progressing well and will be complete by August 2008. A number of key systems have already been transitioned to the Data Centre facility. In addition access controls to the existing Civic Campus Server Room have been strengthened to reduce the risk to servers before they are transferred.

6. 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 section 5. 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 Roderick Bluh
Leader of the Council

Gavin Jones
Chief Executive