

City and County of Swansea

Draft Annual Governance Statement 2016/17

DRAFT ANNUAL GOVERNANCE STATEMENT 2016/17

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 new CIPFA/SOLACE Framework '*Delivering Good Governance in Local Government 2016*'. The revised framework applies to all annual governance statements prepared for the financial year 2016/17 onwards. A copy of the Code can be obtained by contacting the Chief Auditor on 01792 636463 or e-mailing simon.cockings@swansea.gov.uk. This statement explains how the Authority has complied with the Code and also meets the requirements of the Accounts and Audit (Wales) Regulations 2014 to review the effectiveness of its internal control systems at least once a year.

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate 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 throughout the year ended 31 March 2017 and up to the date of approval of the Statement of Accounts.

3. The Governance Framework

- 3.1 The Delivering Good Governance in Local Government Framework 2016 Edition produced by CIPFA and SOLACE (the Framework) defines governance as

'Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.'

The Framework also states that

'To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times,

Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

- 3.2 In local government, the governing body is the full council.

4. Background

- 4.1 The *Delivering Good Governance in Local Government Framework* published by CIPFA and SOLACE in 2007 set the standard for local authority governance in the UK. CIPFA and SOLACE reviewed the Framework in 2015 to ensure it remained fit for purpose and published a revised Framework in spring 2016.

- 4.2 The new *Delivering Good Governance in Local Government Framework* 2016 edition applies to annual governance statements prepared for the financial year 2016/17 onwards.

- 4.3 The new Framework introduces 7 new principles as follows:

- A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B) Ensuring openness and comprehensive stakeholder engagement.
- C) Defining outcomes in terms of sustainable economic, social and environmental benefits.
- D) Determining the interventions necessary to optimise the achievement of the intended outcomes.
- E) Developing the entity's capacity, including the capability of its leadership and the individuals within it.

- F) Managing risks and performance through robust internal control and string public financial management.
 - G) Implementing good practices in transparency, reporting and audit to deliver effective accountability.
- 4.4 The concept underpinning the Framework is that it is helping local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. The Framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure
- Resources are directed in accordance with agreed policies and according to priorities
 - There is sound and inclusive decision making
 - There is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities
- 4.5 The term local Code of Corporate Governance essentially refers to the approved governance structure in place, as there is an expectation that a formally set out local structure should exist, although in practice it may consist of a number of local codes or documents.
- 4.6 To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in the Framework. It should therefore develop and maintain a local Code of Corporate Governance reflecting the principles set out in the Framework.
- 4.7 It is also crucial that the Framework is applied in a way that demonstrates the spirit and ethos of good governance which cannot be achieved by rules and procedures alone. Shared values that are integrated into the culture of an organisation and are reflected in behaviour and policy are hallmarks of good governance.
- 4.8 The Accounts and Audit (Wales) Regulations 2014 require that a review of the effectiveness of the governance arrangements must be undertaken at least annually and reported on within the authority e.g. to the Audit Committee or other appropriate member body and externally with the published accounts of the authority. In doing this, the authority is looking to provide assurance that
- Its governance arrangements are adequate and working effectively in practice
 - Where the reviews of the governance arrangements have revealed significant gaps which will impact on the authority achieving its

objectives, what action is to be taken to ensure effective governance in future.

- 4.9 In 2016/17 a new Annual Governance Statement Group was established, tasked with the compilation of a revised Code of Corporate Governance, as well as a revised Annual Governance Statement. The Group is comprised of the Head of Financial Services & Service Centre, the Head of Legal, Democratic Services & Business Intelligence, the Chief Internal Auditor and the Business Performance Manager. The Group meets periodically to discuss the governance arrangements of the Council and provides updates to the Audit Committee, the Corporate Management Team and Cabinet when necessary.
- 4.10 Council approved its Code of Corporate Governance on 24th August 2017 based on the 7 principles outlined in the revised framework detailed above.
- 4.11 The key elements of the policies, systems and procedures that comprise the governance framework in the Council are shown on the pages that follow, linked to the 7 fundamental principles.

Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	City and County of Swansea - Evidence
<p>Behaving with integrity</p>	<p>Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation</p> <hr/> <p>Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Principles of Public Life (the Nolan Principles)</p> <hr/> <p>Leading by example and using these standard operating principles or values as a framework for decision making and other actions</p> <hr/> <p>Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively</p>	<ul style="list-style-type: none"> • Members Code of Conduct in Constitution which reflects Local Authorities (Model Code of Conduct) (Wales) Order 2016 • Officers Code of Conduct in Constitution • Member/Officer Protocol in Constitution • Member led authority principles/document • Council Values – people focused, working together and innovation • Whistleblowing Policy • Anti-Fraud and Corruption Policy • Standards Committee • Standards Committee Annual Report presented to Council • Member Dispute Resolution

Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	City and County of Swansea - Evidence
Demonstrating strong commitment to ethical values	Seeking to establish, monitor and maintain the organisation's ethical standards and performance	<ul style="list-style-type: none"> • Council Values – people focused, working together and innovation • Contract Procedure Rules
	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation	
	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values	
	Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation	
Respecting the rule of law	Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations	<ul style="list-style-type: none"> • Member and Officer code of Conduct in Constitution • Role of Head of Paid Service, Section 151 Officer and Monitoring Officer established in Constitution • CIPFA statement on the Role of the Chief Financial Officer • Anti-Fraud and Corruption Policy • Audit Committee • Internal Audit Section • Corporate Fraud Team • Internal Audit and Corporate Fraud Annual Reports presented to Audit Committee • External Auditors • Annual Audit Letter • Standards Committee • Whistleblowing Policy
	Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	
	Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders	
	Dealing with breaches of legal and regulatory provisions effectively	
	Ensuring corruption and misuse of power are dealt with effectively	

Principle B – Ensuring openness and comprehensive stakeholder engagement

Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	City and County of Swansea - Evidence
Openness	<p>Ensuring an open culture through demonstrating, documenting and communicating the organisation’s commitment to openness</p> <p>Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided</p> <p>Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear</p> <p>Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action</p>	<ul style="list-style-type: none"> • Agendas published in advance of meetings • Minutes published following meetings • Decision making process described in Constitution • Forward Plan published on Internet showing key decisions to be made by Council and Cabinet • Consultation and Engagement Strategy & Consultation Toolkit • Annual budget consultation • Publication Scheme • Freedom of Information Scheme • Challenge Panel and call-in procedure • Public questions at Council and Cabinet • Engagement with hard to reach groups such as BME, Disability and LGBT communities. As well as engagement with children and young people to meet the requirement of the UNCRC

Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	City and County of Swansea - Evidence
Engaging comprehensively with institutional stakeholders	Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	<ul style="list-style-type: none"> • Public Service Board and One Swansea Plan • Western Bay • ERW • Community Safety Partnership • Partnership agreements.
	Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	
	Ensuring that partnerships are based on: <ul style="list-style-type: none"> • trust • a shared commitment to change • a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit	

Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	City and County of Swansea - Evidence
Engaging stakeholders effectively, including individual citizens and service users	Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes	<ul style="list-style-type: none"> • Ward role of Councillors • Consultation and Engagement Strategy • 'Have Your Say' consultations on Internet • Residents telephone surveys • Consultation principles and toolkit available on Intranet • Role of Consultation Co-Ordinator • Annual Staff Survey • Complaints Policy and Annual Report
	Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement	
	Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs	
	Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account	
	Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity	
	Taking account of the interests of future generations of tax payers and service users	

Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits

The long-term nature and impact of many of local government’s responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority’s purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available

Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	City and County of Swansea - Evidence
<p>Defining outcomes</p>	<p>Having a clear vision which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation’s overall strategy, planning and other decisions</p>	<ul style="list-style-type: none"> • Corporate Plan produced annually in accordance with Local Government (Wales) Measure 2009 and ‘Wellbeing Objectives’ in Wellbeing of Future Generations (Wales) Act 2015 • Quarterly & annual Performance Monitoring Reports • Annual Performance Review • Single Integrated Plan produced by Public Service Board • Service Plan produced annually by each Head of Service • Monthly Performance and Financial Monitoring meetings held for each Directorate • Corporate Risk Policy and Framework • Corporate, Directorate and Service Risk Registers
	<p>Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer</p>	
	<p>Delivering defined outcomes on a sustainable basis within the resources that will be available</p>	
	<p>Identifying and managing risks to the achievement of outcomes</p>	
	<p>Managing service users’ expectations effectively with regard to determining priorities and making the best use of the resources available</p>	

Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	City and County of Swansea - Evidence
<p>Sustainable economic, social and environmental benefits</p>	<p>Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision</p>	<ul style="list-style-type: none"> • Medium Term Financial Plan covering 3 financial years approved annually by Council
	<p>Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints</p>	
	<p>Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs</p>	
	<p>Ensuring fair access to services</p>	

Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes

Local government achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource input while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised

Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	City and County of Swansea - Evidence
Determining interventions	<p>Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided</p> <p>Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts</p>	<ul style="list-style-type: none"> • Policy development by Policy Development and Delivery Committees • Scrutiny function • Finance, Legal and Access to Services implications in all Council, Cabinet and Committee reports • Results of consultation exercises • Annual Internal Audit consultation exercise

Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	City and County of Swansea - Evidence
Planning interventions	Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	<ul style="list-style-type: none"> • Timetable exists for producing or reviewing plans, priorities etc. on an annual basis • Consultation and Engagement Strategy • Monthly Performance and Financial Monitoring meetings for each Directorate reviews progress and authorises corrective action where necessary • Quarterly and Annual Performance Monitoring reports to Cabinet including achievement of national and local performance indicators • Medium Term Financial Plan • Annual budget setting process in place including consultation exercise
	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	
	Considering and monitoring risks facing each partner when working collaboratively including shared risks	
	Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances	
	Establishing appropriate local performance indicators (as well as relevant statutory or other national performance indicators) as part of the planning process in order to identify how the performance of services and projects is to be measured	
	Ensuring capacity exists to generate the information required to review service quality regularly	
	Preparing budgets in accordance with organisational objectives, strategies and the medium-term financial plan	
	Informing medium and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	

Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	City and County of Swansea - Evidence
Optimising achievement of intended outcomes	Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	<ul style="list-style-type: none"> • Quarterly Financial Monitoring reports to Cabinet • Mid-Year Budget Statement to Cabinet • Medium Term Financial Plan • Sustainable Swansea – Fit for the Future
	Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term	
	Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	
	Ensuring the achievement of ‘social value’ through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is “the additional benefit to the community...over and above the direct purchasing of goods, services and outcomes”	

Principle E – Developing the entity’s capacity, including the capability of its leadership and the individuals within it.

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities

Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	City and County of Swansea - Evidence
Developing the entity’s capacity	Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness	<ul style="list-style-type: none"> • Commissioning Review as part of Sustainable Swansea – Fit for the Future strategy • Annual performance review for all staff under the Employee Performance Management Policy. Training and development needs included in review • Service planning process includes workforce planning and this is included in the overarching Workforce Plan • Quarterly financial and performance reports to Cabinet
Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority’s resources are allocated so that outcomes are achieved effectively and efficiently		
Recognising the benefits of partnerships and collaborative working where added value can be achieved		
Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources		

Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	City and County of Swansea - Evidence
Developing the capability of the entity's leadership and other individuals	Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained	<ul style="list-style-type: none"> • Member/Officer Protocol in Constitution • Scheme of Delegation published in Constitution • Monthly One to One meetings are held involving the Leader. Cabinet Members, Chief Executive, Corporate Directors, Chief Officers, Heads of Service and 3rd tier staff • Councillor Training Programme developed based on a Training Needs Assessment • Annual performance review for all staff under the Employee Performance Management Policy. Training and development needs included in review. • Occupational Health and Wellbeing Policy exists with aim of promoting the health and wellbeing of all employees to enable them to achieve their full potential at work
	Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	
	Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure, whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority	

Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	City and County of Swansea - Evidence
	<p>Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:</p> <ul style="list-style-type: none"> • ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged • ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis • ensuring personal, organisation and system-wide development through shared learning, including lessons learnt from both internal and external governance weaknesses <p>Ensuring that there are structures in place to encourage public participation</p>	<ul style="list-style-type: none"> • Mandatory corporate induction course for a new staff • Mandatory courses required for staff • Corporate learning and development courses • Stress and health advice available online • Helping Hands support, information and guidance service.

Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	City and County of Swansea - Evidence
	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	
	Holding staff to account through regular performance reviews which take account of training or development needs	
	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	

Principle F – Managing risks and performance through robust internal control and string public financial management

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will ensure financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	City and County of Swansea - Evidence
Managing risk	Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making	<ul style="list-style-type: none"> • Risk Management Policy and Framework • Corporate, Directorate and Service risk registers • Monthly review of Corporate Risks by Corporate Management Team • Monthly review of Directorate Risks at PFM meetings
	Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	
	Ensuring that responsibilities for managing individual risks are clearly allocated	
Managing performance	Monitoring service delivery effectively including planning, specification, execution and independent post-implementation review	<ul style="list-style-type: none"> • Corporate Plan produced annually • Annual Performance Report produced • Quarterly performance monitoring report to Cabinet • Annual Service Plan produced by each Head of Service • Scrutiny function • Monthly Directorate Performance and Financial Monitoring meetings
	Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation’s financial, social and environmental position and outlook	

Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	City and County of Swansea - Evidence
	<p>Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made, thereby enhancing the organisation's performance and that of any organisation for which it is responsible</p> <p>Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement</p> <p>Ensuring there is consistency between specification stages (such as budgets) and post-implementation reporting (e.g. financial statements)</p>	
Robust internal control	<p>Aligning the risk management strategy and policies on internal control with achieving objectives</p> <p>Evaluating and monitoring risk management and internal control on a regular basis</p> <p>Ensuring effective counter fraud and anti-corruption arrangements are in place</p> <p>Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor</p>	<ul style="list-style-type: none"> • Audit Committee provides assurance on effectiveness on internal control, risk management and governance • Audit Committee Annual Performance Review • Audit Committee Annual Report to Council • Anti-Fraud and Corruption Policy • Role of Internal Audit Section and Corporate Fraud Team • Internal Audit and Corporate Fraud Annual Plans approved by Audit Committee • Internal Audit and Corporate Fraud Annual Reports to Audit Committee • Annual Governance Statement

Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	City and County of Swansea - Evidence
	<p>Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body:</p> <ul style="list-style-type: none"> • provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment • that its recommendations are listened to and acted upon 	
Managing data	<p>Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data</p> <p>Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies</p> <p>Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring</p>	<ul style="list-style-type: none"> • Data Protection Policy • Information management governance arrangements • Senior Information Risk Officer (SIRO) in place • Information Asset Register • Information sharing guidance published
Strong public financial management	<p>Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance</p> <p>Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls</p>	<ul style="list-style-type: none"> • Financial Procedure Rules in Constitution • Contract Procedure Rules in Constitution • Accounting Instructions on Intranet • Spending Restrictions document on Intranet

Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out it's a Activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	City and County of Swansea - Evidence
<p>Implementing good practice in transparency</p>	<p>Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate</p>	<ul style="list-style-type: none"> • Reports Authors Protocol exists to ensure consistency in reports • Clear Writing guide published on Intranet
	<p>Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand</p>	
<p>Implementing good practices in reporting</p>	<p>Reporting at least annually on performance, value for money and the stewardship of its resources</p>	<ul style="list-style-type: none"> • Annual Statement of Accounts audited by external auditor and approved by Council • Code of Corporate Governance based on CIPFA/SOLACE Framework 2016 • Annual Governance Statement • Annual Review of Performance
	<p>Ensuring members and senior management own the results</p>	
	<p>Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)</p>	

Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	City and County of Swansea - Evidence
	<p>Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate</p> <p>Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations</p>	
<p>Assurance and effective accountability</p>	<p>Ensuring that recommendations for corrective action made by external audit are acted upon</p> <p>Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon</p> <p>Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations</p> <p>Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement</p> <p>Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met</p>	<ul style="list-style-type: none"> • External Audit provided by Wales Audit Office • Performance of Internal Audit Section monitored by Audit Committee • Implementation of WAO and Internal Audit recommendations monitored by Audit Committee • Peer Review, Corporate Assessment and Corporate Governance Review action plan monitored by Corporate Management Team • Annual Governance Statement

5. Review of Effectiveness

- 5.1 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 auditors and other review agencies and inspectorates. The newly formed Annual Governance Statement Group also discuss the governance arrangements in place across the Authority on a regular basis and provide updates to the Audit Committee, the Corporate Management Team and Cabinet when necessary.
- 5.2 The processes for maintaining and reviewing the effectiveness of the governance framework within the Council include the following broad headings.

