

Appendix A

1. Scope of Responsibility

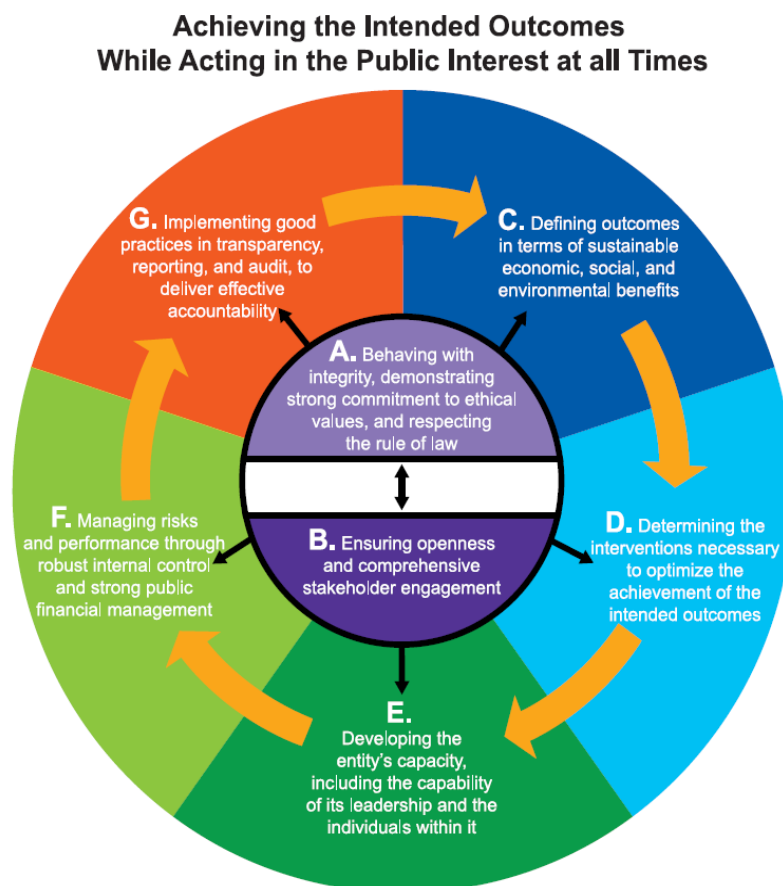
- 1.1 The City and County of Swansea is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the 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, which includes arrangements for the management of risk.
- 1.3 The City and County of Swansea adopted a Code of Corporate Governance on 24 August 2017, which is consistent with the principles of the new CIPFA/SOLACE Framework '*Delivering Good Governance in Local Government 2016*'. A copy of the Code can be found on the Council's website.

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 2020 and up to the date of approval of the Statement of Accounts.

3. The Governance Framework

- 3.1 The Council has adopted a Code of Corporate Governance based on the “*Delivering Good Governance in Local Government*” framework published by CIPFA and SOLACE in 2016.



- 3.2 This Statement explains how the Council has complied with the Governance Framework and meets the requirements of the Accounts and Audit (Wales) Regulations 2014 (as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018). The Council aims to achieve a good standard of governance by adhering to the 7 key principles of the CIPFA/Solace 2016 Guidance.

- 3.3 The 7 key principles are:

- 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 strong public financial management.
 - G) Implementing good practices in transparency, reporting and audit to deliver effective accountability.
- 3.4 The application of the principles of good governance is summarised below which sets out supporting information for the 7 key principles.
- 3.5 **Note - This Governance Statement and the issues set out within are likely to continue to be materially affected by the COVID-19 pandemic. The full-scale of the impact that the Authority faces responding locally and nationally to the crisis remains unclear. In addition, the national lock down arrangements and the prioritisation of the response to COVID-19 has affected the preparation of the Statement. However, it should be noted that the Statutory Governance Chief Officers are resolved to maintain appropriate corporate grip to ensure that sufficient governance is maintained throughout this unprecedented crisis and during the recovery.**

Principle A

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

Sub Principles:

Behaving with Integrity

Demonstrating strong commitment to ethical values

Respecting the rule of law

How we do this:

- The behaviour and expectations of officers/members is set out in the Constitution, Officer and Member Code of Conduct and Protocol.
- The Monitoring Officer provides training on the code of conduct and ensures the highest standards of conduct by the authority, members and officers – including use of Council email protocol.
- The Standards Committee is responsible for monitoring and scrutinising the standards of Members.
- Member led authority principles with training to senior officers and Cabinet members.
- Compliance with a suite of policies/rules set out in the Constitution.
- The Constitution sets out requirements as to gifts and hospitality and there are regular reminders circulated to both officers and members.
- Adoption of Member Dispute Resolution Protocol.
- Officers/members declarations of interest.
- Officer Secondary Employment Policy.

- The Council's appraisal and recruitment system based on competencies, training and objectives underpin personal behaviours with ethical values.
- Commitment to working to promote high standards of performance based on the Nolan principles.
- Adoption of Welsh Government ethical ways of working.
- The Swansea Pledge.
- The Constitution contains comprehensive Procurement and Financial Procedure Rules.

- The Statutory officers and Members ensure compliance with legislative and regulatory requirements via a robust framework including the scheme of delegation, induction training, standing procedures and rules set out in the Constitution.
- Reports to Committees have legal/finance clearance.
- Robust Scrutiny and Call-In function.
- Robust audit challenge.
- External challenge from auditors, Ombudsman and other external agencies.
- The Monitoring Officer ensures the Council complies with statute and reports on any maladministration.
- An effective anti-fraud and corruption framework supported by a suite of policies i.e. whistleblowing.

Principle B

Ensuring openness and comprehensive stakeholder engagement

Sub Principles:

Openness

Engaging comprehensively with institutional stakeholders

Engaging stakeholders effectively, including individual citizens and service users

How we do this:

- The Council is committed to ensuring an open culture evidenced by open meetings and publication of agendas and minutes.
- A Forward Plan showing key decisions to be made by Council and Cabinet is published.
- There is appropriate Consultation and Engagement supporting the decision making process including annual budget consultation, co-production, engagement with trade unions and engagement with Disability and LGBT communities.
- There are Public questions at Council and Cabinet.
- There is engagement with children and young people to meet the requirement of the UNCRC.
- There is pre-decision scrutiny of Cabinet decisions and Call-In procedure
- Corporate and Directorate risks are published.

- The Council adopts a Team Swansea approach working as a whole Council and effectively engages with stakeholders to ensure successful and sustainable outcomes by:
 - targeting communications;
 - effective use of social media;
 - formal and informal meetings with key stakeholder groups i.e. External auditors, Welsh Government, Health board.
- The Council has an extensive range of partnerships to support the delivery of the Council's objectives including:
 - The Public Services Board.
 - The Safer Swansea Partnership.
- The Council has adopted the Community/Town Council Charter and facilitates the Community/Town Council forum meetings with the 24 Councils.

- The Council has appropriate structures in place to encourage public participation which is used to inform proposals and key decisions including:
 - A Consultation and Engagement framework.
 - "Have your Say" consultations on website.
 - The Scrutiny Programme Committee invites stakeholder contributions and participation.
 - An Annual Staff Survey with responses considered by CMT/Senior Management.
 - A Complaints Policy and Annual Report to assess organisational learning and change.
 - The appointment of Councillor Champions who provide a voice for under-represented groups.

