

## Report of the Chief Auditor

Audit Committee – 7 August 2014

### DRAFT ANNUAL GOVERNANCE STATEMENT 2013/14

<b>Purpose:</b>	This report provides the draft Annual Governance Statement 2013/14 and allows the Audit Committee to contribute to the annual review of governance.
<b>Policy Framework:</b>	None.
<b>Reason for Decision:</b>	To allow the Audit Committee to discuss, review and contribute to the Annual Governance Statement 2013/14.
<b>Consultation:</b>	Executive Board, Legal, Finance and Access to Services.
<b>Recommendation(s):</b>	It is recommended that Committee review and discuss the draft Annual Governance Statement 2013/14.
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<b>Finance Officer:</b>	Paul Beynon
<b>Legal Officer:</b>	Debbie Smith
<b>Access to Services Officer:</b>	Sherill Hopkins

#### 1. Introduction

- 1.1 The Council is required by the Accounts and Audit (Wales) Regulations 2005 to undertake a review of its governance arrangements, at least annually. The review is intended to show how the Council has complied with its Code of Corporate Governance.
- 1.2 The Audit Committee's role in Corporate Governance is set out in the Local Government (Wales) Measure 2011. Paragraph 9.2 of the statutory guidance relating to the Measure states that one of the functions of the Audit Committee is to

*'Review, scrutinise and issue reports and recommendations on the appropriateness of the authority's risk management, internal control and corporate governance arrangements'*

- 1.3 The review of governance is brought together in the Annual Governance Statement (AGS) which is published with the Council's Annual Statement of Accounts. The AGS is an important document in providing assurance to the Council, stakeholders and public regarding the corporate governance arrangements.
- 1.4 This report provides the opportunity for the Audit Committee to review and contribute to the annual review of governance prior to the AGS being finalised, signed off and published.
- 1.5 At the meeting of the Audit Committee held in August 2013, PwC provided feedback on their Local Authority Review of Governance Improvement Study which had been undertaken on behalf of the Auditor General Wales. The feedback related specifically to the review undertaken in Swansea and the intention at the time was that a National Report would be published by the Wales Audit Office but to date the National Report has not been published
- 1.6 However, the learning points identified by PwC for Swansea have been incorporated in this year's AGS.

## **2. Code of Corporate Governance**

- 2.1 Following a number of high profile cases of failed corporate governance, in both the private and public sectors, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) published a Framework for Delivering Good Governance in Local Government in 2007.
- 2.2 The Framework says that governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable way.
- 2.3 Governance comprises the systems and processes, and cultures and values, by which the Council is directed and controlled and through which it accounts to, engages with and leads the community.
- 2.4 Good governance leads to effective management, improving performance, stewardship of public money, successful public engagement and ultimately, the desired outcomes for citizens and service users. Sound governance enables the Council to pursue its vision effectively as well as underpinning the internal control mechanisms and the management of risk.

- 2.5 The Governance Framework emphasises the importance of good governance to the wider outcomes of good management, good performance and good public engagement. It puts high standards of conduct and leadership at the heart of good governance, placing responsibility on members and officers to demonstrate leadership by behaving in ways that exemplify high standards of conduct and so set the tone for the rest of the organisation.
- 2.6 The following 6 core principles of good corporate governance were established by CIPFA and SOLACE
- Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
  - Members and officers working together to achieve a common purpose with clearly defined functions and roles
  - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
  - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
  - Developing the capacity and capability of members and officers to be effective
  - Engaging with local people and other stakeholders to ensure robust public accountability
- 2.7 Council approved its own Code of Corporate Governance based on the 6 principles outlined above on 19<sup>th</sup> June 2008.
- 2.8 An annual review of compliance with the Code of Corporate Governance has been completed and published each year which is now in the format of the Annual Governance Statement.

