

1. Scope of Responsibility

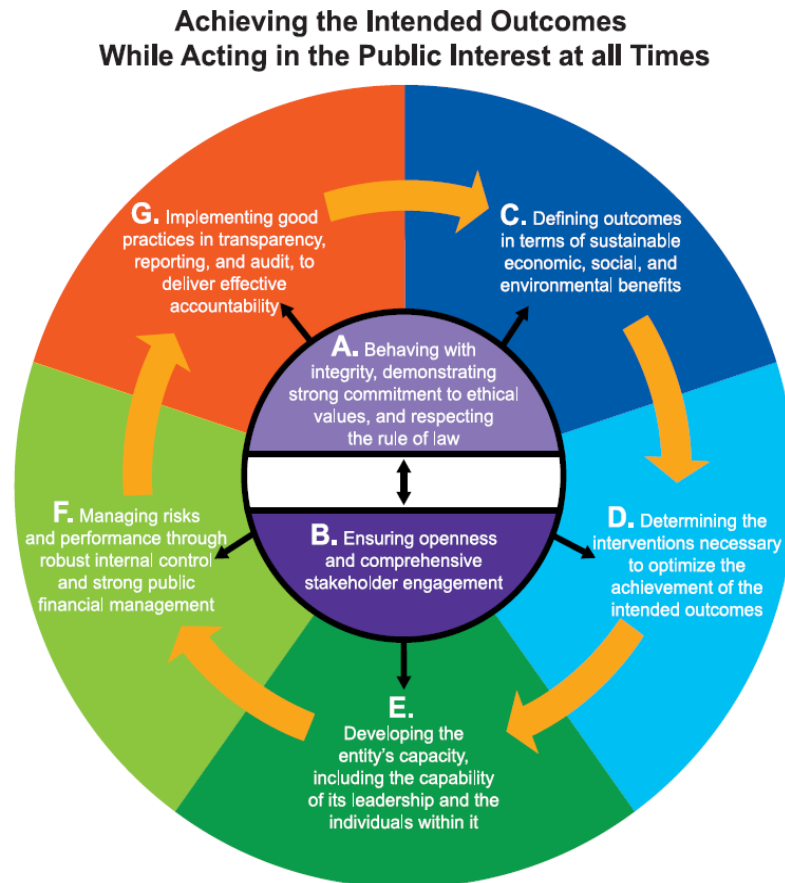
- 1.1 The City and County of Swansea is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the 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 2022 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 - The issues set out within the Governance Statement have been materially affected by the COVID-19 pandemic. However, it should be noted that the Statutory Governance Chief Officers and CMT continued to maintain corporate grip to ensure that sufficient governance was 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 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 Strategy.
 - A Co-production Framework.
 - "Have your Say" consultations on website.
 - The Scrutiny Programme Committee invites stakeholder contributions and participation.
 - A 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.
 - An Integrated Impact Assessment to assess the equality, socio-economic and sustainability impacts on people with protected characteristics and future generations.

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 new *Achieving Better Together Recovery and Transformation* programme, which replaces *Sustainable Swansea: Fit for the Future* seeks to allow the Council to recover from the COVID-19 pandemic and 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 tackling the climate emergency and has set a target and means to achieve net zero carbon emissions by 2030, including expanding our fleet of green vehicles, increasing tree cover, installing solar panels and improving energy efficiency.

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 strategy.
 - 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.
- *Achieving Better Together* (replacing 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, Regional Partnership 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.

DRAFT Annual Governance Statement 2021/22

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 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 Risks allowing greater scrutiny.
- The Governance & Audit Committee regular review of risks (see paras 8.34 & 9)

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 Governance & Audit Committee.
- The Governance & 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 Governance & Audit Committee receives an annual report on the fraud function and Anti-Fraud Plan.
- The Internal Audit Plan is approved by Governance & 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 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

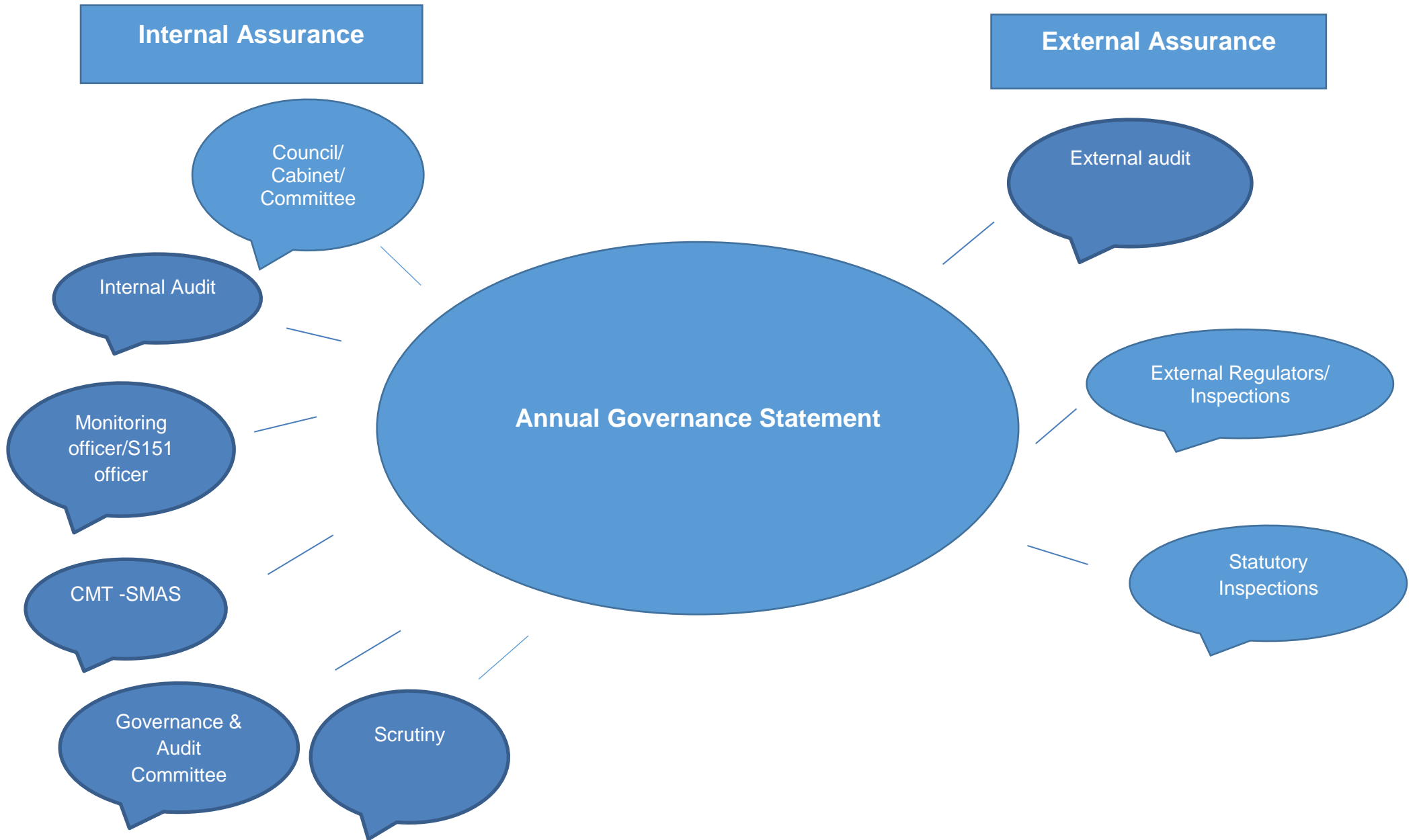
Assurance and effective accountability

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.
- Publication of delegated decisions.
- 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 Self-Assessment & 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 Governance & Audit Committee.
- All agreed actions from Internal Audit reviews are monitored.
- Reports and plans to implement Audit Wales and Internal Audit recommendations reported (as relevant) to Scrutiny and Governance & 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 Audit Wales 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.