Principle C

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

Sub Principles:

Defining outcomes

Sustainable economic, social and environmental benefits

How we do this:

- The Council has a clear vision which is set out in the Corporate Plan *Delivering a Successful & Sustainable Swansea* which prioritises 6 Well-being Objectives.
- Delivery of the Corporate Plan is monitored through the Council's Performance Management Framework with quarterly and annual performance monitoring by CMT/Cabinet.
- There is an Annual Performance Review.
- Annual Service Plans address the sustainability of service delivery along with key corporate priorities.
- There is monthly Performance and Financial Monitoring meetings held for each Directorate.
- There is a Corporate Risk Management Policy ensuring consistent application of risk registers and terminology and audit scrutiny.

- The Council takes a long term and sustainable view and balances the economic, social and environmental impact of policies and plans by:
 - Medium Term Financial Planning covering 3 financial years approved annually by Council.
 - Refresh of the Corporate Plan annually
 - Annual service planning.
- The Council's *Sustainable Swansea: Fit for the Future* programme seeks to modernise and transform the council to meet the longer term challenges and ensure sustainable provision of services.
- There is public and stakeholder engagement.
- Council has passed a motion on climate change.

Principle D

Determining the interventions necessary to optimise the achievement of the intended outcomes

Sub Principles:

Determining interventions

Planning interventions

Optimising achievement of intended outcomes

How we do this:

- The Council ensures that decision makers receive objective and rigorous analysis of options with intended outcomes and risks by:
 - written reports from Officers;
 - report clearance by legal, finance and Access to Services officers;
 - embedding of impact assessment in decision making process;
 - clear option appraisals reflected in reports detailing impact, risk and any best value considerations.
- The results of consultation exercises are fully considered by decision makers with consultation responses set out in report.
- Consultation on budget proposals is extensive and includes roadshows with staff.
- The Council has a Corporate Risk Management Policy.

- The Council has established robust planning and control cycles covering strategic and operational plans, priorities and targets which is achieved through:
 - A timetable for producing and reviewing plans on an annual basis.
 - Working with a consultation and engagement framework.
 - Quarterly and annual performance monitoring including achievement of national and local performance indicators.
- There is robust Medium Term Financial Planning.
- There is an Annual budget setting process in place including an extensive consultation exercise.

- The Council ensures the Medium Term Financial Strategy integrates and balances service priorities, affordability and other resource constraints by setting out any shortfall in resources and spending requirements in the context of service priorities.
- To ensure that the budget process is all inclusive there is regular engagement with members with robust scrutiny by the Service Improvement & Finance Scrutiny Performance Panel.
- Sustainable Swansea – Fit for the Future.
- The Council ensures the achievement of “social value” through the effective commissioning of service in compliance with CPR’s e.g. Beyond Bricks and Mortar (community benefit clauses in council contracts).

Principle E

Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Sub Principles:

Developing the entity's capacity

Developing the capability of the entity's leadership and other individuals

How we do this:

- The Council aims to ensure that Members and Officers have the right skills, knowledge and mind set to operate efficiently and effectively to achieve intended outcomes by:
 - adopting a comprehensive induction training programme for members and officers;
 - a Councillor Training Programme based on a Training Needs Assessment;
 - annual performance review of staff;
 - adoption of a mentoring scheme.
- Operational capacity is supported by the Transformation & Future Council objective to help tackle rising demand and reducing revenue budget.
- The Organisational Development Strategy aims to develop the right staff with the right skills to work in a sustainable way.
- There is engagement with benchmarking groups such as APSE, CIPFA.
- There is collaborative and partnership working including the Public Service Board, ERW.

- Effective shared leadership and understanding of roles and objectives is supported by:
 - The Leader and Chief Executive have clearly defined leadership roles.
 - The Chief Executive Appraisal and Remuneration Committee have responsibility for the appraisal of the Chief Executive.
 - There has been member led training with both senior officers and cabinet members.
 - There are regular 1-2-1 meetings with the Leader, Cabinet members, Chief Ex, CMT and Heads of Service.
 - The Transformation and Future Council objective and the Organisational Development Strategy.
- The Constitution sets out the Scheme of Delegation which is regularly reviewed.
- Annual appraisal and performance review.

Principle F

Managing risks and performance through robust internal control and strong public financial management

Sub Principles:

Managing risk

How we do this:

- Risk management is an integral part of decision making supported by:
- A revised Corporate Risk Management Policy with clear nominated officer responsibility.
- New risk register application.
- Monthly review of risks by CMT.
- Monthly review of Directorate Risks at PFM meetings.
- The publication of Corporate & Directorate Risks allowing greater scrutiny.
- The Audit Committee regular review of risks (see para 8.11)

Managing performance

- There are quarterly performance monitoring reports to Cabinet.
- Each Head of Service produces an Annual Service Plan setting out clear objectives and SWOT analysis of their service.
- There are regular reports as to performance indicators and milestones against intended outcomes.
- There is robust scrutiny challenge by pre decision scrutiny, inquiries and Call-In.
- Monthly Directorate Performance and Financial Monitoring meetings.

Robust internal control

- CIA provides independent assurance on the adequacy of internal control through the IA plan approved by the Audit Committee.
- The Audit Committee provides independent and objective assurance on effectiveness of internal control, risk management and governance arrangements.
- The Council is dedicated to tackling fraud and corruption and has an Anti-Fraud and Corruption Policy and Whistleblowing Policy
- The Audit Committee receives an annual report on the fraud function and Anti-Fraud Plan.
- The Internal Audit Plan is approved by Audit Committee.

Managing data

- The Council demonstrates effective safeguarding of personal data and information by:
 - The appointment of a Data Protection Officer.
 - The adoption of a Data Protection Policy.
 - An Information Governance Unit and Senior Information Risk Officer.
 - An information asset register
 - The Council is signed up to the Wales Accord for Sharing Personal Information (WASPI).
 - Data Protection training is mandatory.

Strong public financial management

- The Council ensures both long term achievement of outcomes and short term performance through the delivery of the Medium Term Financial Plan.
- Financial management is integrated at all levels of planning and control by:
 - financial implications are included in all decision making reports;
 - there is a specific Corporate risk around Financial Control and MTFP aspects of Sustainable Swansea owned by the S151 officer.

Principle G

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

Sub Principles:

Implementing good practice in transparency

Implementing good practices in reporting

Assurance and effective accountability

How we do this

- The Council aims to present understandable and transparent reports for both stakeholders and the public which is supported by:-
- - A Report Authors Protocol which ensures consistency in reports.
- A Clear Writing guide for Officers.
- All reports are signed off by Cabinet Member, legal, finance and Access to Services officers.
- The Council has a Publication Scheme which is available on the website.
- Where possible exempt reports are split so that the main report can be heard in public with confidential information being a separate exempt report.
- Reports are published on the website and agendas are published in the Welsh Language.