### **3. Annual Governance Statement**

- 3.1 The AGS should report publically on the extent to which the Council has complied with its own code of governance on an annual basis, including how it has monitored and evaluated the effectiveness of the governance arrangements in the year, and on any planned changes in the coming period. The process of preparing the AGS should itself add value to the effectiveness of the corporate governance and internal control framework.
- 3.2 The draft AGS 2013/14 is attached in Appendix 1 and has been subject to consultation with the Executive Board prior to reporting to the Audit Committee
- 3.3 The final version of the AGS will be reported to Cabinet in September for approval before being signed by the Chief Executive and Leader and then published with the audited Statement of Accounts 2013/14.

**4. Equality and Engagement Implications**

4.1 There are no equality and engagement implications associated with this report

**5. Financial Implications**

5.1 There are no financial implications associated with this report.

**6. Legal Implications**

6.1 There are no legal implications associated with this report.

**Background Papers:** None

**Appendices:** Appendix 1 Draft Annual governance Statement 2013/14

## DRAFT ANNUAL GOVERNANCE STATEMENT 2013/14

### 1. Scope of Responsibility

- 1.1 The City and County of Swansea 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 Authority also has a duty under the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the City and County of Swansea is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk
- 1.3 The City and County of Swansea has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. A copy of the Code is on our website at <http://www.swansea.gov.uk/corporategovernance>. This statement explains how the Authority has complied with the Code.

### 2. The Purpose of the Governance Framework

- 2.1 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 services and value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at the City and County of Swansea for the year ended 31 March 2014 and up to the date of approval of the Statement of Accounts

### 3. The Governance Framework

3.1 The CIPFA/SOLACE governance framework identifies the following 6 fundamental principles of corporate governance

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

3.2 Council approved its Code of Corporate Governance on 19<sup>th</sup> June 2008 based on the 6 principles outlined above.

3.3 The key elements of the policies, systems and procedures that comprise the governance framework in the Council are shown below and linked to the 6 fundamental principles

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

- The **Council** is made up of 72 councillors who are democratically accountable to residents and have an overriding duty to the whole community. Council decides overall policies and sets the annual budget as well as receiving reports from Scrutiny Boards, Cabinet Members and Officers.
- All councillors are required, under the Local Government (Wales) Measure 2011 to publish a **Councillors Annual Report** in relation to their activities. A template report has been agreed by the Democratic Services Committee and the reports, initially covering 2012/13 will be published on the Council's website.
- The forward looking **Corporate Improvement Plan** which is produced under the Local Government (Wales) Measure 2009 summarises the Council's improvement objectives and associated priorities, targets and milestones.
- An **Annual Performance Review** is undertaken which provides a commentary on the progress made by the Council in meeting the priorities, actions and targets set out in the Corporate Improvement Plan.

- The Council publishes a **Single Integrated Plan** which replaces the Community Strategy. The Plan is developed by the Local Service Board following a Single Needs Assessment and Consultation Exercise.
- A **Code of Corporate Governance** based on the CIPFA/SOLACE governance framework has been adopted by the Council.
- A **Business Planning Process** exists which aims to more clearly align previously disparate budget and planning processes, such as equalities, sustainability and risk management into a 4 year planning cycle with an annual review. Each Head of Service must produce a Business Plan and an e-learning tool and Business Planning Toolkit is available to ensure consistency across the Council.
- A **Medium Term Financial Plan** is approved by Council each year which provides for a balanced budget in the following year and a projection for the next 3 years based on a combination of detail, where known, and forecasts based on best available evidence.