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. Audit Wales 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 Self-Assessment & Management Assurance Statement (SMAS) form part of the governance and performance self-assessment framework. The new performance self-assessment requirements introduced by Part 3 of the Local Government and Elections Act 2021 have been incorporated into the SMAS during 2021/22. The information will be used to develop both the Annual Governance Statement and the Annual Self-Assessment Report as required by Part 3 of the Local Government & Elections Act. Through the SMAS each Director responds to 12 good governance and performance statements covering:
- Vision, Strategy & Performance.
 - Organisational Governance, Ethics and Values.
 - Organisational Leadership.
 - Customer & Community Engagement and Involvement.
 - Resources Planning & Management.
 - Risk Management & Business Continuity.
 - Partnership / Collaboration Governance.
 - Internal Control Environment.
 - Compliance with Policies, Rules Legal and Regulatory Requirements.
 - Fraud & Financial Impropriety.
 - Programme and Project Assurance.
 - Innovation & Change 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 Services and Finance (combined), Social Services, Place and Education are challenged and reviewed at CMT.

- 5.4 The assurance statements showed overall that there were no categories that were deemed as being “Not in place” or with “Limited Application”. A small number (13.8%) of categories were regarded as showing “Mixed Application”. These categories with the most showing mixed application were: Resources Planning & Management (4) and Vision, Strategy & Performance (3). These have been captured in the significant governance risks for 2022/23 where relevant. However, 64.2% demonstrated “Strong Application” and 20% were described as “Embedded”. A limited number of categories (1.9%) were left blank where a Director regarded them as non-applicable to their directorate, e.g. where a category was deemed a corporate or other directorate responsibility.
- 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 Governance & 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; the Group met twice during 2021/22. CMT reviewed the SMAS and draft Annual Governance Statement on 23rd March 2022. The Significant Governance Issues for 2022/23 as identified by CMT are those set out below.

6. The Monitoring Officer

- 6.1 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).
- 6.2 In 2021/22 the Standards Committee considered one referral from the PSOW which related to Mumbles Community Council. During 2021/2022 the Monitoring Officer was notified of 26 complaints relating to members conduct by the PSOW. The PSOW decided not to investigate 22 of those complaints. 3 complaints are being investigated and 1 complaint is outstanding. In relation to complaints reported to the PSOW the Committee receive regular updates as to the status of complaints. Regular PSOW bulletins are circulated to all councillors as to Code of Conduct issues when issued.
- 6.3 The Local Government and Election (Wales) Act 2021 brings in new duties for Standards Committees in Wales from May 2022. The Committee was provided with updates on 4 December 2020 and on 9 March 2022 the Committee considered changes to their Terms of Reference so as to comply with the legislation.

- 6.4 The Standards Committee Annual Report 2020/21 was presented to Council on 2 December 2021. The Report reflected the Committee's view that generally the conduct of members was high with the Committee only having to consider one complaint against a community councillor.
- 6.5 In January and March 2022 the Standards Committee interviewed the Leader and all Leaders of the Opposition Groups. The discussion with group leaders focused on their new duties under the legislation and how they would meet that duty. The Monitoring Officer is therefore of the view that the Authority is in a good position to comply with the new legislative requirements.
- 6.6 The Monitoring Officer has not had to issue any statutory Section 5 Local Government and Housing Act 1989 reports during 2021/22.
- 6.7 Work on the Council Constitution has been progressed with amendments being made to the Land Transaction Procedure Rules, Article 12 – Officers and terms of reference of the Governance and Audit Committee. Further constitutional changes will be progressed during 2022/23.

7. The S151 Officer

- 7.1 Quarterly **Financial Monitoring Reports** were presented to Cabinet throughout 2021/22. The reports consistently identified some service revenue budget overspends at year-end, driven exclusively by Covid spending, albeit reducing throughout the year and by third quarter down to a miniscule margin of variation, once adjusted for Covid, so that service underspend was as likely as overspend based on available information. Towards the year-end the pace and scale of reimbursement of costs and lost tax and service income from Welsh Government became increasingly clear and as a result at several verbal updates on third quarter position to Cabinet, Council, Governance & Audit Committee and Scrutiny panels, the S151 Officer advised an overall significant outturn underspend was once again expected.
- 7.1.1 Total service underspending has now been confirmed (at just over £xxm) and is an extremely good outcome. On an even more positive note the equally fully planned substantial continued underspending on capital financing (£xm) and contingency, central inflation and other corporate items including additional Welsh Government Covid grants (also around £xm) has enabled sums to be added to the recovery reserve, the capital equalisation reserve, the general reserve and some to be carried forward once again 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.
- 7.2 A verbal **Mid Term Budget Statement 2021/22** was presented to Council in November this year given the substantially delayed settlement due to Covid and the Comprehensive Spending Review. The written report on the **Review of Reserves** was presented to Council on 07/10/21, 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.

- 7.2.1 The conclusion of the Statement was that the Council could potentially struggle to deliver within the overall resources identified to support the budget in 2022/23 and beyond unless the local government settlement was much enhanced and preferably multi-year (the quantum was duly confirmed much enhanced by March 2022 and pleasingly was a three year settlement albeit heavily front loaded then dropping off significantly). The likely projected outturn was dependent upon the ability of the Council to reduce and restrict ongoing expenditure across all areas, its ability to recover expenditure and lost income from Welsh Government and continued reliance on active capital financing strategies to maximise the short term savings to enable the capital equalisation reserve to be bolstered for the medium to long-term recognising the major future capital commitments already irrevocably made by Council decisions on the size of the capital programme and associated borrowing.
- 7.2.2 The Revenue and Capital Budgets were approved by Council on 03/03/22. They continued to set out an ongoing 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 now fully externalised at fixed rates for up to 50 years de-risking general fund exposure to future interest rate movements) which would require modest budget savings to be delivered to help facilitate that major capital investment and economic regeneration stimulus. These plans are likely to still be affected by ongoing ripple effects of 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 during the first part of 2022-23.
- 7.2.3 The impact will be very financially material on the 2021-22 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.
- 7.3 The **Medium Term Financial Plan 2023/24 – 2025/26** was approved by Council on 03/03/2022. 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.
- 7.3.1 All spending and funding assumptions were set before the ongoing economic scale of the repayment of costs incurred during COVID-19 pandemic was fully apparent, exacerbated by the late nature of the UK and Welsh government budget setting processes. 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.