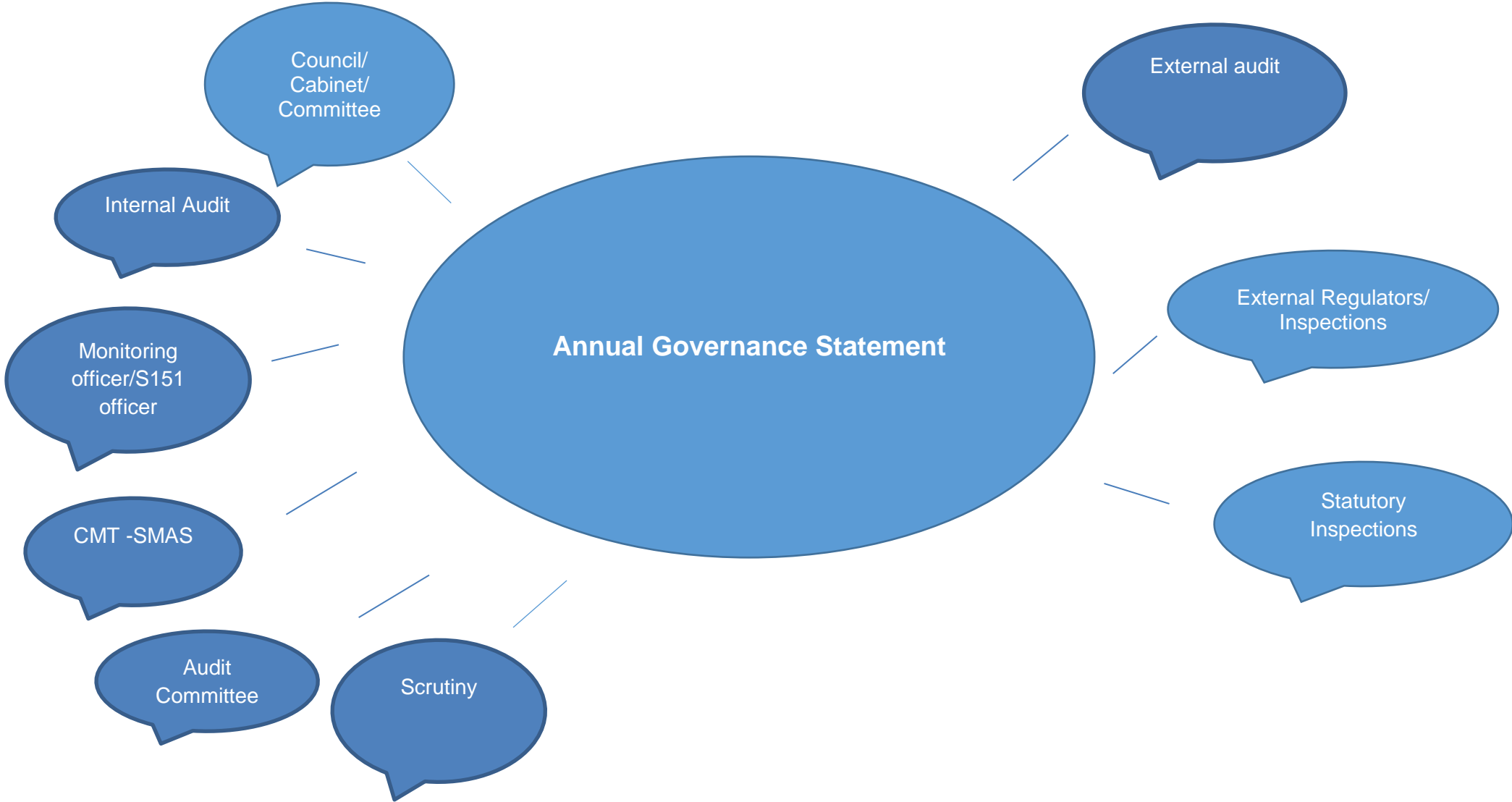
- The Council reports at least annually on performance as evidenced by:
 - Quarterly and annual reports to Cabinet on performance.
 - An annual Review of Performance report setting out how the Council has performed in meeting its Corporate Objectives.
 - The Annual Statement of Accounts audited by external auditor and approved by Council and published demonstrates how the Council has achieved performance, value for money and the stewardship of resources.
- Senior Managers complete Senior Management Assurance Statements (SMAS) reflecting performance against governance, risk management and internal control. The SMAS contribute to the Annual Governance Statement.
- The Council have adopted the Code of Corporate Governance based on CIPFA framework.

- Through the assurance mechanisms set out below the Council can demonstrate effective accountability:
- The Internal Audit work plan provides assurance on the council's control mechanisms, risk management and governance arrangements which is monitored by the Audit Committee.
- All agreed actions from Internal Audit reviews are monitored.
- Reports and plans to implement WAO and Internal Audit recommendations reported (as relevant) to Scrutiny and Audit Committee.
- Peer Review and inspection from regulatory bodies and external compliance reviews which are reported to CMT/Cabinet and used to improve service delivery.
- There is Scrutiny and audit review of WAO reports and action plans.
- Assurance on risks associated with delivery of services through third parties is achieved by:
 - Commissioning and monitoring arrangements and compliance with Contract Procedure Rules.
 - SMAS reflect risk assessments in relation to partnership/third party working.

Annual Governance Statement 2019/20

Internal Assurance

External Assurance



4. Review of Effectiveness

4.1 The City and County of Swansea annually reviews the effectiveness of its governance framework including the system of internal control.

- (a) Statements from Corporate Management Team (CMT), Statutory Officers, the Internal Audit Manager and the Audit Committee.
- (b) External organisations i.e. Wales Audit Office and regulators.
- (c) Core evidence mapped to Council, Cabinet and Committees.

4.2 The following highlights the review of the governance framework in order to compile the Annual Governance Statement and sets out the assurance of CMT, officers and external organisations.

INTERNAL SOURCES OF ASSURANCE

5 Corporate Management Team/SMAS

5.1 The Senior Management Assurance Statements (SMAS) form part of the governance assessment framework. Through the SMAS each Director responds to 15 good governance statements covering:

- Risk Management
- Partnership/Collaboration governance
- Compliance with Policies/Rules/Legal & Regulatory requirements
- Programme and Project Assurance
- Budget Monitoring
- Planning and Decision Making
- Internal Control Environment
- Fraud & Financial Impropriety
- Performance Measurement & Management

5.2 The Directors assess assurance using a 5 point maturity scale for their areas of responsibility ranging from “Not in place” to “Embedded”. Directors are expected to consult with their Heads of Service to support a directorate approach to each statement.

5.3 The Four SMAS from the Directors of Corporate Resources, Social Services, Place and Education are challenged and reviewed at CMT. The Director of Social Services submitted a SMAS for the directorate and a further two, one each for Adult Services and Child & Family.

5.4 The assurance statements summarised by 9 categories showed overall that there were no categories that were deemed as being “Not in place” or with “Limited Application”. A small number (4.6%) of categories were regarded as showing “Mixed Application”. These categories were: Performance Reviews (2); Data breaches / security (2); Partnership Governance (1) and Future Generations Act (1). These have been captured in the significant governance

risks for 2020/21 where relevant. However, 69% demonstrated “Strong Application” and 26% were described as “Embedded”.

- 5.5 The Council established an Annual Governance Group for the purpose of challenging the SMASs and assisting and overseeing the development of the Annual Governance Statement. The Group is led by the Deputy Chief Executive and members include the Council’s Section 151 Officer and Monitoring Officer, as well as the Strategic Delivery & Performance Manager and a member of the Audit Committee. The Chief Internal Auditor attends in an advisory capacity. The work of the Group in reviewing the SMASs and finalising the Annual Governance Statement and CMT in reviewing and approving the SMASs and Statement was disrupted by the COVID-19 situation. CMT reviewed the SMAS and draft Annual Governance Statement on 11th May 2020. The Significant Governance Issues for 2020/21 as identified by CMT are those set out below.