6 Internal Control Self-Assessment

- Each Head of Service has provided a signed **Senior Management Assurance Statement** for 2016/17 which provides assurance over the internal control, risk management and governance framework for their area of responsibility.
- The **Senior Management Assurance Statement** contains 10 questions covering governance issues and requires a 'Yes', 'No' or 'Partly' answer. *Most answers provided by Heads of Service were 'Yes' with a small number of 'Partly', there were no 'No' assurance answers. The main areas where 'Partly' answers were given related to concerns over the risks and impact on the control environment resulting from savings proposals and the risks, control and governance relating to partnerships. However, in each case assurance was provided that sufficient monitoring was in place so as not to pose a risk to governance. – **to be updated once all responses received***

6.1 Internal Sources of Assurance

The following provide assurance based on reports covering 2015/16 as the reports for 2015/16 are not yet available. The 2016/17 reports will be reflected in the next Annual Governance Statement.

- The **Annual Performance Review 2015/16** was approved by Cabinet on 20/10/16 in accordance with the publishing requirements of the Local Government (Wales) Measure 2009. The report showed the results of each performance measure for the 5 Key Priorities ('Improvement Objectives') set out in the Corporate Plan 2015/17 '*Delivering for Swansea*'. The results showed that the Council was 'mainly successful' in achieving the performance measures for 5 of the Key Priorities and 'partially successful' in achieving 1 of the Key Priorities.

- The **Standards Committee** met on 4 occasions during 2016/17 and the **Standards Committee Annual Report 2015/16** was presented to Council on 28/07/16. The report described the work of the Committee during 2015/16 including investigations into breaches of the Member's Code of Conduct, annual discussions with Political Group Leaders, Committee Chairs and the Chief Executive, meetings with Community/Town Councils and letters sent by the Committee to the Public Services Ombudsman for Wales.
- The **Corporate Complaints Policy** was in place throughout 2016/17 and the **Corporate Complaints Annual Report 2015/16** was presented to Cabinet on 20/10/16. The Annual Report noted that 2015/16 was the busiest ever recorded for the Complaints Team with a 28% increase in the number of complaints and requests for service handled by the team. Requests for information also increasing by 9.5% in the year. The report also highlighted a number of service improvements which had been introduced as a result of compliant investigations.
- The **Internal Audit Annual Report 2015/16** was reported to the Audit Committee on 30/08/16 and included the Chief Auditor's opinion that based on the audit reviews undertaken in 2015/16, 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 **Audit Committee Annual Report 2015/16** was presented to Council on 22/09/16 and outlined the assurance the Committee had gained over control, risk management and governance from various sources over the course of 2015/16.
- The **Scrutiny Programme Committee and Panels** met throughout 2016/17 and were supported by the Scrutiny Support Unit. The **Scrutiny Annual Report 2015/16** was presented to Council on 28/07/16. The report highlighted the work carried out by Scrutiny, showed how Scrutiny had made a difference and supported continuous improvement for the Scrutiny function. The report also provided a summary of some of the things that had been done in year to address the 6 improvement outcomes identified in the 2014/15 report. Two further areas for improvement were also identified to be addressed in 2016/17.
- The **Annual Performance Monitoring Report 2015/16** was approved by Cabinet on 21/07/16 which presented the detailed performance results for 2015/16. In summary, 51 (59%) indicators that had targets set met their targets. 41 (68%) comparable indicators also showed improvement compared to 2014/15. The results of the review are used to inform executive decisions on resource allocation and to take corrective action to improve performance and efficiency.
- The **One Swansea Plan** and Delivery Framework 2015 '*Place, People, Challenges and Change*' were endorsed by the Local Service Board on 15/09/15 as the **Single Integrated Plan**. The purpose of the Plan is to improve the wellbeing of people in Swansea by ensuring that professionals and the public work together. The Plan is developed by the Local Service Board which includes the main public service agencies for the area and representatives of the voluntary and business sector.