- 7.4 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.
- 7.5 **Audit Wales Annual Audit Summary 2021**. Audit Wales noted that their opinion on the financial statements was qualified. This was because the Council misclassified historical cost depreciation between its revaluation reserve and its capital adjustment account resulting in both being potentially materially misstated; the Council is undertaking further analysis to assess and correct the level of potential error. During 2020-21, Audit Wales examined the financial sustainability of each council in Wales. They concluded that the Council is well placed to maintain its financial sustainability and plans to strengthen some aspects of its financial management. The Auditor General certified that the Council had met its remaining Local Government (Wales) Measure 2009 duties concerning continuous improvement for the financial year 2020-21, as saved by an order made under the Local Government and Elections (Wales) Act 2021.
- 7.5.1 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 Auditors 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 The table below provides a summary of the assurance levels across the audits completed in 2021/22:

2021/22 Audit Ratings Summary		
Total Number of Audits Finalised	90	
Assurance Rating	Number	%
High Assurance	38	42
Substantial Assurance	48	53
Moderate Assurance	4	5
Limited Assurance	0	0

- 8.4 As can be seen in the table above, the outcome of 86 (95%) of the 90 audits completed was positive with the audits receiving either a high or substantial level of assurance.
- 8.5 As has been reported to the Governance & Audit Committee throughout the year, four audits received a moderate level of assurance in the year. As has been the case for the past three years, the fundamental Accounts Receivable audit was one of the audits that received a moderate assurance level in 2021/22.
- 8.6 In total there are 14 audits which are classed as fundamental audits. The fundamental audits are the core 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 2021/22, 10 of the 14 fundamental audits have a high level of assurance. Three have a substantial level of assurance (Accounts Payable, Business Rates and Employee Services) and one has a moderate level of assurance (Accounts Receivable).
- 8.7 Prior to the audit in 2019/20, the Business Rates audit had received a consistent high assurance level and had therefore been subject to an audit every two years. However, as a result of the findings of the audit undertaken in 2019/20, a substantial level of assurance was awarded and as a result this audit is completed on an annual basis.
- 8.8 The Governance & Audit Committee was made aware that we were unable to complete the review of Business Rates in 2020/21 due to the fact that the department had to swiftly adapt to facilitate the roll out of the various Covid-19 support schemes, and as such the Business Rates Section did not have the capacity to accommodate an audit. Additional work was completed by the Audit Team during this period to provide assurance over the reactive work that has been undertaken by the Business Rates Team in facilitating the Council's continued response to the Covid-19 pandemic. However, Internal Audit was able to complete the review of Business Rates in 2021/22 with a substantial level of assurance being awarded.
- 8.9 The Accounts Payable audit also received a substantial assurance level in 2021/22, as was also the case in the past three financial years. As a result, this will continue to be audited on an annual basis.

- 8.10 The Accounts Receivable audit received a moderate assurance level in 2021/22, as has also been the case in the previous three financial years. The Governance & Audit Committee has received a number of updates from the relevant managers within the department in relation to the work that is ongoing to address the issues that have been identified. The Committee will continue to receive updates on this during 2022/23 as required.
- 8.11 It is disappointing that the Accounts Receivable audit received a fourth moderate assurance rating in 2021/22. As detailed in updates provided to the Governance & Audit Committee from the client department, the reasons for the weaknesses identified in this area are primarily in relation to reduced staff 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 Council and this continues to be the case.
- 8.12 Despite this, as stated previously it should be noted that of the 14 fundamental system audits, 10 have a high assurance level and three have a substantial assurance level. In addition, the results of the work undertaken in 2021/22 shows that as at the 31st March 2022, 95% of all of the audits completed in year have either a high or substantial assurance level. This provides reasonable assurance that across the Council the systems of internal control are operating effectively.
- 8.13 The Internal Audit Team has continued to operate in a very challenging environment throughout 2021/22. As a result of continued challenges also being faced by client departments caused by the ongoing pandemic, a small number of audits on the 2021/22 audit plan had to be deferred to 2022/23. However, we have successfully completed a significant number of audit activities on the 2021/22 plan with 94 audit activities (72%) issued as final or completed and 2 audits (2%) issued as draft, with an additional 11 audits (8%) in progress at year end. As a result, 82% of the audit activities on the 2021/22 audit plan had either been completed or were in progress at year end. This is a positive result given the circumstances faced by the Team. It is also pleasing to note the overall positive outcomes of the work that has been completed in year as highlighted above.
- 8.14 A review was also undertaken in March 2022 to establish whether those charged with governance within the Council had undertaken a detailed review of their financial management arrangements. The review was undertaken to determine whether the standards, as defined by the Financial Management Code (FM Code) introduced by the Chartered Institute of Public Finance & Accountancy (CIPFA) were being met. The FM Code is designed to support good practice in financial management and assist Local Authorities in demonstrating their financial sustainability. The FM Code is based on a series of principles supported by specific standards. The requirement to be fully compliant with the FM Code came into effect from the 1 April 2021.

- 8.15 Our review confirmed that the Director of Finance & Section 151 Officer had completed a number of self-assessment exercises to benchmark Swansea Council's processes and practices against the FM Code Standards using a RAG Rating approach throughout 2021/22 which have been presented to Corporate Management Team. The RAG rating approach evaluated the Council's level of compliance with each element of the Financial Management Standards as follows:
Rag Rating:
- Green - Compliance is being demonstrated.
 - Amber - Minor to moderate improvements are required to demonstrate full compliance.
 - Red - Moderate to significant improvements are required to demonstrate full compliance.
- 8.16 The latest high-level self-assessment review completed in February 2022 concluded that of the 17 Standards, the Council could demonstrate full compliance with 13 standards (assessed as green) with minor to moderate improvements required to demonstrate full compliance with the remaining 4 standards (assessed as amber).
- 8.17 Changes that have been made throughout the year in order to improve the level of compliance with the Standards have been clearly documented as part of the self-assessment process. In addition, the self-assessment includes a comprehensive list of evidence to substantiate and support the Director of Finance & Section 151 Officer's assessment of compliance.
- 8.18 To conclude, the self-assessment review completed by the Director of Finance & Section 151 Officer demonstrates that the Council is broadly compliant with the FM Code, with only minor to moderate improvements being required to demonstrate full compliance with 4 of the 17 Standards.
- 8.19 Throughout the year, a significant amount of effort has continued to be directed at further strengthening the systems of risk management across the Council. The Governance and Audit Committee has received regular update reports from the Strategic Delivery and Performance Manager outlining the status of key risks from the Corporate Risk Register. 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. The new Risk Management System has also been further embedded in the year which has improved the monitoring and control of risks.
- 8.20 As per the Terms of Reference, the Governance and 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. The introduction of the new Risk Management System has facilitated greater scrutiny of the risk management

arrangements in place by the Governance and Audit Committee and detailed reports from the new system have been presented to the Committee throughout the year.

- 8.21 A number of concerns were raised previously by both the Chief Auditor and the Governance and Audit Committee in relation to the documentation of the mitigating control measures recorded in the Risk Register for a number of Corporate Risks.
- 8.22 As part of the migration from the old Risk Registers to the new Risk Management System, Risk Owners were asked to review and update the risks and associated mitigating controls under their management. Following a review of the mitigating controls in 2020/21, it was noted that in some instances the control measures documented on the new system could not be considered to be 'control measures' as such. As a result, it was not possible to place reliance on the documented mitigating controls for some of the corporate risks on the Risk Management System. This is not to say that mitigating controls were not in place, but the way they had been documented meant that we were unable to place reliance on some of the 'controls' as they were recorded. As a result, last year's Annual Governance Statement and Chief Internal Auditor's Opinion noted that this area required attention and improvement in 2021/22.
- 8.23 It is pleasing to note that a significant amount of work has taken place throughout 2021/22 in order to ensure that the corporate risks remain relevant and up to date. In addition, as evidenced by the most recent Risk Update Report from the Strategic Delivery & Performance Manager, the quality of the documentation of the associated control measures has greatly improved.
- 8.24 The Covid-19 Pandemic has continued to have a significant impact on the Council and most 'business as usual' operations. The meetings of the Governance Group, tasked with overarching responsibility for ensuring existing corporate governance arrangements are effective, resumed in 2021/22 in the lead up to the year end and in preparation for the production of the Annual Governance Statement.
- 8.25 In response to the unexpected and unpredictable impact of the pandemic, a number of emergency protocols were introduced in 2020/21 to ensure governance and overall corporate grip remained strong and effective during such unprecedented times. This included the formation of an Executive Control Group (ECG) in early March 2020.
- 8.26 Those attending the ECG included the Leader, Deputy Leaders, Chief Executive, S151 Officer, Monitoring Officer, Director of Place, Head of Communications & Marketing, Corporate Health Safety & Wellbeing Manager and Temporary CCoS/NPT/SBUHB Liaison Officer. We were advised that attendance at meetings varied due to the fluid situation facing the Council and due to daily meetings taking place, including on weekends. The Sit Rep group was a wider group of members and senior officers.