6. The Monitoring Officer

- The Chief Legal Officer is the Monitoring Officer with a specific duty to ensure that the Council, Officers and Members maintain the highest ethical standards of conduct. The Standards Committee has the responsibility for monitoring the ethical standards of conduct and to deal with any breaches of the Code referred to the Committee by the Public Service Ombudsman (PSOW).
- In 2019/20 the Monitoring Officer was notified of 14 complaints relating to members conduct by the PSOW. The PSOW decided not to investigate 10 of those complaints. Three complaints were investigated with no outcome yet and 1 complaint is outstanding. There are regular PSOW bulletins circulated to all councillors as to Code of Conduct issues.
- During 2018 and 2019 the Standards Committee interviewed the Leader, Leaders of the Opposition, the Chairs of Planning, Democratic Services and Licensing Committees and the Chief Executive. All those interviewed indicated their support for the Code of Conduct and their commitment to maintaining the highest ethical standards amongst councillors.
- An audit of officer gifts and hospitality was undertaken in 2018/19 with recommendations to improve consistency across departments. Members and officers are required to register their personal interests, gifts and hospitality with regular reminders sent out by the Head of Democratic Services. A Gifts and Hospitality Policy is currently under review.
- The Monitoring Officer has not had to issue any statutory Section 5 Local Government and Housing Act 1989 reports during 2019/20.
- A number of amendments to the Constitution were adopted by Council including a new Call-In procedure enabling greater scrutiny of Cabinet decisions and changes to the Financial Procedure and Contract Procedure Rules. Further work is being undertaken by the Monitoring Officer and Head of Democratic Services in terms of publication of officer delegated decisions. At the outset of

COVID-19 it was anticipated that emergency decisions would need to be made rapidly and also set in the context of new emerging legislation which would need to be monitored on a daily basis.

- The Deputy Chief Executive has overall responsibility for governance and as part of his strengthening of governance arrangements has presented the assurance framework to audit committee.

7. The S151 Officer

- Quarterly **Financial Monitoring Reports** were presented to Cabinet throughout 2019/20. The reports consistently identified some service revenue budget overspends at year end, albeit reducing throughout the year and by third quarter down to a miniscule margin of variation, so that underspend was as likely as overspend based on available information and stressed the need for service expenditure to be if at all possible contained within the budget set by Council. Towards the year-end the local Health Board settled £5m of long standing debt, for which full bad debt provision had been made, enabling Social Services to record a £5m one off underspend. Total service underspending has now been confirmed (at just under £7.5m) and is an extremely good outcome. On even more positive note the equally fully planned substantial continued underspending on capital financing (£7.5m) and contingency and central inflation (around £6m) has enabled sums to be added to the capital equalisation reserve and carried forward on contingency which is a prudent way of planning for and addressing some of, the future certain increased costs of financing the ambitious mid-term capital programme and the uncertainty of COVID-19.
- No **Mid Term Budget Statement 2019/20** was presented this year given the substantially delayed settlement due to the December General Election but the **Review of Reserves** was presented to Council on 24/10/19 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 potentially struggle to deliver within the overall resources identified to support the budget in 2020/21 and beyond unless the local government settlement was much enhanced (which was duly confirmed by February 2020). The likely projected outturn was dependent upon the willingness and ability of the Council to reduce and restrict ongoing expenditure across all areas.
- The Revenue and Capital Budgets were approved by Council on 05/03/20. They continued to set out an ambitious programme of approved capital spending plans and future capital spending plans (partly financed by the Swansea Bay City Deal but predominantly by unsupported borrowing) which would require budget savings to be delivered to help facilitate that major capital investment and economic regeneration stimulus. These plans are likely to be materially affected by COVID-19. It remains entirely unclear as to the scale of additional spending, the loss of income, and the funding arrangements for reimbursement in part, or in full, that the authority faces in responding both locally, with partners, and supporting the national strategic response to the

COVID-19 pandemic. The impact was not directly financially material on the 2019-20 accounts but the national lock down arrangements and the prioritisation of the response to COVID-19 may have impaired our ability to fully prepare the accounts to our normally exceptionally high standards in line with accounting standards. Any necessary deviation caused will be disclosed separately throughout these accounts. The impact will be very financially material for the 2020-21 accounts (many tens of millions of pounds) but its net impact is less clear: by way of exemplification our increased costs, and lost income, will far exceed available reserves so the presumption is that all, or the very vast bulk of all, costs will be reimbursed by partners, Welsh Government or UK government through contributions or grant. The S151 officer triggered the necessary mechanisms for the Emergency Financial Assistance Scheme with Welsh Government in March 2020.

- The **Medium Term Financial Plan 2021/22 – 2023/24** was approved by Council on 05/03/2020. The Plan outlined the range of options around funding faced by the Council over the period, the key reliance on the scale and value of future local government finance settlements and the strategy to be adopted to address the various scenarios as well as the inherent risks to the success of the adopted strategy. All spending and funding assumptions were set before the full substantial economic scale of the COVID-19 pandemic was fully apparent. Whilst the Authority will consider future spending plans in line with projected funding announcements there is no indication at present that any of the assets of the Authority may be impaired as a result of a need to close facilities and reduce the level of service provision.
- 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.
- The **Wales Audit Office Annual Audit Summary 2019** dated March 2020 (and referred to below) noted that the Council has put in place proper arrangements to secure value for money from the resources it uses. Significant challenges remain particularly in terms of delivering timely transformation against the backdrop of a challenging financial position. . This reflected external auditor concerns that the Council continues to face a significant financial challenge and needs to deliver its savings plans at the pace and scale required whilst controlling service spending within budgets. The Council is seeking to address this through a refresh of its programme for transformation to ensure that planned actions are of sufficient scale and pace.
- The Council is the Administering Authority for the City and County of Swansea Pension Fund (the Pension Fund) and Swansea Bay Port Health Authority (SBPHA). The governance arrangements detailed in this Annual Governance Statement apply equally to the Council's responsibilities to the Pension Fund and SBPHA. There are further specific requirements for the Pension Fund which are:

- Investment Strategy Statement.

- Internal Dispute Resolution Process.
- Funding Strategy Statement.
- Administration Strategy Statement.
- A full actuarial valuation to be carried out every third year.
- Communications Strategy Statement.

8. Chief Internal Auditor's Internal Control Opinion

- 8.1 The system of internal control is designed to help the Council manage and control the risks which could affect the achievement of the Council's objectives. However it is not possible to eliminate all risks completely.
- 8.2 This means that Internal Audit can only provide 'reasonable' assurance that the systems of internal control within the areas of the Council reviewed are operating adequately and effectively.
- 8.3 There has been a marginal increase in the number of audits receiving a moderate level of assurance since 2018/19. The Audit Committee has been made aware of the various moderate assurance reports that have been issued in 2019/20 as the summary details of these audits have been included in the quarterly monitoring reports. In addition, the committee has received updates from the relevant client department representatives for all of the moderate reports issued in year. A consistent theme running through the majority of the moderate audits issued in year has been in relation to reduced resources, resulting in a failure to adhere to standard control procedures. There has also been a marginal decrease in the number of audits with a high level of assurance. However, it should be noted that in both cases, the variance only represents 1% of the overall audit universe.
- 8.4 There are 14 audits which are classed as fundamental audits. The fundamental audits are the systems that are considered to be so significant to the achievement of the Council's objectives that they are audited either annually or bi-annually. Following the audits completed in 2019/20, 11 of the 14 fundamental audits have a high level of assurance. Two have a substantial level of assurance (Accounts Payable and NNDR/Business Rates) and one has a moderate level of assurance (Accounts Receivable).
- 8.5 Prior to the most recent audit, the NNDR/Business Rates audit had received consistent high assurance ratings and had therefore been subject to an audit every two years. However, as a result of the findings of the most recent audit in 2019/20, a substantial level of assurance was awarded and as a result this audit will be completed on an annual basis going forward.
- 8.6 The Accounts Payable audit received a substantial assurance rating in 2019/20 as was also the case in 2018/19 and so this also continues to be audited on an annual basis.
- 8.7 The Accounts Receivable audit received a moderate assurance rating in both 2018/19 and 2019/20. The Audit Committee have received a number of updates

