

SWINDON BOROUGH COUNCIL**ANNUAL GOVERNANCE STATEMENT: 2009/10****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 2010 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 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 provide 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 provide 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 CAA 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 letter is considered by both Cabinet and the Audit Committee. The report identified strengths that included:
 - ❑ The Council's governance arrangements are sound with examples of notable practice identified.
 - ❑ The Council has a strong ethical framework and culture.
 - ❑ There is a clear vision by leadership based around the Council's '50 promises'.
 - ❑ A good understanding of local communities and effective engagement.
 - ❑ Notable practice in relation to the use of the Gateway procurement system.
 - ❑ Performance monitoring arrangements are arrangements are generally effective and action is taken when poor performance is identified.
 - ❑ Risk management is embedded and a positive risk culture enables innovative projects.
 - ❑ A strong anti-fraud culture exists with a zero tolerance policy.
 - ❑ Internal Audit is an effective control mechanism and supports the Audit Committee with robust reporting and challenge concerning potential weaknesses in internal control.
 - ❑ A transparent Annual Governance Statement is produced.
- The External Auditors completed their CAA Use of Resources assessment during the year and awarded the Council a score of three overall. The Council's arrangements regarding governance and internal control both scored three (out of a maximum score of four).
- 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 QBR and LPAR process and through the use of the Council's performance management system. 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.
- 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 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*** – still remains above the Promise level of 7.5 days at 9.11 days in 2009/10. Actions to be taken by Human Resources and Change include:
 - ❑ Providing support materials and guidance to managers to enable them to manage safety.
 - ❑ Improve staff wellbeing and achieve reductions in sickness absence levels.
 - ❑ Continue to run well-being events and arrange further 'Star Chamber' meetings with Directors.
 - ❑ Revise and communicate Health Safety and Wellbeing policies to ensure that they are up to date.
- ***Impact of Single Status*** – roll out took place in April 2010 and the new grades for staff have been put in place as well as the necessary protection arrangements. Outstanding items are:
 - ❑ Design and deployment of Pay and Review Strategy that achieves a demonstrable increase in performance and contribution of the Council's workforce.
 - ❑ Review the allowance policy following negotiations with the trade unions.
 - ❑ Refresh the reward and recognition policy to include Excellence Awards, staff benefits, honorariums, pay progression and personal development.

- **Benefits service** – the benefits service is continuing to address the recommendations of the Audit Commission report from April 2009 i.e.
 - ❑ 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.

Key actions for 2010/11 are to maintain the improved times for speed of processing and to continue to meet the step change milestones to improve the accuracy figures. The Benefits Service project is in place to deliver the Audit Commission recommendations through a detailed action plan that includes a specific section on accuracy improvement. The SBC and Capita teams will work together on dedicated projects to ensure system data is up to date and accurate to enhance accuracy performance.
- **Health and Safety Governance** – the recent Internal Audit review of health and safety raised the issue of governance across the organisation and the need to ensure transparent reporting and assessment of risks. This includes a review of the Health and Safety Policy to include the Corporate Manslaughter Act requirements. The actions identified for 2010/11 are as follows:
 - ❑ Establish and embed robust governance structures to ensure scrutiny and effective management of Health and Safety and Wellbeing risks to the organisation.
 - ❑ Revise and communicate the Health and Safety Policy so that it is up to date in connection with legislation.
 - ❑ Providing support materials and guidance to managers to enable them to manage safety, improve staff wellbeing and achieve reductions in sickness absence levels.
 - ❑ Continue to run well-being events and arrange further 'Star Chamber' meetings with Directors.
 - ❑ Revise and communicate Health Safety and Wellbeing policies to ensure that they are up to date.
- **Budgetary control arrangements** - Although the Council has consistently contained costs within its approved budget for many years, a number of specific areas have been identified where budgetary control arrangements are not as robust as they could be, such as Special Educational Needs and Recoupment. Targeted support is being provided to these areas to ensure processes are improved, while more general support and training in budgetary control is being delivered to budget holders in all service areas to promote a consistent approach and level of expertise. In parallel, financial support is increasingly being targeted at highest risk areas, following an assessment of each area's scale and potential volatility.
- **Level 2 and Level 3 attainment** – In Swindon, attainment in 2009 by the age of 19 of 5 or more GCSE or equivalent qualifications at Grade C or higher (classified as a level 2 qualification) at 70% is below the national average of 79% and of our statistical neighbours at 76%. Swindon has closed the gap noticeably in 2009, making twice the improvement rate achieved nationally and by our

statistical neighbours. The forecast projections for future years anticipate rising standards in Swindon at level 2 by age 19. We do, however, need to focus on narrowing the gap in the level 2 attainment by age 19 between those in receipt of free school meals and those not. The gap in Swindon is 35% against a national average of 22% and of our statistical neighbours at 28%.

Level 3 attainment by age 19 (defined as 2 or more A levels or equivalent) in Swindon in 2009 stands at 41% against a national average of 51% and statistical neighbour's of 49%. There has been a noticeable improvement from 2008 and the forecast for future years anticipates continually rising standards in Swindon. The gap in attainment between those in receipt of free school meals and those not is only slightly worse in Swindon at 27%, compared to the national average of 25%. It is better than the average for our statistical neighbours that is 29%.

We have developed a comprehensive 13-19 strategy and action plan, which has been approved by the Children's Trust Board. The strategy defines the actions we are taking to raise attainment. In addition we have a robust strategy and action plan to reduce the numbers of young people not in education, employment and training (NEET). The Children's Trust Board has also approved these. The NEET figure has reduced from 10.21% in September 2009 to 6.97% in April 2010.

- **ICT Security** - The requirement and provision of secure Email is being reviewed as part of the Children's Locality Working Programme and the Adult Transformation Programme. The core platform for secure email to support key areas has been enabled. Extension of this solution wider will be subject to a cost/risk proposal and then implemented as part of one of the two programmes.

The responsibility of removing access for staff that have left the organisation is the responsibility of line managers. A process is already in place for both the addition and remove of ICT access to staff and in the main is working. We will, through general security awareness engagement ensure that managers are taking responsibility for their ICT assets and ensuring staff are removed. During recently projects to replace key infrastructure we have reviewed access frequency and taken steps to remove staff that have not accessed our ICT systems for an extended period of time. This led to the removal of nearly 500 accounts from the Email system alone.

- **Project Management** – The aim of the Corporate Programme Management Office (CPMO), established in June 2009, is to act as the professional lead for programme management; helping to improve successful delivery of programmes and projects, as well as improving capability across our project and programme community. The ongoing development of the CPMO aims to ensure that three key areas of service are provided:
 - ❑ Strategic planning support; focus on supporting management decision-making and ensuring project and programme alignment with strategy, prioritisation, benefits realisation, support for escalated risks and issues, and the provision of portfolio-level reporting.
 - ❑ Using the team as a central, flexible resource pool to support and deliver specific programmes and projects.

- Development of standard methods and processes, working practices including training and coaching. Providing independent assurance and being seen as the centre of excellence for project and programme management.

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