- 8.27 The ECG ceased to be a decision-making forum when Cabinet and Council meetings resumed in June 2020, but it continued to exist as a forum for information and communication throughout 2021/22.
- 8.28 The work undertaken by the Internal Audit Team in the year did not uncover any significant concerns in relation to governance and overall management control across the areas of the council that were subject to internal audit review. Despite the ongoing period of upheaval and change, Officers have continued to adapt speedily and effectively to the emergency response to the pandemic with no obvious signs of deterioration in control or corporate grip across the areas subject to audit in the period.
- 8.29 In conclusion, Statutory Governance Chief Officers and CMT have succeeded in continuing to maintain appropriate corporate grip and have ensured adequate recording and reporting mechanisms have been maintained throughout the crisis.
- 8.30 At the time of writing this opinion, it is unclear as to the scale of additional spending, including rapidly rising inflation, or ongoing losses of income that the Council faces in dealing with the pandemic both locally, with partners, and supporting the national strategic response to the residual immediate public health crisis and now rapidly growing economic and wider health effects of Covid-19 and the ongoing crisis in Ukraine going into 2022/23. The Director of Finance & Section 151 Officer has advised that his view is that there is adequate assurance of sufficient and necessary recovery and reimbursement in relation to 2021/22 already in place, pending the formal final outturn and statement of accounts certification. However, it should be noted that there are currently no meaningful sums announced available to bid against nationally for 2022/23 by UK or Welsh Governments. In March 2022, the Leader of the Council set out the Council's intention to expand the locally funded Covid-19 Economic Recovery Fund with the target sum of a further £20m-25m. This in part may mitigate the known certainty of significantly reduced Government funding cash increases in future years. This may also assist with dealing with some, but not all, of the immediate inflationary effects, which means future real terms reductions look inevitable. However, this is pending formal certification of the final outturn and statement of accounts by the Section 151 Officer and Council.
- 8.31 Given the audit plan completion rates noted previously, and the fact that Internal Audit has completed all of the planned fundamental audits and the majority of the cross cutting audits by year end, the Chief Auditor feels that no impairment to the Chief Auditor's opinion on internal control is required. Assurance can be provided across a range of Council services as a result of the audits completed and other assurance work undertaken in the year.
- 8.32 In addition, for the reasons set out previously, the Chief Auditor is of the opinion that governance arrangements across the Council have proven to continue to be robust and resilient throughout the continuing period of

challenge and change that the Council has faced over the past year. It should also be noted that the Senior Management Assurance Statements have been enhanced during the year to incorporate the new provisions of Part 6 of the Local Government and Elections (Wales) Act in relation to performance self-assessment. The Council has continued to adapt speedily and effectively to the challenges brought about as a result of the pandemic, with core services continuing to operate effectively throughout.

- 8.33 Given the previous points made in relation to internal control, governance and risk management the Chief Auditor is of the opinion that there is no need to issue any limitation of scope on the aspects of governance and internal control. In addition, as a result of a significant amount of work undertaken in year to further enhance and embed risk management controls across the Council, and to strengthen the documentation of risks and control measures on the Corporate Risk Register, the Chief Auditor believes that there is no longer a need to declare a limitation of scope in relation to risk management. However, improvements should continue to be made in this area throughout 2022/23 to further embed and strengthen the Council's risk management controls across all of the Directorate and Service Level Risk Registers.
- 8.34 The Governance and Audit Committee and the Chief Auditor have also raised concerns throughout the year around the absence of a Workforce Strategy. In February 2022 the Strategic HR&OD Manager confirmed that a proposed Workforce Strategy has been developed for the financial year April 2022/23, with the Strategy due to be launched in March 2022. It should also be noted that Internal Audit were unable to complete the audit of the 'Transformation' element of the Achieving Better Together programme that had been planned for completion in 2021/22. As a result, these areas will be reviewed as part of the 2022/23 work programme.

8.35

Chief Auditors Opinion for 2021/22

Based on the programme of audit work undertaken in 2021/22, the Chief Auditor's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control is effective with no significant weaknesses identified in 2021/22 which would have a material impact on the Council's financial affairs or the achievement of its objectives.

9. The Governance & Audit Committee

- 9.1 The Council has continued to face significant challenges during 2021/22 with the ongoing impact of the COVID virus. Once again the Chair pays tribute to all staff and officers of the Council in dealing admirably with the challenges brought about by the COVID pandemic. Throughout this year

officers of the Council as well as the Council Partners' were fully committed to meeting their responsibilities. The Chair also acknowledges that the Council continued its efforts to maintain continuity of governance.

- 9.2 Noted below is an overview of the Governance & Audit Committee's work in the municipal year 2021/22. On 9th June 2021 the Governance & Audit Committee considered the election of Chair for 2021/22 Municipal Year where it was resolved that Paula O'Connor be elected Chair. At the meeting on 13th July 2021 Councillor P R Hood-Williams was elected Vice-Chair for the 2021/22 Municipal Year. In addition, at the September 2021 meeting the Committee considered the requirements of the Local Government and Election (Wales) Act that states that the Governance & Audit Committee shall consist of one third Lay Members. The Committee was asked to consider its new size and implication that one third would be Lay Members. The recommendation made by Members to the full Council was to opt for 15 members consisting of 10 Councillors and 5 Lay Members. The Council approved this and in March 2022 progress was made in recruiting for three Lay Members.
- 9.3 As a result of the Act the Governance & Audit Committee Terms of Reference was amended to reflect the new membership plus the additional roles of the Committee. The new Act requires careful coordination between the Governance & Audit Committee and the Scrutiny Committee as both embark on the new co-ordinated responsibilities. It is a benefit at this time that the Scrutiny Committee Chair is also a Member of the Governance & Audit Committee. The Chair has also ensured that the Work Programme of the Scrutiny Committee is appended to every meeting of the Governance & Audit Committee. With regard to the Governance & Audit Committee's responsibility to review the annual Self-Assessment Report and also the Panel Performance Assessment Report the Chair has liaised with the Chair of Performance Committee who has agreed to attend the Governance & Audit Committee when these reports are presented.
- 9.4 The Committee's terms of reference forms part of each Agenda as an aide to ensure that Members are sighted of the Committee's effectiveness in satisfying it's role. The Chair has continually reviewed Committee Agenda's in consultation with Democratic Services to ensure they meet the requirements of the Terms of Reference. In addition, the Chair has liaised with the Deputy Chief Executive to establish a formal Training Programme for Members to include the new areas of responsibility plus a clear understanding of the roles of Scrutiny Committees that also consider these subject matters.
- 9.5 The Chair also notes that Part 5 of the Local Government and Elections (Wales) Act 2021 provided for the establishment through regulations of Corporate Joint Committees (CJC). This resulted in the establishment of the South West Wales Corporate Joint Committee. At the September 2021 Governance & Audit Committee further insight was given to Members as to the current status and progress of the CJC and then in December 2021 the

Governance & Audit Committee were informed of progress and next steps being taken in establishing a formal governance framework. The status and progress of the work of the CJC will be brought back to the Governance & Audit Committee during the early part of 2022 where consideration will be given to any further changes to Terms of Reference of the Governance & Audit Committee.