from the client department in relation to the work that is ongoing within the department to address the issues that have been identified. The Audit Committee will continue to receive updates on this throughout 2020/21. (Please note that due to the timing of the draft reports being issued and the onset of the COVID-19 crisis, the NNDR/Business Rates, Accounts Receivable and the Housing and Council Tax Benefits audit reports remain at draft stage at the time of writing this opinion).

- 8.8 It is disappointing to note that one of the fundamental audits received a second moderate assurance rating in 2019/20. As detailed in updates provided to the Audit Committee from the client department, the reasons for the weaknesses identified in this area are in relation to reduced resources. As noted in previous annual reports, continuity and maintenance of core grip with changing, and more often diminishing, resources was a recognised clear challenge across the Authority and this continues to be the case.
- 8.9 Despite this it should be noted that of the 14 fundamental system audits, 11 have a high assurance level and two have a substantial assurance level. In addition, the results of the work undertaken in 2019/20 shows that as at the 31/03/20, 94% of all of the audits listed in the audit universe have either a high or substantial assurance rating. This provides reasonable assurance that across the Authority the systems of internal control are operating effectively.
- 8.10 Throughout the year, a significant amount of effort has been directed at further strengthening the systems of risk management across the Authority. Audit Committee receive regular update reports from the Strategic Delivery and Performance Manager outlining the status of key risks to further strengthen assurance in this area. The Corporate Management Team and Risk Owners have also reviewed the risk register entries regularly throughout the year to ensure the register is up to date and all mitigating controls have been captured and documented. A new Risk Management System has also been introduced in the year which should ensure monitoring and control of risk is greatly improved.
- 8.11 As per the Terms of Reference, the Audit Committee must be satisfied that they have sufficient information in order to gain assurance over the risk management controls across the Council. Prior to the introduction of the new Risk Management System, the Committee highlighted concerns over the amount of information that was available to Members to allow them to discharge this responsibility. These concerns were also echoed by the Council's External Auditors. It is envisaged that the introduction of the new Risk Management System will facilitate greater scrutiny of the risk management arrangements in place by the Committee. However, it should be noted that at present, the members of the Audit Committee do not have access to the new system.
- 8.12 In addition, further developments in the year have seen a member of the Audit Committee joining the Governance Group which is tasked with overarching responsibility for ensuring existing corporate governance arrangements are effective. However, it should be noted that there have been very few meetings

of the Governance Group throughout 2019/20 and as a result there has been little focus on the Annual Governance Statement throughout the year.

- 8.13 Each of the Corporate Directors has attended Audit Committee meetings throughout the year to outline governance, risk and control arrangements in place within each directorate. These improvements have further strengthened the overall assurance provided to the Audit Committee.
- 8.14 At the time of writing this opinion, it is unclear as to the scale of additional spending, loss of income and funding arrangements for reimbursement in part, or in full, that the authority faces in responding both locally, with partners, and supporting the national strategic response to the COVID-19 pandemic. We are also aware that the Council's emergency response has necessitated some rapid changes to working practices, controls and authorisation channels for approval and decision making by Senior Officers and Councillors. However, it should be noted that the Statutory Governance Chief Officers are resolving to maintain appropriate corporate grip to ensure that sufficient recording and reporting mechanisms are maintained throughout this unprecedented crisis.
- 8.15 The impact of the pandemic was not directly financially or operationally material on the 2019/20 internal audit plan. As a result, the impact of the crisis is not yet reflected in the audit universe as the crisis commenced at the latter end of the financial year. However, it should be noted that the national lock down arrangements and the prioritisation of the response to COVID-19 may have impaired the Council's ability to fully comply with normal operating procedures at all times during March and beyond.
- 8.16 The impact of the crisis will be financially and operationally material for the whole of 2020/21. It will affect council spending, income, controls and even directly affect our ability to meaningfully deliver the audit plan, particularly during the lock down phase. Throughout this period, the audit team is refocusing its efforts to support the Council to deliver its immediate, urgent response to the crisis. It is hoped that once the current restrictions are eased, the audit team can slowly begin prioritising audit work in the subsequent expected recovery phase.
- 8.17 The Audit Committee and the Council's External Auditors have raised a number of concerns throughout the year in relation to risk management arrangements and also in relation to the lack of pace with which Directorates have been able to deliver agreed savings targets. These concerns are echoed by the Chief Auditor and the Chief Finance Officer and the programme of planned audits for 2020/21 will seek to provide the Committee with some clarity on these issues.
- 8.18 Overall, based on the work undertaken in 2019/20, I am satisfied that Internal Audit can provide reasonable assurance that the systems of risk management, internal control and governance established by the Council are operating effectively and that no significant weaknesses were identified in 2019/20 which would have a material impact on the Council's financial affairs or the achievement of its objectives.

9. The **Audit Committee**

- 9.1 At the time of writing this report the Council is facing unprecedented and challenging times as a result of the COVID-19 virus. As a result some Audit Committee meetings have been cancelled to enable valuable staff resource to be deployed to areas of greatest need. The Chair acknowledges that Council are endeavouring to maintain continuity of governance arrangements through this challenging time.
- 9.2 The Chair pays tribute to all staff and officers of the Council as well as the Council Partners' for their commitment and work being achieved to maintain services and support in such challenging circumstances.
- 9.3 On 11th June 2019 the Audit Committee considered the election of Chair for 2019-20 Municipal Year where it was resolved that Paula O'Connor be elected Chair. At the same meeting Councillor P R Hood-Williams was elected Vice-Chair for the 2019-20 Municipal Year.
- 9.4 In the 2018/19 Annual Report the Audit Committee gave an ongoing commitment to progressing the necessary action to address the Wales Audit Office recommendations. The Committee at every meeting reviewed progress against those recommendations with the aim of developing and strengthening the Committee's effectiveness in fulfilling the Committee's terms of reference.
- 9.5 The presentation on the Assurance Framework and the reporting on the Council's Risks was a significant step forward in 2018/19 in improving the Committee's ability to reflect on the effectiveness of governance, risk management and control that supports and informs the Council's Annual Governance Statement. However, the development and roll out of a new electronic risk management system was delayed during the year and the Chair and Audit Committee members have expressed concern that in the absence of a robust system that this will need to be highlighted in the Council's Annual Governance Statement at the year end.
- 9.6 We have reviewed the work programme at each Committee meeting, taking account of risk and priorities.
- 9.7 The Chair and Chief Internal Auditor attended the All Wales Audit Committee Chairs network in October 2019. The Network was established across all local Authorities in Wales, to bring together Chairs in an environment where there is opportunity to network, share ideas and problem solve with peers performing similar roles. The WGLA sponsored the event, and agenda items were delivered by WAO and CIPFA, with contributions from Heads of Internal Audit and Chairs. Within the governance item the Network received a particularly informative overview of the proposed changes to the role of the Audit Committee through the Draft Local Government and Elections (Wales) Bill. The Bill proposes to expand the remit of the Committee, through a renaming of the Committee as Governance and Audit Committee, and expanding its responsibilities into areas of performance management. The Bill also proposes changes to the composition of the Committee, with minimum proportions of lay

members (1/3 of Committee) and the requirement for a lay chairperson. The Committee will be keen to understand how its responsibilities may increase through the Bill, and to ensure it effectively responds and continues to discharge its role comprehensively. The Wales Audit Office will be asked to deliver a session of practical guidance and support to our next Chairs' Network, scheduled for July 2020. The Network will meet again in July 2020.

