

SWINDON BOROUGH COUNCIL**ANNUAL GOVERNANCE STATEMENT: 2008/09****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 2009 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 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.
- Developing clear Section 75 arrangements to underpin integrated work with Swindon Primary Care Trust.
- 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 has committed itself to “In Touch” a 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
- Develop a joint risk register for integrated working with Swindon Primary Care Trust
- 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
- Developing the Connecting people, Connecting Places programme.

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:

- **Sickness absence (BVPI 12)** - despite significant interventions and activities over the last three years (2006 to 2008) the Council's overall sickness absence levels have not improved. A range of best practice solutions have been deployed over this team; Promotion of Health & Well-being (SMILE programme), New occupational health programme, Employee Assistance through new Care First contract etc. Despite this programme of work, Promise 7 (reduce levels from current 14.3 days to 7.5 days) is unlikely to be delivered by 2010. Our objective in 09/10 is to show that there has been an improvement in overall performance compared to 08/09.

Key actions for the coming year include: a focus on interventions targeted at areas with highest levels of sickness absence via Chief Executive and Group Director deep dive sessions; tailored support for Managers; continue with sickness absence clinics, ensuring that the actions from these sessions are being implemented; continue with the current Health and Well-being programme; maximise support for managers from Care First and the Employee Assistance Provision; improve managers' recording and reporting process by refreshing and communicating a single and clear method of reporting sickness absence rates; improve the quality of data being used to monitor sickness absence by completing the current data quality review and implementing targeted recommendations from this review; ensure that all Group Directors, Directors and Heads of Service have access to reports that have the complete picture of sickness absence in their respective areas.

- **The impact of single status** - Single Status is the move to an equality proofed pay scheme and model across the Council and is planned for completion in 2009. One outcome of this is that some employees will have their pay reduced, whilst others will have an increase or no change. Inevitably this will be a difficult time for employees, teams and managers and it is likely to impact the performance of individuals and departments. It is critical that this change is managed well and that staff and managers are kept as well informed as early as possible.

Key actions for 2009/10 are to ensure that each Directorate develops a risk plan based on the initial outcomes of single status evaluation results; ensure that support for impacted individuals is clearly identified, understood and effectively

deployed; ensure the project is adequately resourced, particularly the areas of job evaluation and pay modelling; ensure that the basic principles and criteria underpinning the evaluation and pay modelling processes are understood by Directors, Heads of Services and Team Managers; deploy the communication and engagement methods used during Project Aspire in order to drive effective stakeholder management; and to build the capability and capacity of our managers to be able to consistently and confidently deliver 'difficult messages'.

- **Benefits Service: speed and accuracy of processing** - the Audit Commission inspection in December 2008 of Swindon's Benefits service identified weaknesses in performance, quality and customer service, and rated the service as zero stars and as "poor but with promising prospects for improvement". The commission made 4 critical recommendations that the Council is now in the process of implementing.
 - Deliver quicker more accurate benefits payments to customers
 - Design the service to meet customer needs
 - Improve performance management
 - Improve benefit take up to raise the income levels of the poorest part of the community.

At a time when the Swindon residents are experiencing increasing levels of unemployment and changes of circumstances, it is critical that the Benefits service is effectively and efficiently serving the community and that the recommendations made by the Audit Commission are robustly implemented.

Key actions for 2009/10 are to ensure that the 'Benefits Improvement Plan' as defined in the PID is delivered in full and on time; ensure that both the SBC client team and the Capita delivery team are working effectively and seamlessly to solve this problem in order to respond efficiently to the needs of Swindon residents; ensure that the Director of Customer Services, Revenues and Benefits is able to relinquish duties related to Customer Services and Business Support in order to focus on delivering the required improvement.

- **Integration and live testing of business continuity plans** - during the recent live emergencies of flooding and heavy snow (February 2009) the Council's operational response to these events has been highly effective. At a recent Gold exercise to test Swindon and Wiltshire responses to a flu pandemic our emergency and continuity plans were identified as being 'good'. There is, however, a gap in the level of integration between individual business continuity plans and to date no simulation exercise has been deployed to test the level of integration.