- 9.6 The Chair would highlight that changes were taking place with the Management Structure in February 2021 and these changes remained under consideration and consultation during 2021/22. The Governance & Audit Committee have continued to express concern around the absence of the Workforce Strategy and the challenges placed on resource throughout 2021/22. In February 2022 the Strategic HR&OD Manager confirmed that a proposed Workforce Strategy has been developed for the financial year April 2022-2025. It was also confirmed that the Strategy took into consideration the Council's Corporate Plan "Delivery a Successful and Sustainable Swansea" as well as the provisions of the Well-Being of Future Generations (Wales) Act 2015. Subject to any final changes the Strategy was to be launched in March 2022.
- 9.7 The Chair also highlights that the Committee has previously reported on the shortfall in assurances being received around the Council's Risk Management arrangements. However, the Chair has ensured that the Service Directors have attended the Governance & Audit Committee during the year to provide assurance to the Committee that individual functions are exercised effectively, there is economic, efficient and effective use of resources and effective governance.
- 9.8 The development and roll out of the new electronic risk management system continued into early 2021 and the Chair would note that improvement had been made in the reporting format of the Risk Register. However, during the majority of 2021 the content of the Risk report still required improvement. A Risk Report was presented to the Committee in September 2021, November 2021 and February 2022. The Chair also notes that additional Training had been undertaken along with Video Training access and towards the end of 2021/22 some improvement was recognised in the February 2022 report.
- 9.9 The new Act has placed responsibility on the Governance & Audit Committee to review the Council's draft response to the Panel Performance Assessment report, any Audit Wales recommendations arising from Council's performance as well as the Council's draft annual Self-Assessment report. The Governance & Audit Committee Work Programme has been updated to reflect the presentation of these reports in 2022.
- 9.10 The Annual Complaints report was presented to the Governance & Audit Committee in December 2021. The Committee welcomed the report but noted that it was important not to overlap the work of Scrutiny Committee.

The Chair of Scrutiny Committee confirmed that the Complaints report was due to be considered by Scrutiny in March 2022.

- 9.11 The Committee has reviewed the work programme at each meeting, taking account of risk and priorities and in particular pandemic issues and Internal Audit Moderate Assurance reports issued.
- 9.12 The Chair attended a further meeting of the All Wales Audit Committee Chairs network in September 2021 where there was opportunity to network, share ideas and problem solve with peers performing similar roles. The event was dedicated to understanding Governance and Audit Committee 'performance' responsibilities resulting from the Local Governments Elections (Wales) Act 2021, to support us to discharge our new responsibilities effectively. Presentations were given by the Welsh Local Government Association and also the Public Service Ombudsman for Wales. An interactive section was also facilitated by Audit Wales to consolidate some of the learning from the Act.
- 9.13 The Governance & 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.
- 9.14 The Committee received the 2021/22 Internal Audit Plan and Charter on 20th April 2021 and has received reports regularly during the year from the Chief Internal Auditor. The Chair has expressed her gratitude to the Chief Auditor in progressing with the plan alongside the pressures of the pandemic and also for responding to a request to enhance the detail in the reports to provide further understanding of the work undertaken and the risks identified. During 2021/22 the Chief Auditor reported a number of Moderate Assurance audit reports that resulted in those responsible attending Governance & Audit Committee to give assurance that appropriate action was being taken where significant weaknesses in control were identified. During the year the Chief Internal Auditor updated the Governance & Audit Committee of those audit assignments that had to be deferred as a result of the pandemic impacts. The final Chief Internal Auditor opinion is due to be presented to the Governance & Audit Committee in May 2022.
- 9.15 In March 2021 the Chief Internal Auditor presented the Draft Internal Audit Plan for 2021/22 and methodology applied. The Chair commented that the Committee was able to support approval of the Plan to Council with the caveat that assurances had been obtained from the Chief Internal Auditor that the Plan was risk based and complied with the Public Sector Internal Audit Standards. The Committee would seek to gain further understanding of the scope of the reviews during 2021/22.
- 9.16 Audit Wales presented their 2021 Audit Plan to the Governance & Audit Committee on 20th April 2021, and has provided the Committee with regular updates to their work. The most recent update to Quarter 31

December 2021 presented on 8th March 2022. In 2017/18 and continuing to date 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 the attempts being made to develop an electronic system to track action against recommendations but in the interim the Scrutiny Committee has the opportunity to challenge non implementation of recommendations as well as the Governance & Audit Committee.

- 9.17 The Chair has met during the period with the Deputy Chief Executive, S151 Officer, Monitoring Officer, Chief Internal Auditor and Audit Wales. When necessary during the year the Chair has been in communication with the Chief Executive.
- 9.18 On 20th April 2021 the Committee received the 2021/22 Fraud Function Annual Plan. The 2020/21 Anti-Fraud Annual Report was received at the meeting in July 2021.
- 9.19 An additional report was presented to provide the Governance & Audit Committee with an update against progress being made against recommendations in the Audit Wales report Raising our Game - Tackling Fraud in Wales in March 2021 with an update on progress in November 2021. The Committee noted that some further work was required to address all those recommendations.
- 9.20 Cllr Lesley Walton is the Governance & Audit Committee Representative on the Council's Governance Group. The Governance Group was established to review the production of the AGS during the year. The Group met in March 2022 to discuss the draft AGS for 2021/22.
- 9.21 The Chair attended the Scrutiny Panel Conference 12th October 2021. The Governance & Audit Committee also received the Scrutiny Committee's Annual Report and Work Programme.
- 9.22 Looking ahead to 2022/23 the Governance & Audit Committee's membership and responsibilities will need to have careful consideration and support. The Deputy Chief Executive has confirmed that following the May 2022 local elections it will be his intention to enact the Training Programme to support the work of the Committee in all new areas of responsibility. Also, this programme will reflect the needs of all new Councillor and Lay Members.
- 9.23 The Committee's concerns expressed during the 2021/22 Municipal year will be appropriately reflected in the Annual Governance Statement and will include the absence of the Workforce Strategy, the further improvements to embedding the risk management arrangements and enhanced reporting and the Moderate or Limited Assurance Internal Audit reports where audit recommendations remain outstanding.

EXTERNAL SOURCES OF ASSURANCE

10. External Auditors

- 10.1 In response to the COVID-19 pandemic, Audit Wales changed the approach and focus of their performance audit work in local government and other bodies. Audit Wales undertook a project to support public sector efforts by sharing learning through the pandemic. The project aims to help prompt some thinking, and practise exchange. During 2020-21, Audit Wales reviewed the arrangements that each council in Wales was putting in place to support recovery planning. Audit Wales undertook this work on an ongoing basis, providing real-time and ongoing feedback where appropriate.
- 10.2 Audit Wales' Annual Audit Summary 2020 noted that during 2020-21, Audit Wales examined the financial sustainability of each council in Wales. Audit Wales concluded that the Council is well placed to maintain its financial sustainability and plans to strengthen some aspects of its financial management. Audit Wales were satisfied the Council had met its legal duties for improvement planning and reporting and is likely to meet the requirements of the Local Government Measure (2009) concerning continuous improvement.
- 10.3 Audit Wales on behalf of the Auditor General for Wales presented the **Audit of Financial Statements Report 2020/21** to Governance & Audit Committee on 24/08/21 and to Council on 02/09/20. 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 a qualified audit report on narrow but material technical matters for the financial statements; the Director of Finance has already started looking to address this issue working alongside Audit Wales. The report concluded that the financial statements for the City & County of Swansea and the City and County of Swansea Pension Fund, (which was presented separately to the Pension Fund Committee on the 17/11/21), gave a true and fair view of the financial position of the Council and had been properly prepared.