- 9.8 The Audit Committee terms of reference states that the Committee “oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.”
- 9.9 The Committee received the 2019/20 Internal Audit Plan and Charter on 9th April 2019 and has received reports regularly during the year from the Chief Internal Auditor. The Chair has expressed her gratitude to the Chief Auditor in responding to a request to enhance the detail in the reports to provide further understanding of the work undertaken and the risks identified. During 2019/20 the Chief Auditor reported a number of Moderate Assurance audit reports that resulted in those responsible attending Audit Committee to give assurance that appropriate action was being taken where significant weaknesses in control were identified.
- 9.10 The Wales Audit Office presented their 2019 Audit Plan to the Audit Committee on 9th April 2019, and has provided the Committee with regular updates to their work. In 2017/18 the Chair suggested that consideration be given to developing a tracker to give focus to improved completion of external audit recommendations. This work is yet to be completed but the Chair acknowledges that Scrutiny Committee has the opportunity to challenge non-implementation of recommendations as well as the Audit Committee.
- 9.11 The Chair has met during the period with the Deputy Chief Executive, S151 Officer, Monitoring Officer, Chief Internal Auditor and the Wales Audit Office. A meeting is being arranged with the Chief Executive to communicate Audit Committee concerns in a number of key risk areas that include, robustness of Directorates saving plans, workforce pressures, risk management arrangements and reporting of risk to Audit Committee, production of Annual Governance Statement and the role of the Governance Group.
- 9.12 At the meeting on 9th April 2019 the Committee received the Corporate Fraud Teams Anti-Fraud Plan for 2019/20 that was similar to the plan in 2018/19. The Corporate Fraud Team informed the Committee that the work of the Team was largely reactive due to the limited resource. The Committee endorsed the plan subject to ongoing review of the resource position by the Council's Corporate Management Team and referral to Council for approval.
- 9.13 The Head of Legal, Democratic Services & Business Intelligence (Monitoring Officer) presented the draft Annual Governance Statement 2018/19 at the meeting in August 2019. A final draft was received at a special meeting of the Audit Committee on 16th September 2019. The Annual Governance Statement was presented to full Council as part of the Statement of Accounts on 29 August 2019.

- 9.14 The Chair attended the Scrutiny Panel Conference 10th June 2019 and also Scrutiny Panel on 8th July 2019.
- 9.15 The Committee discussed the concern regarding the cost of the capital programme, the level of reserves, the risk to the Authority and the need to scrutinise the risk. Also, it was noted that a recovery plan should be developed on how the Council plans to deal with overspends and that the Audit Committee should be provided with regular budget variation reports. The Chief Finance Officer / Section 151 Officer agreed to provide this information to future meetings.
- 9.16 Looking forward to 2020/21, the unprecedented challenges that are ongoing with the COVID-19 virus will clearly have an impact on the Council's governance and finance arrangements during the early to mid-part of the year. The April 2020 meeting of the Audit Committee was cancelled and the meeting in May 2020 is due to be held remotely. However, it is clear that maintaining performance and managing the financial challenges the Council faces will continue as will the need to address the demands emerging from COVID-19. Within this context, the importance of an effective Audit Committee remains critical and the Committee is committed to enhancing its effectiveness through an ongoing training programme, delivering against the Wales Audit Office efficiency improvements and liaising with Officers to enhance the information that the Committee receives. The Committee will keep the Work Programme under regular review and will ensure that the Work Programme contains the critical challenges that the Council faces.

EXTERNAL SOURCES OF ASSURANCE

10. External Auditors

- The WAO audit work in 2018-19 included a follow-up review of the Auditor General for Wales 2015 national report 'Delivering with Less – Leisure Services'. Following a commissioning review of the Council's Cultural services, on 1 October 2018, seven Council leisure centres transferred to Freedom Leisure, a not-for-profit organisation to manage and operate these facilities for a period of 19.5 years. Their review looked at the Council's Cultural services commissioning review and decision-making arrangements in transferring these leisure centres to a not-for-profit organisation. The WAO audit concluded that: the Council has contracted out the future management of its leisure centres, but lacks a full strategic plan to evaluate the leisure service's contribution to achieving the Council's objectives.
- WAO audit work in 2018-19 also included a follow-up review of our 2014 report into the Council's arrangements to support safeguarding of children. WAO also considered the Council's progress in implementing the recommendations contained in the Auditor General's report, 'Review of Corporate Safeguarding Arrangements in Welsh Councils' (July 2015). Overall, WAO found that: The Council has addressed most of the recommendations in our previous national and local safeguarding reports but should strengthen some aspects of its

corporate safeguarding arrangements. WAO made further proposals for improvement to the Council in this regard.

- WAO were satisfied the Council has met its legal duties for improvement planning and reporting and is likely to meet the requirements of the Local Government Measure (2009) during 2019-20.
- WAO undertook the Well-being of Future Generations examination in 2018-19 that considered the extent to which the Council has acted in accordance with the sustainable development principle in developing its new approach to employability, called 'Swansea Working'. WAO concluded that the Council is acting in accordance with the sustainable development principle in developing and implementing the 'step' ('Swansea Working' is an explicit element of Council strategies to tackle poverty and prevention), but there are opportunities to further embed the five ways of working.
- **Wales Audit Office Annual Audit Summary 2019** dated March 2020 (and referred to below) noted that the Council has put in place proper arrangements to secure value for money from the resources it uses. Significant challenges remain particularly in terms of delivering timely transformation against the backdrop of a challenging financial position. This reflected external auditor concerns that the Council continues to face a significant financial challenge and needs to deliver its savings plans at the pace and scale required whilst controlling service spending within budgets. The Council is seeking to address this through a refresh of its programme for transformation to ensure that planned actions are of sufficient scale and pace.
- The Wales Audit Office on behalf of the Auditor General for Wales presented the **Audit of Financial Statements Report 2018/19** to Audit Committee on 13/8/19 and to Council on 29/08/19. 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 Auditor General issued an unqualified audit report on the financial statements and the report concluded that the financial statements for both the City & County of Swansea and the City and County of Swansea Pension Fund, (which was presented to the Pension Fund Committee on the 12/9/19), gave a true and fair view of the financial position of the Council and had been properly prepared.

11. Statutory external inspections/regulators

The Council is subject to Statutory External Inspections by various bodies including ESTYN and Care Inspectorate Wales (CIW).