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

- A **Council Constitution** exists which sets out the framework and rules governing the Council's business described in 16 Articles. The Constitution also includes a Scheme of Delegation and a number of Rules of Procedure, Codes and Protocols as well as the Councillors' Allowances Scheme.
- A **Constitution Working Group** exists to review all aspects of the Council Constitution and to make appropriate recommendations for change.
- Separate **Codes of Conduct** exist in the Council Constitution for **Members and Officers** which describe the high standard of conduct expected of them. There is also a **Member/Officer Protocol** which guides the relationship between them to ensure the smooth running of the Council.
- The **Chief Executive**, as Head of the Paid Service, leads the Council's officers and chairs the Executive Board
- A new **Corporate Management Structure** was put in place during 2013/14 to deliver thematic and cross cutting working across the Council and across partnerships. The Executive Board, Directors' Group and Top Managers Group were established from 01/09/13 with specific roles and project portfolios.
- The Head of Finance and Delivery is designated the Council's **S151 Officer** and is responsible 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.
- The Council's financial management arrangements during 2013/14 complied with the governance requirements of the **CIPFA**

### **Statement on the Role of the Chief Financial Officer in Local Government (2010).**

- An **Audit Committee** exists to review and scrutinise the Council's financial affairs, review and assess the risk management, internal control and corporate governance arrangements, oversee the internal and external audit arrangements and review the financial statements.
- The Head of Legal, Democratic Services and Procurement has been designated as the Council's **Monitoring Officer** and is responsible for investigating and reporting on any allegations of contraventions to any laws, policies, procedures, regulations or maladministration and breaches of the Council's Constitution
- The Council is the Administering Authority for the **City and County of Swansea Pension Fund** and is responsible for all issues relating to the governance of the Pension Fund. For 2013/14, the functions were undertaken by the Pension Fund Committee which replaced the Pension Fund Panel with effect from 01/04/13.

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

- The Council has defined its **Values** as Innovation, Teamwork, Caring, Respect, Enthusiasm and Openness. A detailed description of each value and what it means to the Council is available on the Intranet.
- The **Standards Committee** made up of 4 councillors and 5 independent members promotes and maintains high standards of conduct by Councillors, assists Councillors to observe their Code of Conduct, monitors the operation of the Code and deals with breaches of the Code of Conduct referred to them by the Public Service Ombudsman for Wales
- The **Anti Fraud and Corruption Policy** applies to all councillors and employees. It outlines the Council's commitment to preventing, discouraging, detecting and investigating fraud and corruption whether attempted on the Council or from within the Council. The Policy was reviewed and updated in 2013/14 and published in the new online Employee Handbook which went live on 01/04/14.
- A new **Corporate Complaints Policy** based on the Welsh Government Model for complaints handling was adopted by Council on 14/03/13. The policy governs the investigation of complaints from members of the public including complaints about service provision. A Corporate Complaints Annual Report is presented to Cabinet each year.
- A **Whistle Blowing Policy** exists which encourages and enables employees to raise serious concerns without fear of harassment or victimisation. The Policy was reviewed and updated in 2013/14



and published in the new online Employee Handbook which went live on 01/04/14.

- The **Internal Audit Section** operates in accordance with the Public Sector Internal Audit Standards and is an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

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

- The **Decision Making** process is clearly set out in the Constitution along with the scheme of delegation and the terms of reference of Cabinet, Committees, Scrutiny Boards, Panels, Forums and Groups.
- The **Cabinet** (as Executive) is responsible for most day to day decisions and acts in line with the Council's overall policies and budget. Following the Election in May 2012, a new Cabinet structure was put in place based on new portfolios and cross-cutting themes.
- A **Challenge Panel** consisting of 12 members considers any Cabinet decisions which have been 'called in' if the Chair of the Council accepts that the call in is valid. The criteria used by the Chair to decide on validity are tightly set and the Chair receives appropriate advice from officers. The Challenge Panel considers whether the decision is a well founded and appropriate decision of Cabinet
- All reports to Council and Cabinet must include paragraphs detailing the **Financial and Legal Implications** of the report.
- The **Scrutiny Programme Committee** is responsible for developing the Council's Scrutiny Work Programme via a single workplan, holding Cabinet Members to account and providing challenge on specific themes. The Committee will set up informal **Scrutiny Panels and Working Groups** to undertake the detailed work of scrutiny and will appoint **Scrutiny Conveners** to chair the various Scrutiny Panels
- The role of Scrutiny is to improve the performance of services, to provide an effective challenge to the Executive and to engage non-executive members in the development of policies, strategies and plans. A **Scrutiny Work Planning Conference** is held each year to choose topics for review and a **Scrutiny Annual Report** is presented to the Scrutiny Programme Committee.
- A **Corporate Risk Policy** is in place which describes how risk management is implemented in the Council to support the realisation of strategic objectives. A **Risk Management Framework** also exists which aims to help managers and members at all levels to apply risk management principles consistently across their areas of responsibility.