The following provides assurance based on reports covering 2016/17

- The **Corporate Plan 2016-17** '*Delivering for Swansea 2016/17*' produced in accordance with the Local Government (Wales) Measure 2009 and the 'Wellbeing Objectives' under the Wellbeing of Future Generations (Wales) Act 2015 was approved by Cabinet on 17/03/16. The Plan describes the Council's vision for Swansea, the 5 key Council priorities and the organisation values and principles that will underpin the delivery of the priorities and the overall strategy.
- The **Well-Being Statement for 2017/18** setting out the well-being objectives for the Council as required by the Well-Being of Future Generations (Wales) Act 2015 was approved by Cabinet on 16/03/17. The Council's 5 key priorities as set out in the Corporate Plan 2016/17 have been carried forward into 2017/18 as the Council's Well-Being Objectives.
- The adoption of the **Council Constitution** was reaffirmed at the Annual Meeting of the Council on 19/05/16. Various reports have been approved by Council throughout 2016/17 making changes to the Constitution.
- The **Audit Committee** met on 12 occasions during 2016/17 and followed a structured workplan which covered all areas of the Committee's responsibilities with the aim of obtaining assurance over the areas included in its terms of reference. 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 **Scrutiny Programme Committee** met on 14 occasions in 2016/17 and had overall responsibility for the scrutiny function.
- The annual **Scrutiny Work Planning Conference 2016/17** was held on 12/05/16 and a report on the **Scrutiny Work Programme 2015/16** was agreed by the Scrutiny Programme Committee on 13/06/15.
- The **Constitution Working Group** met twice during 2016/17 to consider issues relating to school reorganisation requiring a change to the Council Constitution and nominations to the office of Lord Mayor and Deputy Lord Mayor including changes to protocol.
- The **Medium Term Financial Plan 2018/19 – 2020/21** was approved by Council on 23/02/17. 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 as well as the inherent risks to the success of the adopted strategy.
- The **Corporate Risk Management Policy and Framework** operated throughout 2016/17. In addition, both the Policy and Framework were in the process of being reviewed and updated during 2016/17. Audit Committee are due to be consulted on the updated documents on the 20/06/17.
- 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 2016/17 which provided detailed performance tables and identified the Council's performance outturn for the indicators which had been selected for their suitability to measure performance against the Council's 5 key priorities.

- Quarterly **Financial Monitoring Reports** were presented to Cabinet throughout 2016/17. The reports identified a potential revenue budget overspend at year end based on available information and stressed the need for expenditure to be contained within the budget set by Council.
- A **Mid Term Budget Statement 2016/17** was presented to Council on 01/11/16 which provided a strategic and focussed assessment of the current year's financial performance and an update on strategic planning assumptions over the next 3 financial years. The conclusion of the Statement was that the Council would struggle to deliver within the overall resources identified to support the budget in 2016/17. The likely projected outturn was dependent upon the willingness and ability of the Council to reduce and restrict ongoing expenditure across all areas.
- All reports presented to Cabinet and Council during 2016/17 had been reviewed by Finance, Legal and Access to Services staff and included the appropriate paragraphs detailing the **Financial, Legal and Equality and Engagement Implications** of the report.
- The **Pension Fund Committee** met on 6 occasions during 2016/17 and dealt with all issues relating to the governance of the Pension Fund.

6.2 External Sources of Assurance

- The Wales Audit Office undertook a **Corporate Assessment** of the Council in November 2014. The assessment sought to answer the *question 'is the Council capable of delivering its priorities and improved outcome for citizens?'* The **Annual Improvement Report 2014/15** which incorporated the Corporate Assessment report was presented to Council on 23/07/15 and concluded that *'the Council can demonstrate improvement across a range of key services and has developed a clear framework for managing future challenges'*. The report made the following proposals for improvement.
- The Wales Audit Office undertook a **Corporate Assessment follow up** exercise in 2016/17 to review progress against the proposals for improvement noted above. The report issued in July 2016 focused on performance management arrangements and concluded that the Council is making clear progress in developing its performance management arrangements and understands what needs to be done to improve its prospects for further improvement. The **Annual Improvement Report 2015/16** incorporated the findings from the review of performance management arrangements and was presented to Council on 24/11/16. The Wales Audit Office is due to look at governance arrangements during 2017/18.
- The **Wales Audit Office Annual Improvement Report 2015/16** was presented to Council on 24/11/16. The report concluded that *'the Council has continued to improve in its priority areas and its arrangements are likely to support future improvement'*. During the course of the year, the Auditor General did not make any formal recommendations. However, a total of 6 proposals for improvement were made which will be addressed by the Council.
- The Council invited the WLGA to facilitate a **Peer Review** in September 2014. The Peer Review had 3 key areas of focus i.e. Delivery, Change and Governance which were felt to be critical to organisational development and