11. Statutory external inspections/regulators

- 11.1 CiW carried out an Assurance visit in June 2021. Estyn recently provided feedback to the Council, and more recently a Risk Assessment Workshop was delivered by CiW, Estyn and Audit Wales to CMT and Leadership Team.
- 11.2 Both CiW and Estyn recently provided feedback to the Council on 23rd February 2022 at an Assurance and Risk Assessment Workshop delivered alongside Audit Wales to CMT and Leadership Team.
- 11.3 Estyn noted in general, most inspection outcomes have been strong in both primary and secondary schools. The Council's Education directorate responded well to the challenges during the COVID-19 pandemic and supported schools and PRUs effectively. Officers consider the current issues

in education appropriately, including the new curriculum and ALN reform, and identify current needs well, such as the recent upward trend in exclusion rates. The Director of Education has developed a good understanding of the needs of the local Authority and schools and know schools well; an experienced Council member is appointed as portfolio holder. Good support to schools is provided in follow-up.

- 11.4 The Council has undertaken a review of its ALN provision – but it is too soon to measure the impact of this on implementation of ALNET Act and provision in schools and PRUs. There has been a 2nd tier structure review underway with three Head of service posts and the Council is now in a new regional partnership with two other local authorities. School reserves continue to be high especially in secondary schools. The needs of learners met by the 10 year Welsh in Education Strategic Plan will need to be kept under review.
- 11.5 CiW sought Authority-wide assurance review on how well local authority social services continue to help and support adults and children with a focus on safety and well-being. Also feedback was structured around their key lines of enquiry - the four principles of the Social Services and Wellbeing (Wales) Act 2014: People - Voice and Control, Prevention, Well-Being, Partnerships and Integration. In their letter CiW notes that at the beginning of the pandemic, Swansea Council was able to build on its established agile working systems, developing proactive regional approaches to support front-line services and recovery planning, with specific examples in Adults and Child and Family Services. More specific feedback and areas of improvement were noted in the four key areas:
- **People - voice and control** – whilst there are good examples of practice to build on in Swansea, people’s and child’s voices need to be strengthened in assessments and care planning, and to follow up on improving the carers experience in accessing support.
 - **Prevention-** Swansea Council’s approach to prevention is co-developed and delivered by a wide range of partners, including third-sector organisations within multi-agency hubs through Tackling Poverty initiatives, Discharge to Assess/Re-able, and Local Area Coordination. Delays and waiting times in some areas such as availability of domiciliary care and common access point lessened the impact of early intervention and support to parents and carers. Swansea Council is actively exploring means of incorporating best practice into longer-term service provision
 - **Partnerships and Integration** – CiW commented that partnerships had been strengthened within Swansea Council during the pandemic, for example working more closely with education in relation to vulnerable children, and on how flexibility shown with providers and in adapting services helped meet demand. Although there has been positive impact on reducing the number of children looked after. Locally and nationally, a lack of specialist placements for those with more complex needs was commented on. They also noted how good working relationships between professional are helping to produce better outcomes, though closer partnership working with police and health

services could be achieved and that more resource at a strategic level may be needed to drive change.

- **Well-being**- whilst staff felt appropriately supported throughout the pandemic staff, they have continued to work under significant pressure in a number of teams, and with the added challenges in recruitment and retention to key posts. CiW were positive about the initial changes in adult safeguarding, with the new team demonstrating a good analysis of risk, balancing between risk management and individual well-being. CiW are keen to follow these changes in safeguarding adults, and in applying quality assurance frameworks in services to adults, children and families, once they are fully embedded.

CORE EVIDENCE

12. Council & Cabinet

- 12.1 The following provide assurance based on reports covering 2021/22. In some instances reports from 2020/21 are reflected in the Annual Governance Statement as the reports for 2021/22 are not yet available.
- 12.2 Council adopted a revised Corporate Plan 2017/22 *Delivering a Successful and Sustainable Swansea* on 25 October 2018. The Corporate Plan for 2017/22 was refreshed and approved at Cabinet on 19th March 2019 and was refreshed again and approved by Cabinet on 19th March 2020. The five year Corporate Plan was rolled forward into 2021/22 and will be refreshed and rolled forward for a further year into 2022/23 until after the local government elections when a five year plan will be produced. 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.
- 12.3 Performance on delivery of the Council's Well-being Objectives is monitored quarterly by Cabinet. The reports 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 2020/21 was presented to Cabinet on 15th July 2021. The report showed that 35 out of 59 (59%) of comparable indicators showed improvement or stayed the same compared to the previous year. Continued disruption from COVID-19 meant that performance targets were not set during 2021/22 and any comparisons to previous performance were appropriately contextualized.
- 12.4 The Annual Review of Performance 2020/21 was approved by Cabinet on 21st October 2021. The report showed the results of each performance measure for the 6 Objectives set out in the Corporate Plan 2017/22. 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.

- 12.5 The Corporate Complaints Policies were reviewed to ensure they were in line with the Public Services Ombudsman (Wales) Act 2019 and the Welsh Language Standards. The Annual Complaints Report 2020/21 was presented to the Scrutiny programme Committee on the 15th March 2022. In addition, the Ombudsman's annual report was presented to Cabinet in November 2021. The Annual Complaints Report reflects the continued emphasis on prompt resolution of complaints and includes compliments about services. 73 complaints were made to the Ombudsman including corporate complaints and Social Services (there were 92 cases received in 2019-20). 67 of which were closed within the year, and nine of which received intervention (early resolution / voluntary settlement (5) or were upheld (4)). PSOW complaints reduced compared with the 92 closed in 2019-20. There was an assurance that there were no s16 Public Interest reports during the year.
- 12.6 The Governance & Audit Committee Annual Report 2020/21 was presented to Council on 7th July 2021 and outlined the assurance the Committee had gained over control, risk management and governance from various sources over the course of 2020/21. In particular, the report highlighted the work that had been undertaken throughout the year in line with the Committee's terms of reference.
- 12.7 The Equality Review Report 2020/21 was reported to Cabinet on 16th September 2021, which highlighted progress against the Council's Equality Objectives. The report highlighted work linked to the core principles i.e. co-production, engagement and embedding of children's rights.
- 12.8 The Welsh Language Annual Report 2020/21 reflected progress and compliance on the 163 Welsh Language Standards across five categories 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 2020/21 and highlighted some areas to support ongoing development and improvement.
- 12.9 There were a number of key reports presented to Cabinet/Council during 2021/22 including reports relating to the Swansea Bay City Deal, regeneration and capital works and a number of Cabinet reports in response to the COVID-19 pandemic. On 15th October 2020 Cabinet approved the new Swansea - *Achieving Better Together "From Recovery to Transformation"* Transformation Strategy and Programme Framework. In January 2022 an update report reflected the progress and changes to the programme since the framework was adopted as well as identifying the ongoing flexibility required to respond to the ongoing and emerging challenges and changes to the Council, its services and its workforce.
- 12.10 The Report showed that Council has not only **maintained services throughout the pandemic** but is well underway on its journey to refocus the Council. Projects, plans and strategies have been re-introduced when safe to

do so, ensuring that Swansea did not fall behind in its ambitions to make Swansea better.

- 12.11 An internal Audit examination has been undertaken and the outcome was “high” level of assurance with no recommendations. This indicates that ‘there is a sound system of internal control designed to achieve the programme objectives and the controls are being consistently applied.
- 12.12 The strategic governance of the *Achieving Better Together* is undertaken by the Recovery, Reshaping & Budget Strategy Board and the operational and Delivery of the workstreams is overseen by the Organisational Cross Cutting & Transformation Steering Group. Reports are considered by Cabinet, Scrutiny and Governance and Audit Committee.