- Corporate, Directorate and Service **Risk Registers** are in place to capture all risks that could affect the Council

### 3.8 **Develop the capacity and capability of members and officers to be effective**

- **Induction courses** are held for all new councillors and employees and a detailed **Councillors Training Programme** is delivered on an annual basis.
- Regular **Cabinet and Executive Board Away Days** are held where thematic issues are discussed such as Sustainable Swansea – fit for the future, One Swansea Plan and poverty and prevention.
- A new **Employee Performance Management Policy** was developed during 2013/14 and published in the new online Employee Handbook which went live on 01/04/14. The policy establishes a process which contributes to the effective management of individuals and teams in order to achieve high levels of organisational performance.
- Monthly **One to One meetings** are held involving the Leader, Cabinet Members, Chief Executive, Corporate Directors, Chief Officers, Heads of Service and 3<sup>rd</sup> tier staff as part of the performance management process
- Each Corporate Director holds a monthly **Performance and Financial Monitoring** meeting where Chief Officers and Heads of Service report on progress in terms of continuous improvement and budgets
- The Council Constitution includes **Financial Procedure Rules** which govern the financial management of the Council
- Financial Procedure Rules are supplemented by detailed **Accounting Instructions** which aid sound financial administration by setting out the principal controls and procedures for a range of functions to be followed by all departments. From time to time the Accounting Instructions are reviewed and ad hoc instructions may also be issued such as the current spending restrictions.
- The Council Constitution includes **Contract Procedure Rules** which govern the purchasing of goods and services and the letting of contracts with the aim of obtaining the best use of resources and value for money. Contract Procedure Rules were reviewed during 2013/14 and a new set of rules were approved by Council on 15/04/14

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

- A **Consultation and Engagement Strategy 2011-14** exists to ensure effective consultation and engagement with residents and partner organisations.

- The **Swansea Voices Panel** consists of a representative sample of 1,250 residents and provides a means for consulting on service provision and local issues. There is also a ward representative role for each councillor.
- The **Swansea Leader** is published every 2 months and delivered to every household in the area informing people about the Council's work and the progress it is making. An electronic version of the Swansea Leader is available on the Council's website.
- A range of **Information for Stakeholders** is available on the Council website including agendas, which are published in advance of meetings and minutes of all Council, Cabinet, Committee and Scrutiny Board meetings. Citizens can attend meetings of the Council, Cabinet, Committees and Scrutiny Boards except where confidential or exempt information is likely to be disclosed and the meeting is therefore held in private. The Council website is being re-launched during 2014/15.
- Citizens also have the right to ask questions and time is set aside at each Council and Cabinet meeting for **Public Questions**
- **Financial Monitoring Reports** which monitor the revenue and capital budgets are produced on a quarterly basis and reported to Cabinet
- **Performance Monitoring Reports** are produced for Cabinet on a quarterly basis and performance results are certified at the end of the year and any inconsistencies are investigated.

3.10 The Council's Annual Statement of Accounts includes **Group Accounts** which incorporates the companies shown below. The Annual General Meeting of the Council appoints councillors to sit on the Boards of the companies. The number of councillors appointed is shown against each company

- Swansea City Waste Disposal Co. Ltd (1 councillor)
- Wales National Pool Swansea Ltd (3 councillors)
- National Waterfront Museum Swansea Ltd (3 councillors)
- Swansea Stadium Management Co. Ltd (2 councillors)
- Bay Leisure Ltd (2 councillors)

3.11 The services provided by the Swansea City Waste Disposal Company transferred back to the Council with effect from 01/08/13.