Key actions for 2009/10 are to design a simulation exercise that will test the level of integration between business continuity plans and will assess our overall state of readiness to respond to a significant emergency; conduct the simulation and ensure that lessons learnt are captured and turned into recommendations and a corresponding action plan; ensure that post simulation, all service areas have updated individual business continuity plans in the light of lessons learnt and that these are signed off by the relevant Group Director.

- **Completeness, reliance and integration of risk registers inc. fraud** - risk registers across the organisation are not of a consistent quality and are not always integrated across organisational boundaries.

Key actions for the coming year are to develop a targeted and prioritised action plan that emerges from the recently agreed Risk Management strategy; agree the action plan with the Operations Board and report progress on a quarterly basis; develop a framework for accessing fraud risk and ensure this is used by all Directorates.

- **Project Management** – the Council has a large capital programme that reflects its transformational ambition. To further enhance value for money and efficiency Corporate Board approved the creation of a corporate Project Management Office (PMO). The PMO will help to define and manage projects more effectively. However, although there has been improvement the Capital programme is still seen to be ‘slipping’ and some projects are still being initiated and ‘managed’ without the basics in place.

Our focus this year will be to ensure that there is a step change in the delivery of key projects across the Council; to organise and govern the Capital Programme as one single programme, so that this is shaped and performance managed by a single board empowered to ensure that the programme as a whole delivers on time and within budget; ensure that ‘call –off ‘ funding for Project Management of Capital projects is being used effectively in the delivery of these projects; re-visit the Project Management skills audit conducted last year and ensure that key gaps are identified and addressed in individual development plans; ensure that there is a renewed drive to make sure that projects from concept to delivery stage are registered with the PMO and that project teams are using the at least the basic set of tools and templates available on with the PMO; introduce the ‘PMO Registered’ and ‘PMO Assured’ logos as visible signs to be exhibited on project documentation and as mechanism to give lead members reassurance that their projects have been structured appropriately; ensure that for projects related to the building or modification of property there is a clear route map (accountabilities, responsibilities, process) for the Customer, the corporate client for the Capita partnership and Capita to follow.

- **Information governance, ICT security, disposals, data quality and information sharing** - this area is complicated and potentially there is a high degree of reputation risk or exposure for the Council and partners if this is not managed appropriately.

Key actions for 2009/10 are to ensure that the current plan to comply with the DWP’s ICT security requirements in order to use the Government Connect gateway is delivered as agreed with the DWP; ensure that the Council ICT disposal policy and process is clearly understood by all staff and that this is seen to be effective across the Council and all it’s main office buildings; implement the new security features enabled by the Council’s recent Microsoft Enterprise Agreement in order to further strengthen the Council’s ICT security arrangements; develop and agree a framework of policy recommendations to cover the areas of information governance, data quality and information sharing;

ensure all Directors conduct a gap analysis of their current state against this agreed framework and develop local action plans.

- **Commissioning capability and capacity** - Corporate Board and Cabinet have identified this as a critical competency and capability. The success of a number of programmes depends on having this capability and capacity in place e.g. Street Smart, SCS de-coupling, Adult Social Care transformation etc. A Commissioning capability framework has been developed in 2008 using external best practice and internal experiences and skills. This framework identifies key competencies, capabilities and behaviours needed to successfully develop and get the best out of partnerships with service providers. It is now critical that this framework is translated into delivering a step change in commissioning capability and capacity.

Key actions for 2009/10 are to complete and launch the Commissioning Capability Framework, ensuring that as a minimum it is used as a self-assessment tool in the process of agreeing individual development plans; agree and implement the deployment plan for 'Commissioning Capability' in priority areas in 09/10 e.g. Street Smart and Adult Social Care; ensure that the Swindon Learning Platform offers access to on-line tools for Commissioning practitioners.