13. Committees

- 13.1 The Council’s Scrutiny function is carried out by a **Scrutiny Programme Committee**, which delivers an agreed programme of work through Committee meetings and through **Scrutiny Panels and Working Groups** established by the Committee. Through this range of activities, scrutiny councillors make sure the work of the Council is accountable and transparent, effective and efficient, and help the Council to achieve its objectives and drive improvement, by questioning and providing challenge to decision-makers on issues of concern. This covers a wide range of policies, services and performance issues. The Committee is a group of 13 cross-party councillors who organise and manage what Scrutiny will look at each year, and develop a single work programme showing the various activities that will be carried out. The Committee has questioned Cabinet Members on specific portfolio responsibilities and is the statutory Committee for Scrutiny of Swansea Public Services Board and Crime & Disorder Scrutiny. It also co-ordinates pre-decision scrutiny enabling consideration of specific Cabinet reports and views being brought to the attention of Cabinet ahead of decision-making.
- 13.2 Over the last year the work of Scrutiny has included an in-depth scrutiny inquiry looking at Council Procurement processes and practice, focusing on what the Council is doing to ensure it procures locally, ethically, and greenly while being cost effective and transparent in its practices. Also, the Equalities Inquiry Panel reconvened to follow up actions agreed by Cabinet in 2019. In order to ensure ongoing monitoring and challenge to key service areas there have been regular meetings of Scrutiny Performance Panels, looking at Education, Adult Services, Child & Family Services, Development & Regeneration, Natural Environment, as well as one looking at overall Service Improvement & Finance focusing on corporate performance and financial monitoring and budget scrutiny. One-off Scrutiny Working Groups met to consider the following topics: Workforce, Digital Inclusion and Bus Services. There has also been collaborative scrutiny with other Local Authorities for topics / issues of shared interest or concern, and models of regional working. Scrutiny activity has continued to be flexible and responsive to organisational pressures following the COVID-19 pandemic, which has affected the delivery

of some planned activities. There are also clear processes in place for members of the public to raise issues for scrutiny, or ask questions and contribute views on matters being discussed. A number of public requests were considered over the past year.

- 13.3 Views and recommendations from scrutiny activities are communicated either by reports to Cabinet or letters sent directly to individual Cabinet Members, with responses provided as requested and followed up. The practice of writing 'chair's letters' is well-established way of communicating quickly with Cabinet Members, and letter and responses are monitored to ensure scrutiny is getting a timely response.
- 13.4 The **Scrutiny Annual Report 2020/21** was presented to Council on 2nd September 2021. The report highlighted the work carried out by Scrutiny during that year, showed how Scrutiny had made a difference and supported continuous improvement for the Scrutiny function. As a consequence of the pandemic the 2020/21 Council year was a shorter one than usual and accordingly reflects on a less than typical amount of scrutiny that was carried out then. Nevertheless, the report continues to shows a high level of councillor commitment to scrutiny. It shows action taken to improve the scrutiny process and its effectiveness, and further efforts to support councillors, take practice forward and improve the quality of scrutiny.
- 13.5 Although Scrutiny and Audit have distinctive roles, there are common aims in terms of good governance, improvement in performance and culture, and financial management, and so a regular conversation is held which helps to ensure we are working together effectively. The Chair of the Scrutiny Programme Committee addressed the Governance & Audit Committee on this in October 2021 and the Committee also heard from the Chair of the Governance & Audit Committee, at the Scrutiny Programme Committee that month. This has made sure there is good awareness of each other's work, avoiding duplication and gaps in work programmes, and the ability to refer issues between Committees. It was highlighted that some of the areas that will benefit from co-ordination between Committees include the new responsibilities arising from the Local Government and Elections (Wales) Act 2021 around Council performance, and around the systematic reporting of external audit reports, and respective role in considering and monitoring these.
- 13.6 The **Standards Committee** met on 4 occasions during 2021/22 and the **Standards Committee Annual Report 2020/21** was presented to Council on 2 December 2021. 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 has been updated as to their new duties under the Local Government and Elections (Wales) Act 2021 and has been consulted on both the statutory guidance in relation to the new duty and has considered their new terms of reference which will go forward to Constitution Working Group and Council in due course. The Committee also had an opportunity to meet

with the Leader and all political group leaders during the year to discuss with them how they intend to discharge their new duties to ensure the highest ethical standards within their group from May 2022.

- 13.7 The **Governance & Audit Committee** met on 12 occasions during 2021/22 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 two lay members, one of which is also the Chair of the Committee. The Committee receive all Audit Wales 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.
- 13.8 During 2015/16, The 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 successfully convened meetings under Covid regulations, virtually on 4 occasions during 2021/22, with the single cancelled meeting agenda being rolled forward and considered at the next convened meeting.
- 13.9 The **Pension Fund Committee** establishes and keeps under review policies to be applied by the Council in exercising its obligations duties and 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 3 occasions during 2021/22, virtually, under Covid Regulations and dealt with all issues relating to the investment matters, governance and administration of the Pension Fund. The Chair of the Pension Fund Committee also represents the Council on the Joint Governance Committee (JGC) of the Wales Pension Partnership, a collaborative working arrangement between the 8 local government pension funds in Wales. The Chair also represents the WLGA (Welsh Local Government Association) on the Scheme Advisory Board (SAB) advising the HM Government (Ministry of Housing, Local Government, MHCLG) on matters relating to the LGPS.
- 13.10 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 Councillors. The Committee met on 5 occasions during 2021/22 and considered the Councillors Handbook, Councillors Questionnaire, Councillor Training & Induction Programme 2022, Democratic Services Annual Report, Interim

Guidance on Multi-Location Meetings, Diversity in Democracy Action Plan, Cllrs ICT Policy – May 2022 & Beyond, Multi-Location Meetings Policy, Councillors Safety & Support, and the Independent Remuneration Panel for Wales (IRPW Annual Report).

13.11 The purpose of the **Policy Development Committees (PDCs)** is to drive the development of policy for consideration and adoption by Cabinet and or Council as appropriate. Due to COVID-19, some of the Council meetings, including PDC meetings, were cancelled or re-arranged. However, the work now being done by the PDCs has become more embedded over 2021/22 in carrying out the Council’s function of developing policy. Both PDCs and Scrutiny are open to all non-executive Councillors, in developing policy then reviewing its effectiveness.

13.12 The PDCs are chaired by a Councillor and, along with the Chair, membership consists of ten elected Members. There were five Committees meeting in 2021/22: listed here with examples of both completed work and that in progress:

- **Economy, Environment & Infrastructure** – Swansea Bay City Deal Skills and Talent business case; Economic Recovery Plan. High Street Regeneration; Green Fleet Policy; Tree Policy; Siting of Bus Stops; Ultra Low Emission Vehicle Strategy.
- **Education & Skills** – Vocational Education; Data Trends on Vulnerable Learners; Adverse Childhood Experiences.
- **Recovery & Future Generations** – Supporting the overarching *Achieving Better Together* transformation work programme and COVID-19 Recovery; Workforce Strategy; Co-production; Sustainable Development.
- **People** – Young Carer’s Strategy; Volunteers Strategy; Employability; Children and Young People’s Rights Scheme.
- **Poverty Reduction** – Tackling Poverty Strategy revision; Promoting Affordable Credit Draft Policy; Benefits Take-up; Fairness in Green Health; Corporate Personal Debt Recovery.