3.12 A number of methods are in place to monitor the activities and performance of the companies including councillor/officer steering groups, strategic and operational meetings and management groups.

3.13 A partnership unit has been set up by the Head of Culture, Sport/Leisure and Tourism to monitor the activities of externally funded partner providers and an Annual Report on Leisure Partnerships is presented to Council each year

#### 4. Review of Effectiveness

4.1 The City and County of Swansea has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Chief Auditor's annual report, and also by comments made by the external auditor and other review agencies and inspectorates

4.2 The processes for maintaining and reviewing the effectiveness of the governance framework within the Council include the following broad headings

#### 4.3 Internal Control Self Assessment

- Each Head of Service has provided a signed **Senior Management Assurance Statement** for 2013/14 which provides assurance over the internal control, risk management and governance framework for their area of responsibility.

#### 4.4 Internal Sources of Assurance

The following provide assurance based, partly, on reports covering 2012/13 as the reports for 2013/14 are not yet available. The 2013/14 reports will be reflected in the next Annual Governance Statement

- The **Annual Performance Review 2012/13 'Improving What Matters'** was reported to Council on 22/10/13. The report also included the Council's response to the proposals for improvement made by the Wales Audit Office in its Annual Improvement Report 2013.
- The **Standards Committee** met on 8 occasions during 2013/14 and the **Standards Committee Annual Report 2012/13** was presented to Council on 24/09/13.
- The **Scrutiny Programme Committee and Panels** met throughout 2013/14 and were supported by the Scrutiny Support Unit. The **Scrutiny Annual Report 2012/13** was presented to the Scrutiny Programme Committee on 08/07/13.
- The annual **Scrutiny Work Planning Conference 2013/14** was held on 20/05/13 and a report on the **Scrutiny Work Programme 2013/14** was agreed by the Scrutiny Programme Committee on 10/06/13
- The **Corporate Complaints Policy** was in place throughout 2013/14 and the **Complaints Annual Report 2012/13** was presented to Cabinet on 15/10/13.
- The **Internal Audit Annual Report 2012/13** was reported to the Audit Committee on 15/08/13 and included the Chief Auditor's opinion that based on the audit reviews undertaken in 2012/13,

Internal Audit can give reasonable assurance that the systems of internal control were operating adequately and effectively and that no significant weaknesses were identified

The following provides assurance based on reports covering 2013/14

- The forward looking **Corporate Improvement Plan 2013-17** '*Standing up for a Better Swansea*' produced in accordance with the Local Government (Wales) Measure 2009 was adopted by Council on 30/07/13. The Plan includes the 8 Improvement Objectives that the Council will address in the coming years.
- The One Swansea Plan 2013 was adopted by Council on 24/09/13 as the **Single Integrated Plan** which replaced the Community Strategy. The Plan includes 6 population outcomes i.e. broad conditions for communities and 21 challenges i.e. what has to change to make progress towards achieving the outcomes.
- The **Audit Committee** met on 11 occasions during 2013/14 and followed a structured workplan which covered all areas of the Committee's responsibilities. The Committee includes a lay member as required by the Local Government (Wales) Measure 2011. The lay member is also the Chair of the Committee. The Committee received the Internal Audit Annual Report 2012/13 as well as quarterly Internal Audit Monitoring Reports for 2013/14 showing progress against the Annual Internal Audit Plan.
- The **Constitution Working Group** only met once during 2013/14 to agree the suitability of the prospective Lord Mayor and Deputy Lord Mayor.
- The **Medium Term Financial Plan 2015/16 – 2017/18** was approved by Council on 18/02/14. The Plan outlined the significant shortfall in funding faced by the Council over the period and the strategy to be adopted to address the shortfall.
- The **Corporate Risk Management Framework** is being reviewed by Executive Board to strengthen links between corporate, directorate and service risk reporting and to seek assurance about day to day risk management. Corporate Risks have recently been updated as part of this and will form part of future quarterly balanced scorecard reporting.
- Each Corporate Director held monthly **Performance and Financial Monitoring** meetings where Chief Officers and Heads of Service reported on progress in terms of continuous improvement and budgets.
- Quarterly **Performance Monitoring Reports** were presented to Cabinet during 2013/14.
- Quarterly **Financial Monitoring Reports** were presented to Cabinet throughout 2013/14.
- All reports presented to Cabinet and Council during 2013/14 had been reviewed by Finance and Legal staff and included the appropriate paragraphs detailing the **Financial and Legal Implications** of the report.