- CIW reported on its inspection of services for children living in Swansea in October 2018. Overall, CIW found good quality practice in Swansea Council children's services, with positive outcomes being achieved for many children and young people. CIW also issued a Local Authority Performance Review and concluded that Swansea Council is a learning organisation and fully aware of its strengths and areas in need of improvements and have a proactive approach

to improvement and ensuring positive outcomes; however this is an ongoing significant challenge due to budgetary and workforce issues.

- The Estyn profile of school inspections for 2019-2020 is very positive in all sectors. Between the summer term 2019 and spring term 2020, 13 schools were inspected by Estyn in Swansea. 12 schools were judged to be good or excellent in all of the five areas that are inspected under the current framework. One school was judged adequate in the area of teaching and learning but good in all other areas. All inspection results and recommendations, as well as other intelligence, is discussed in regular meetings and appropriate support and challenge through the advisory team is identified as a result. Overall the picture for Swansea compared to other authorities is very positive and against the trend of inspection results across Wales.

CORE EVIDENCE

12. Council & Cabinet

The following provide assurance based on reports covering 2019/20. In some instances reports from 2018/19 are reflected in the Annual Governance Statement as the reports for 2019/20 are not yet available.

- Council adopted a revised Corporate Plan 2019/22 *Delivering a Successful and Sustainable Swansea* on 25 October 2018. The Corporate Plan for 2019/22 was refreshed and approved at Cabinet on 19th March 2019 and was refreshed again and approved by Cabinet on 19th March 2020. The Corporate Plan sets out the Council's values and principles underpinning the delivery of the objectives and sets out how the Council will monitor progress through quarterly and annual performance monitoring reports.
- Performance on delivery of the Council's Well-being Objectives is monitored quarterly by Cabinet. Quarterly Reports during 2019/20 contain outturn compliance with performance indicators and an overview of performance for each Objective provided by Directors/Heads of Service. The End of Year Performance Monitoring Report for 2018/19 was presented to Cabinet on 15th August 2019. End of Year 2019/20 and Quarter 1 2020/21 Performance reporting has been suspended for the time being during the COVID-19 response; reporting will resume as soon as possible in line with the Council's COVID-19 recovery plans.
- The Annual Review of Performance 2018/19 was approved by Cabinet on 17th October 2019 in accordance with the publishing requirements of the Local Government (Wales) Measure 2009. The report showed the results of each performance measure for the 6 Objectives set out in the Corporate Plan 2018/22. The results showed that overall the Council has made significant progress undertaking the steps to meet its Well-being Objectives but that there were areas for development and lessons learnt.

- The Corporate Complaints Policy is in line with the Welsh Government Model Complaints Policy and was in place throughout 2019/20. It enables the public to tell the Council what they think about services. The Corporate Complaints Annual Report 2018/19 was presented to Cabinet on 23rd January 2020. The report reflects the continued emphasis on prompt resolution of complaints and includes compliments about services. Whilst the total of complaints to the Public Service Ombudsman for Wales increased from 62 to 83 only 1 was upheld, 9 were resolved by quick fix/voluntary settlement, 1 was not upheld and the remaining referrals were either out of jurisdiction, premature or closed after initial consideration. There was an assurance that there were no s 16 Public Interest reports during the year.
- The Audit Committee Annual Report 2018/19 was presented to Council on 24th October 2019 and outlined the assurance the Committee had gained over control, risk management and governance from various sources over the course of 2018/19. In particular, the report highlighted the work that had been undertaken throughout the year in line with the Committee's terms of reference. The report also provided an update on the implementation of the actions arising from the Performance Review facilitated by the Wales Audit Office.
- The Equality Review Report 2018/19 was reported to Cabinet on 19th September 2019, which highlighted progress against the Equality Objectives. The report highlighted work linked to the core principles i.e. co-production, engagement and embedding of children's rights.
- The Welsh Language Annual Report 2018/19 reflected progress and compliance on the 169 Welsh Language Standards with which the Council has to comply. The report contained an overview of activity and how the Council internally promotes the Welsh Language Standards with tools and information. The report concluded that good progress continued to be made on implementing the Welsh language standards during 2018/19 and general feedback indicated that officers were more educated and much more aware of the need for compliance than they were previously.
- There were a number of key reports presented to Cabinet/Council during 2019/20 including reports relating to the Swansea Bay City Deal and a number of Cabinet responses to Scrutiny reports.

13. Committees

- The **Scrutiny Programme Committee (and established Scrutiny Panels and Working Groups)** met throughout 2019/20 and were supported by the Council's Scrutiny Team. The scrutiny function is delivered through the Scrutiny Programme Committee (SPC) together with a number of Scrutiny Inquiry and Performance Panels. The SPC is a group of thirteen Scrutiny Councillors and other members who are co-optees who organise and manage what Scrutiny will look at each year. All scrutiny activity within the council is managed by the committee through a single workplan. Specific work is undertaken both through

the committee and by establishing informal panels (for in-depth activities) or working groups.

- The **Scrutiny Annual Report 2018/19** was presented to Council on 24th October 2019. The report highlighted the work carried out by Scrutiny, showed how Scrutiny had made a difference and supported continuous improvement for the Scrutiny function. It shows that the Scrutiny Programme Committee met on 14 occasions. In total, there were 95 panel and working group meetings during that municipal year with 2 Inquiries relating to the Natural Environment (completed) and Equalities (ongoing). Two Inquiry Panels reconvened to follow up actions agreed by Cabinet – CAMHS and Tackling Poverty. There was also pre decision scrutiny undertaken on a number of Cabinet reports and a high level of councillor commitment.
- There is a strong relationship with audit, inspectors and regulators. There are well-established links between the scrutiny function and Estyn, in respect of Education Services and School Improvement, and similarly with CIW (Care Inspectorate Wales), in respect of Audit Services and Child & Family Services. Respective Scrutiny Performance Panels are routinely provided with relevant reports from Estyn and CIW, and are discussed as required. All Wales Audit Office local performance audit reports and relevant national Wales Audit Office reports (those with implications for local government) are also included in the Scrutiny Work Programme (dealt with by the Committee or relevant Performance Panels) and there is co-ordination with the Audit Committee. Scrutiny considers the Council's response / action plans following WAO reports and follows up progress as necessary. Regional scrutiny continues with ERW and Swansea Bay City Region City Deal. The Swansea Scrutiny Team is providing support for the ERW joint scrutiny arrangement.
- There was a positive external assessment of our scrutiny arrangements from the Wales Audit Office Review of Scrutiny 2018, and Care Inspectorate Wales inspection of Child & Family Service and Foster Swansea. A Scrutiny Improvement Action Plan was agreed by Scrutiny Programme Committee following self-evaluation and consideration of WAO Review of Scrutiny findings.
- The **Standards Committee** met on 3 occasions during 2019/20 and the **Standards Committee Annual Report 2018/19** was presented to Council on 27th November 2019. The Committee is chaired by an independent person and is responsible for monitoring the ethical standards of the authority and maintaining the highest standards of conduct by elected councillors. The Committee commenced discussions with the Political Group Leaders as to ethical values within the council and this work has been finalised and hopefully will form part of the Annual Report for 2019/20. The Standards Committee were also instrumental in ensuring the Ombudsman's Code of Conduct Casebook was considered and circulated to all members by the Monitoring Officer. The Members Internal Dispute Resolution Process has not yet been utilised, which underpins the strong commitment to, and provides assurance, that the Council's Code of Conduct is adhered to.