delivery in challenging times. The Peer Review identified both areas of strength and areas for improvement and made 20 recommendations in its report. The Council prepared an action plan to address the recommendations which was approved by Cabinet on 14/04/15. The Director of Corporate Services provided a **Peer Review Progress Update** to the Audit Committee on 19/04/16 which, for each of the 3 key areas of focus, identified what had been achieved and what was still to do. It was recognised that substantial progress had been made although there was still work to do and that going forward it was important to evaluate the impact of the actions taken.

- One of the results of the Corporate Assessment and Peer Review was that the Head of Legal, Democratic Services and Business Intelligence was tasked with undertaking a review of the Council's governance arrangements. To provide external assurance, the WLGA were asked to complete a **Corporate Governance Review**. The final report was presented to the Audit Committee on 28/06/16 with the overall conclusion that there were no significant flaws in the governance arrangements but there were improvements that could be made.
- The findings from the WLGA report were added to the Peer Review/Corporate Assessment Action Plan. A number of the actions were completed during 2016/17 and work will continue in 2017/18 to ensure all findings are addressed.
- The Wales Audit Office undertook a **Financial Resilience Assessment** of all Local Authorities across Wales including the City and County of Swansea. The review concluded that the Council has improved medium-term financial planning, but the pace at which planned savings are being made is too slow and accountability for delivering all savings proposals had yet to be resolved when the report was presented to Audit Committee on 20/09/16. Overall, the review concluded that the financial planning, control and governance arrangements were at medium risk.
- The Appointed Auditor's **Annual Audit Letter 2015/16** was issued in November 2016 and presented to the Audit Committee on 03/01/17. 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 Authority's and the Pension Fund's financial position and transactions. The letter also stated that *'The Auditor General for Wales is satisfied that the Authority has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources'*.
- The Wales Audit Office on behalf of the Auditor General for Wales presented the **Audit of Financial Statements Report 2015/16** to Audit Committee on 20/09/16 and to Council on 22/09/16. 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 concluded that the Auditor General intended to issue an unqualified audit report on the financial statements for both the City & County of Swansea and the City and County of Swansea Pension Fund.
- The Wales Audit Office has delayed the issue of the **Certificate of Compliance** in relation to the audit of the Corporate Plan 2017/18 as the

Council plans to act to comply with Local Government Measure 2009 arrangements by September 2017. The assessment is therefore scheduled to take place in August 2017.

- The Council is subject to **Statutory External Inspections** by various bodies including Wales Audit Office, ESTYN and CSSIW. ESTYN inspected 17 educational establishments during 2016/17 with inspection reports being provided to the Governing Body in each case. Work continued in 2016/17 to implement the 5 recommendations arising from ESTYN's Education Services for Children and Young People Inspection Report 2013/14. Progress reports were made to Cabinet throughout the year with the most recent report on 15/12/16 reporting that 1 recommendation had an Amber status (limited progress) and 4 had a Yellow status (good progress).

6.3 The Annual General Meeting of the Council held on 19/05/16 appointed the required number of Councillors to sit on the Boards of the companies included in the Council's Statement of Accounts. A change was made to the representatives on the Inter Authority Agreement for Food Waste board on 01/11/16.

6.4 The review of the governance arrangements which operated for 2016/17 in the City and County of Swansea has shown that in general they provide a sound system and there are no suggestions that major issues exist.

6.5 The evidence gathered as part of the governance review for 2016/17 i.e. the Internal Control Self-Assessment and the review of internal and external sources of assurance supports the view that the governance arrangements continue to be fit for purpose although a small number of issues were identified where improvements can be made which are highlighted in Section 7.

6.6 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.

7 Significant Governance Issues

7.1 The following table shows the significant governance issues which were identified during the review of effectiveness undertaken when preparing the Annual Governance Statement 2015/16 and the action taken during the year to address the issues.