- The **Pension Fund Committee** met on 4 occasions during 2013/14 and dealt with all issues relating to the governance of the Pension Fund

#### 4.5 External Sources of Assurance

- The Wales Audit Office produces an **Annual Improvement Report** under the Local Government (Wales) Measure 2009. The report is produced in association with other inspectors such as ESTYN and CSSIW and shows how well the Council is improving the services it provides. The **Annual Improvement Report 2013/14** was published on 05/06/14 and reported to Cabinet on 29/07/14. The report's main conclusions were that the Council made good progress in delivering its improvement priorities apart from recycling, got better at reporting how well it is performing, is developing a consistent approach to evaluating itself, has strengthened its capacity to drive improvement by completing its management restructure and established a strategy for managing the significant financial challenges it faces.
- The Wales Audit Office provided two **Improvement Assessment Letters 2013/14** as required by the Local Government (Wales) Measure 2009. The letters identify compliance with the Measure in terms of improvement planning and the requirement to make arrangements for continuous improvement. The letters also include some proposals for improvement.
- The Appointed Auditor's **Annual Audit Letter** was sent to the Leader on 28/11/13 and presented to the Audit Committee on 12/12/13. The letter stated that *'The Council complied with its responsibilities relating to financial reporting and use of resources'*. The letter also stated that an unqualified audit opinion had been issued on the accounting statements confirming that they present a true and fair view of the Council's, Group's and Pension Fund's financial position and transactions.
- The **Wales Audit Office's Controls Report 2012/13** was presented to the Audit Committee on 12/12/13. The report made recommendations regarding 10 weaknesses identified in the Council's internal controls, all of which were considered to be medium or low risk. The report also identified the progress made in implementing the recommendations made in the previous year's Controls Report.
- PwC on behalf of the Wales Audit Office presented the **Audit of Accounting Statements – Report to Those Charged with Governance** for 2012/13 to Cabinet on 17/09/13. The report highlighted any significant issues to those charged with governance that needed to be considered prior to the approval of the financial statements. The report also indicated that the auditor intended to issue an unqualified audit report on the financial statements for 2012/13.
- The Council is subject to **Statutory External Inspections** by various bodies including Wales Audit Office, ESTYN and CSSIW.

In June 2013, ESTYN published its report on the Quality of Local Authority Education Services for Children and Young People in Swansea, The report, which was presented to Council by Estyn on 22/10/13 judged Swansea's current performance as adequate (good features outweigh areas shortcomings) and the prospects for improvement as good (good features and no important shortcomings). The Chief Executive established a Corporate Education Improvement Board and Education Leadership Board to address the issues and recommendations arising from the report. The CSSIW Annual Review and Evaluation Report 2012/13 for Swansea concluded that '*adult services have improved and there is sustained progress*' and '*child and family services are making steady progress in the face of increased demand.*' However the report also identified potential risks to be considered.