- The **Audit Committee** met on 8 occasions during 2019/20 and followed a structured work-plan, 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 who is also the Chair of the Committee. The Committee receive all Wales Audit Office reports once reported to Scrutiny Programme Committee. The Committee may decide to track or prioritise specific proposals or recommendations in addition to the oversight provided by Scrutiny. This arrangement provides additional assurance that the Council responds and puts in place action plans to address any recommendations. The Committee also receives quarterly updates on the overall status of risk within the Council to give assurance that the risk management process is being followed.
- During 2015/16 a Local Pension Board was established, in compliance with the Public Service Pensions Act 2013. The role of the Board is to assist the Council (and Pension Fund Committee) as Scheme Manager and Administering Authority to secure compliance with LGPS regulations and other legislation relating to the scheme. Terms of Reference for the Board were established and appropriate Board members were appointed. The Board convened meetings on 5 occasions during 2019/20.
- The **Pension Fund Committee** establishes and keeps under review policies to be applied by the Council in exercising its discretions as an administering Authority under the Local Government Pension Scheme (LGPS) Regulations. The Committee is Chaired by a Councillor and membership consists of six elected Members, including the Chair, and two lay members. The Committee met on 5 occasions during 2019/20 and dealt with all issues relating to the governance and administration of the Pension Fund. The Chair of the Pension Fund Committee also represents the Council on the Joint Governance Committee of the Wales Pension Partnership, a collaborative working arrangement between the 8 local government pension funds in Wales.
- The **Democratic Services Committee** reviews the adequacy of provision by the authority of staff, accommodation and other resources to discharge Democratic Services functions. The Committee is Chaired by a Councillor and, along with the Chair, membership consists of thirteen elected Members. The Committee met on 3 occasions and considered the Social Media Guide for Councillors, a review of Councillors' Broadband and Telephone and IT, the Councillors' Handbook and Personal Safety.

Significant Governance Issues

The following table shows the significant governance issues which were identified during the review of effectiveness undertaken when preparing the Annual Governance Statement **2018/19** and the action taken during the year to address the issues.

| Significant Governance Issue linked to Framework | Action taken | Status |
|---|---|--|
| <p>Maintaining sufficient financial discipline (revenue service spending) to deliver Corporate Objectives and Sustainable Swansea (red risk on Corporate Register)</p> <p>The Council will continue to face unprecedented financial challenge. It is essential that approved service savings are made in a timely way with full risks and impact being understood.</p> | <ul style="list-style-type: none"> • Re-shaping Board now moved into CMT/Cabinet Away Day so that both the monitoring of savings and the transformation programme activity can be reviewed with both CMT and the Executive • Robust challenge of financial position continued by CMT / Corporate Directors resulting in positive and improving position going into Q3 • Annual review of Sustainable Swansea underway with revised programme to deliver future savings in years 3 onwards. | <ul style="list-style-type: none"> • Ongoing |
| <p>Engagement and communication</p> <p>The views of the public, service users, staff and external partners must be taken into account in decisions impacting upon them. It is essential that there are sufficient structures in place to encourage and enable public participation.</p> | <ul style="list-style-type: none"> • Co-Production Strategic Framework developed and presented to the Equalities PDC. • Integrated Impact Assessment under development. • The Access to Services team has also produced the Engagement and Consultation Strategy recently approved by CMT. The team also supports all services in ensuring EIAs are completed as part of the budget process and the SDU promotes Future Generations. Services to | <ul style="list-style-type: none"> • Complete |

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| | consider the Act when Service Planning. | |
| <p>Performance Reviews</p> <p>Whilst there is a strong performance management system with regular supervision/training of staff evidenced across the authority there is evidence of inconsistency associated with the IT appraisal use.</p> | <ul style="list-style-type: none"> • New appraisal solution being developed, which will be delivered digitally through the new Oracle Cloud solution in November 2021. | <ul style="list-style-type: none"> • Ongoing |
| <p>Project Governance</p> <p>It remains the position that significant officer time will need to be dedicated to major projects with which the Council is involved. Consideration will need to be given to adequately resourcing project teams to ensure strong and transparent governance arrangements are in place.</p> | <ul style="list-style-type: none"> • Project leads identified. • Organisational capacity identified and funded. • Business Case to Cabinet and CMT. • Monitored through the Project Board and CMT. | <ul style="list-style-type: none"> • Complete |
| <p>Decision to Leave the European Union</p> <p>Any consequences of leaving the European Union will have to be planned, monitored and managed.</p> | <ul style="list-style-type: none"> • Formed a Brexit Steering Group and held meetings. • Service areas have completed assessments on preparedness for Brexit. Business Continuity Plans have been reviewed. • Potential implications on service delivery is a standing item on work team agendas, Leadership team and CMT. • Brexit is a Corporate Risk that is reviewed monthly at CMT. | <ul style="list-style-type: none"> • Complete |
| <p>Partnership/Collaboration/Regional Working Governance</p> | <ul style="list-style-type: none"> • Produced and reported to Council on 25/07/19 the Annual Report 2018/29 | <ul style="list-style-type: none"> • Complete |

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| <p>As there is increased drive for partnership/regional working the council will need to focus on ensuring the appropriate governance arrangements and benefit to Swansea residents.</p> | <p>on Regional Working outlining Governance arrangements, including scrutiny; priorities and progress; challenges and areas for further development; future plans and opportunities.</p> | |
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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 **2020/21** to address the issues. **At the time of writing the COVID-19 crisis occurred and so the timescales and actions will be impacted depending on the severity and longevity of the crisis.**

| Significant Governance Issue linked to Framework | Action to be taken |
|---|--|
| Budget pressures (including external and demand-led pressures and overspends) & problems living within budgets. | <ul style="list-style-type: none"> • Continue robust monitoring of budgets, savings and transformation programme activity at PFM and with both CMT and the Executive. • Annual review of Sustainable Swansea underway with revised programme to deliver future savings in years 3 onwards. |
| Lack of workforce capacity, capability and resilience and relying on staff goodwill. | <ul style="list-style-type: none"> • Development of a Workforce Plan to support high performance and enable a skilled, flexible and engaged workforce. |
| Performance Reviews, i.e. appraisals system / induction training not fit for purpose. | <ul style="list-style-type: none"> • Continue to develop a new appraisal solution to be delivered digitally through the new Oracle Cloud solution in November 2021. • Address Induction training of new staff as part of the review of the induction process and future policy reviews. |
| Embed the Future Generation Act principles into the Council's processes and decision making. | <ul style="list-style-type: none"> • Further development of integrated impact assessments to be undertaken to ensure that legal and regulatory compliance are embedded into the decision making process. |

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| | <ul style="list-style-type: none"> • Provision of training/information on the requirements of the Future Generations Act. |
| Patchy Partnership Governance, including application of risk management. | <ul style="list-style-type: none"> • Continue to address the challenges and areas for further development as set out within the Annual Report on Regional Working. |
| ICT Disaster recovery. | <ul style="list-style-type: none"> • Resolve through the move to cloud services, particularly Oracle Cloud in November 2021. |
| Use and governance of social media accounts | <ul style="list-style-type: none"> • Complete the review underway of the use of social media and social media access. |
| Continue to improve risk management arrangements | <ul style="list-style-type: none"> • Services and risk owners to continue to improve their compliance to the Council's Risk Management Policy and Framework, including monthly risk reviews and improving the quality of risk controls. • Develop the Council's new risk register application to produce reports to help oversee the status of risk. |

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