- **Car Parking** - a recent internal audit report has identified significant weaknesses in some of the processes for car parking income. An action plan with timescales has been agreed to implement the recommendations from the audit report and many of the issues have already been rectified.
- **Young People not in employment, education or training (NEET)** - we have a rising percentage of young people aged between 16 and 18 who are not in education, employment and training. In April 2009, this figure stood at 8.91%. A year ago it was 6.6%. Across the Borough the NEET figure in central Swindon is over 12%, whilst in the north and south of the town it is between 6 and 7%. The numbers in learning have remained reasonably stable at about 81%, but there was a large dip in late 2008, caused by some of our most vulnerable young people failing to hold down their places on courses at FE colleges. There has been a drop in the numbers in work and training, falling from 12% to 10% in a year. Swindon has been hit hard by the economic recession resulting in a reduction in employment opportunities, including apprenticeships for young people. We now have one of the highest youth unemployment rates in the country.

Our priorities for improvement and outline actions for 2009-10 are to improve transition from school to post 16 provision, especially for the most vulnerable; increase employment and training opportunities including apprenticeships; improve performance management and workforce development; ensure the production and sharing of accurate and timely management information; improve GCSE performance

- **Special Educational Needs (SEN) statements issued within 26 weeks** - this indicator is aimed at improving the procedures involved in issuing statements of special educational need so that final agreements are reached within 26 weeks of starting the assessment process. The reasons for our apparent poor

performance are that there has been some confusion about how the indicator is calculated and, in addition, we have prioritised getting the best educational placement for a child over hitting a deadline date. There are exceptions, legitimate reasons why a statement may not be issued within 26 weeks; these are mainly concerned with allowing additional time for parents to respond or schools to agree a placement. There are two parts to the indicator, not just the one that is currently reported. The first part is the measure of statements excluding exceptions; the second includes exceptions. We have set a target for the first part of the indicator at 80% and for the second at 71%. These are higher than the single target set in 2008-09.

We have taken action to improve the efficiency of our administrative procedures and have seconded an additional person to the statementing team for a year to cope with the increasing workload. Current performance in the first 2 months of the financial year shows achievement of 100% against the first indicator target of 80% and an average of 90% against the second target of 71%.

- **GCSE attainment** - Secondary schools' GCSE performance is very low in comparison with national averages and the averages of our statistical neighbours. We have commissioned an independent review into achievement and standards in secondary schools and the quality of the support provided by the local authority. The secondary heads have met the Corporate Board on two occasions to discuss the issues of aspirations for young people.

The independent review confirmed that schools are now implementing the strategies that will lead to higher standards and that the local authority support is suitable for the task of helping schools to raise attainment. The standards of children entering secondary schools have been rising for the last four years and so the outlook for the future is positive. Schools are forecasting higher results in 2009 compared with 2008.

A constant risk, however, is schools' ability to recruit and retain high quality specialist teachers of English, mathematics, science and ICT. This risk tends to increase in schools working in the most deprived areas that also tend to have the greatest challenge to raise standards.

Our actions for 2009-10 are to deploy LA advisers to support schools in three main areas to improve English, mathematics and the quality of assessment; support two schools with low standards through the National Challenge, which brings £119k to the schools in this financial year and additional monitoring of progress; support three schools to work in collaboration on shared issues of low rates of pupil progress. Each school will receive £10k plus additional monitoring of performance; improve the knowledge and skills of mathematics teachers by establishing a network to share good practice and learn from research into what works best for children. In addition, a school with leading practice in mathematics is hosting a conference for teachers; train secondary school improvement partners in deeper analysis of data to identify issues and raise the level of challenge to schools to improve; work with the Villiers Park Educational trust to support 30 pupils aged 14 in 2009-10 in a four year programme to help them achieve entry to higher education.

These young people will be from disadvantaged backgrounds who would be the first generation in their families to enter university; implement a transition and transfer policy to avoid the dips in progress when children transfer to secondary schools and young people move on to post 16 provision.

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