- 4.6 The Annual General Meeting of the Council held on 09/05/13 appointed the required number of councillors to sit on the Boards of the companies included in the Council's **Group Accounts**. Changes were made to the representatives on Bay Leisure and Swansea Stadium Management Company at Council on 19/11/13.
- 4.7 The Annual Report on Leisure Partnerships for 2012/13 was presented to Council on 15/04/14. The report reviewed the Wales National Pool Swansea, National Waterfront Museum Swansea, Liberty Stadium and the LC in detail and provided information on the monitoring arrangements in place.
- 4.8 The legislation which required waste disposal operations to be carried out 'at arms length' has been repealed. The Council undertook a full review of the operations of Swansea City Waste Disposal Company in light of its current waste strategy and decided to bring the whole operation back in house. The Company's assets and liabilities as well as its employees transferred into the Council from 01/08/13 and the liquidation of the Company will follow in due course.
- 4.9 We have been advised on the implications of the result of the review of the effectiveness of the governance framework and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

## **5 Significant Governance Issues**

- 5.1 The following table shows the significant governance issues which were identified during the review of effectiveness undertaken when preparing the Annual Governance Statement 2012/13 and the action taken during the year to address the issues

Issue	Proposed Action	Action Taken
Develop rationalised set of priorities	Prepare Corporate Improvement Plan that links to Single Integrated Plan and sets out outcome based improvement objectives and performance measures	Corporate Improvement Plan 2013/17 – <i>Standing Up for a Better Swansea</i> – was published in August 2013. The Plan was developed using an outcome based approach (Results Based Accountability), which identified improvement priorities showing the Council's contribution to the Single Integrated Plan. The WAO confirmed that the Council had discharged its statutory improvement planning duties. Further work will take place during 2014/15 on developing a rationalised set of priorities as part of a Corporate Plan
Reporting to Citizens	Undertake annual review of performance that measures Council's success delivering its Improvement Plan and objectives on the basis of 'impact' for citizens.	The Annual Performance Review 2012/13 published in October 2013 sought to outline the Council's view of its success delivering its Improvement Objectives. The WAO acknowledged in its <i>Annual Improvement Report</i> that the Council had got better at reporting how well it is performing and is developing a consistent approach to evaluating itself. Further work will take place in 2014/15 on embedding the Council's emerging approach to self-evaluation
Scrutiny Arrangements	Complete the review of the new Scrutiny arrangements in line with the Wales Audit Office National Scrutiny Improvement Study	Following positive engagement in the Improvement Study, the Scrutiny Programme Committee has identified and acted upon a number of improvement themes.
Compliance by Schools	Continue to provide challenge and direction to schools to embed the improvements	Schools continue to receive appropriate guidance, direction and challenge, building further on the



	already made to ensure compliance with financial regulations, accounting instructions, procurement processes etc.	improvements already made. This will continue and the overall impact monitored.
Arms Length Operations	Undertake a review of the governance arrangements	A review has been completed and a 'lessons learnt' report presented to Executive Board. An audit of the governance arrangements for partnerships is underway and will report during 2014/15
Senior Management Assurance Statements	Review evidence available to confirm statements made by Heads of Service for a sample of Senior Management Assurance Statements	A review will be undertaken of the Senior Management Assurance Statements provided in May 2014.

5.2 The following table identifies issues which have been raised during the review of effectiveness and the proposed action to be taken during 2014/15 to address the issues

<b>Issue</b>	<b>Proposed Action</b>
Develop a rationalised set of priorities for the Council.	Develop a Corporate Plan with a reduced set of corporate priorities and performance indicators focussing on what matters to Swansea.
Improve the processes for reporting to Citizens	Publish an annual review of performance where the Council sets out its view of its performance delivering its improvement priorities in a more accessible way e.g. case studies highlighting actual improvements.
Review of Arms Length Operations	Complete audit review of the governance arrangements of partnerships
Review of Regional Collaborative Arrangements	Review the effectiveness of the governance arrangements for the Council's Regional Collaborative Arrangements.
Review of Senior Management Assurance Statements	Review evidence available to confirm statements made by Heads of Service for a sample of Senior Management Assurance Statements

Review of the Council's Code of Corporate Governance	The Code of Corporate Governance was approved by Council in June 2008 and it is proposed to review and update the Code.
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5.3 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review

Signed ..... Chief Executive  
Date .....

Signed..... Leader  
Date .....