Significant Governance Issues

The following table identifies issues that had been identified in 2020/21 during the review of effectiveness, together with the proposed actions to be taken during 2021/22 to address the issues. **Note - the COVID-19 pandemic has had an impact on the timescales and actions included in the action plan below.**

Significant Governance Issue linked to Framework	Action to be taken	Update	Status
Budget pressures (including	Address continued material uncertainty as a	<ul style="list-style-type: none"> • Budgets are monitored at a service level, 	<ul style="list-style-type: none"> • Arrangements in place.

<p>external and demand-led pressures and overspends) & problems living within budgets.</p>	<p>result of Covid and other challenges and continue a deliberately blended approach to robust monitoring of budgets, savings and transformation activity and action consistent with other Councils and policy responses at Welsh Government, UK Government and report as such to Cabinet, Council, Governance & Audit Committee and Scrutiny.</p>	<p>department level and corporate level. PFM meetings are held across the directorates to monitor budgets. In addition, the financial quarters are reviewed by CMT, Cabinet and Scrutiny committees and governance and assurance is also monitored via Governance & Audit Committee.</p>	
	<p>Commence and oversee delivery of the Achieving Better Together Transformation Programme through the Strategic Recovery Board to ensure that the Council is sustainable and financially resilient in the longer term.</p>	<ul style="list-style-type: none"> • The Achieving Better Together Steering Group and Board meet monthly and has overseen the development of the MTFP and savings plan. The Board has also monitored the in-year savings targets and ensured delivery of the targets through holding Directors to account. • The work streams also identify transformation and change programmes that are required to ensure services are fit-for-purpose and horizon scan to ensure that changes 	<ul style="list-style-type: none"> • Arrangements in place.

		are sustainable and value for money and meet future needs of the council and its residents.	
Lack of workforce capacity, capability and resilience and relying on staff goodwill.	Development of a Workforce Plan to support high performance and enable a skilled, flexible and engaged workforce as part of the Council's Achieving Better Together Transformation Plan.	<ul style="list-style-type: none"> • The Workforce Strategy has been developed following thorough consultation with Members, Leadership teams, Trade Unions and employees. This has taken into account corporate and service level plans, council vision and key objectives. • The Strategy has been developed taking into consideration the requirements of the Well-being of Future Generations Act and the Council's Achieving Better Together Transformation Plan. • The Workforce Strategy has 4 Key Themes and 9 Key Strands. Underneath each Strand there are a series of agreed activities with key milestones and success criteria identified. • The agreed activities will be subject to regular 	<ul style="list-style-type: none"> • Adoption and implementation during 2022/23.

DRAFT Annual Governance Statement 2021/22

		<p>review. Additional funding has been sourced for 2022/23 to enable progression on key activities.</p>	
<p>Performance Reviews, i.e. appraisals system / induction training not fit for purpose.</p>	<p>Recommend appraisals and continue to develop a new appraisal solution to be delivered digitally through the new Oracle Cloud solution in November 2021.</p>	<ul style="list-style-type: none"> • Oracle Cloud implementation now to be delivered by October 2022. This includes a “Goals and Performance” module that will inform a revised performance management approach in the Council, to incorporate the ability of continuous appraisals and/or more regular 121 discussions. • Appraisals have been carried out due to Covid through a streamlined model via 121’s or (where able) a normal appraisal scheme. Appraisals are now being fully reintroduced. 	<ul style="list-style-type: none"> • Oracle Cloud implementation in 2022/23.
	<p>Address Induction training of new staff as part of the review of the induction process and future policy reviews.</p>	<ul style="list-style-type: none"> • Induction training is part of the activities identified in the Workforce Development Strand of the Workforce Strategy and an action plan has been developed within the strategy to ensure delivery. 	<ul style="list-style-type: none"> • Implementation in 2022/23.

DRAFT Annual Governance Statement 2021/22

<p>Embed the Future Generation Act principles into the Council's processes and decision making.</p>	<p>Provision of training/information on the requirements of the Future Generations Act.</p>	<ul style="list-style-type: none"> • An Integrated Impact Assessment (IIA) has been developed and rolled-out to take account of the Well-being of Future Generations Act, as well as the Equalities Act, Socio-economic Duty and Welsh Language (Wales) Measure, in decision-making. • Training of decision makers including CMT, Leadership Team and Members has taken place on the socio-economic duty. The training programme for elected members after May has been updated to reflect the training requirements, along with the various committee who have been directly affected by the LG&E Act such as Governance & Audit Committee. Training on the Well-being of Future Generations Act is incorporated in the action plan to deliver the Workforce Strategy. 	<ul style="list-style-type: none"> • Arrangements in place.
<p>Patchy Partnership Governance, including application of</p>	<p>Develop a plan to establish CJs resulting from the Local Government and Elections (Wales) Act.</p>	<ul style="list-style-type: none"> • CJC's have been established as a result of the LG&E Act. A major review has been undertaken of the 	<ul style="list-style-type: none"> • Arrangements in place.

DRAFT Annual Governance Statement 2021/22

risk management.		<p>regional school improvement delivery model through ERW and the new partnership model and footprint from September 2021 should continue to enhance transparency of funding and decision-making.</p> <ul style="list-style-type: none"> • A partnership review document was presented to Governance & Audit Committee showing the governance of the key strategic partnerships and gave assurance of the management of risk. 	
ICT Disaster recovery.	Resolve through the move to cloud services, particularly Oracle Cloud in November 2021.	<ul style="list-style-type: none"> • Plans to improve DR, all of which are underway, include: <ul style="list-style-type: none"> ○ The move to Cloud; ○ the new data centre infrastructure, which will have multiple lines and access to a generator if needed; ○ Phase 2 of the data centre move will also include a secondary fall-over site. 	<ul style="list-style-type: none"> • Oracle Cloud implementation in 2022/23.
Continue to improve risk management arrangements	Work with responsible officers to improve	<ul style="list-style-type: none"> • Training specifically on improving Risk Control Measures took place at 	<ul style="list-style-type: none"> • Arrangements in place.

	<p>the quality of risk controls.</p>	<p>Leadership Team on 25 May 2021.</p> <ul style="list-style-type: none"> • A video based on the workshop was uploaded, which is now directly accessible through the risk register along with all other videos provided on risk management and on using the risk register. • Responsible officers were signposted to the video and reminders to review and revise control measures in line with the training and video have also been issued each month since the workshop took place. • Control Measures and changes to Control Measures in the Corporate Risks were reviewed and feedback / advice on improving them was provided to responsible officers in Feb 2022. 	
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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 is in remission but there remains an ongoing risk for the foreseeable future that the timescales and actions in the table below could be impacted depending on the future severity and longevity of the pandemic.**

DRAFT Annual Governance Statement 2021/22

Significant Governance Issue linked to Framework	Action to be taken
Lack of workforce capacity, capability and resilience and relying on staff goodwill.	<ul style="list-style-type: none"> • Approve the Workforce Strategy and action plan / targets by Sept 2022.
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 October 2022. • Develop Corporate Induction training for delivery in 2022.
ICT Disaster recovery.	<ul style="list-style-type: none"> • Resolve through the move to cloud services, particularly Oracle Cloud in October 2022. • National performance issues with WCCIS being addressed nationally through a review of continued viability and a local / regional options appraisal being undertaken in partnership with Health.
New - Procurement – Governance around Contracts.	<ul style="list-style-type: none"> • Internal Audit to undertake a review in 2022 on the operation of contracts within CPR and the UK PCR. • Review how advice and support can be given and whether capacity can be increased to assist Schools to consider the full implications from decisions from entering into contract with third parties. • Review the process from sign-off to Contract issued to ensure any risk is removed. • Review Governance arrangements for involvement by commercial services.

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