Issue	Proposed Action	Action Taken
1. The Council's Code of Corporate Governance should be	The Code of Corporate Governance is to be reviewed in line with the CIPFA/SOLACE	The Code of Corporate Governance was updated in line with the CIPFA/SOLACE Guidance. The Annual Governance

<p>updated to ensure compliance with the core and sub principles contained in the revised CIPFA/SOLACE Delivering Good Governance in Local Government Framework</p>	<p>Guidance Notes for Welsh Authorities due to be published in September 2016.</p>	<p>Statement for 2016/17 is based on the new Code of Corporate Governance.</p>
<p>2. There are potential governance issues as a result of the proposals for the new Business Support model across the Council arising from the Corporate Services Commissioning Review.</p>	<p>The transition to the new Business Support model will be carefully managed to ensure it is managed effectively and any changes will have due regard to governance, corporate grip and control.</p>	<p>Full Council agreed a new structure in March 2017 for implementing the new model of business support.</p> <p>The WAO undertook a Governance themed review of all Councils in Wales and in Swansea during Nov 16. The purpose of the review was to provide assurance that Councils' governance arrangements are well-placed to respond to future challenges and to identify opportunities to strengthen them. The focus of the review was on Councils' governance arrangements for determining service changes. The main question the review sought to answer was:</p> <ul style="list-style-type: none"> • Does the Council have effective arrangements in place to ensure good governance when

		<p>determining service changes?</p> <p>In Swansea, WAO focussed their study on the Council's commissioning process as the main means of implementing service change. The Council is waiting for the report to be published.</p>
<p>3. A system should be developed to record relevant delegated decisions made by officers.</p>	<p>An appropriate system will be developed to record delegated officer decisions which could include the use of financial thresholds to ensure consistency across the Council and agreement between Cabinet Members and relevant officers on which delegated decisions should be recorded.</p> <p>The agreed system will be implemented by publishing relevant decisions on the Council website.</p>	<p>The Head of Legal, Democratic Services and Business Intelligence commenced a review of this in 2016/17 which is due to be concluded in 2017/18.</p>
<p>4. The process for producing the Annual Governance Statement should be reviewed to broaden the officer contribution to the process and to ensure that it is a live process</p>	<p>A representative group from across the Council will be set up to meet regularly to review the Annual Governance Statement.</p> <p>The group will review the current Annual Governance Statement to identify</p>	<p>The Annual Governance Statement Group was set up in 2016/17, tasked with the compilation of a revised Corporate Code of Governance and Annual Governance Statement. The Group meet regularly to discuss governance issues provides updated to the Audit Committee, the Corporate Management</p>

throughout the year rather than a retrospective year-end process	where the format can be improved to promote a wider understanding and ownership of the Statement.	Team and Cabinet when necessary.
--	---	----------------------------------

7.2 The following table identifies issues which have been identified during the review of effectiveness and also highlights any other significant governance issues that need to be considered, together with the proposed actions to be taken during 2017/18 to address the issues.

Issue	Proposed Action
Regionalisation and associated governance issues	Senior Officers time will continue to be devoted to developing regional working and joint committee structures, particularly in relation to the City Deal and any other emerging work. Work in this area is ongoing and will continue into 2017/18.
Major Projects (including Capital Schemes)	Significant Officer time will continue to be committed to relevant projects in 2017/18. Wider issues in relation to support to schemes from a Legal, Finance, Procurement and Governance view point will be reviewed and address during 2017/18 in line with the ongoing Capital Commissioning Review.
Ongoing Council restructures and consideration of remaining Officer Capacity	Senior Officers are aware of the governance risks resulting from continued and ongoing reductions in resources. This will be monitored throughout 2017/18. The retention of the Director of Resources position will ensure overall corporate governance and control issues are identified and addressed where necessary. The roles of the Section 151 Officer and the Director will continue to be split to ensure adequate segregation is in place

	and to allow for arrangements to be effectively challenged throughout 2017/18.
Risk Management	A new risk policy and framework will be reported to Council for adoption, which will then be implemented during 2017/18.
Public Service Board management and co-ordination	Current post-holders are leaving / going to different job. A temporary co-ordinator will be appointed for 1 year after which there will be a review.

7.3 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