



## City and County of Swansea

### Notice of Meeting

You are invited to attend a Meeting of the

## Governance & Audit Committee

**At:** Multi-Location Meeting - Gloucester Room, Guildhall / MS Teams

**On:** Wednesday, 6 December 2023

**Time:** 2.00 pm

**Chair:** Paula O'Connor

**Membership:**

Councillors: A Davis, P R Hood-Williams, J W Jones, M B Lewis, M W Locke, S Pritchard, L V Walton and T M White

Lay Member(s): Gordon Anderson, Julie Davies and David Roberts

**Watch Online:** <http://tiny.cc/GA0612>

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**Next Meeting:** Wednesday, 17 January 2024 at 2.00 pm



**Huw Evans**  
**Head of Democratic Services**  
**Wednesday, 29 November 2023**

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**Contact: Democratic Services: - 636923**

# Agenda Item 3



City and County of Swansea

## Minutes of the **Governance & Audit Committee**

Multi-Location Meeting - Gloucester Room, Guildhall / MS

Teams

Wednesday, 25 October 2023 at 2.00 pm

**Present:** Paula O'Connor (Chair) Presided

**Councillor(s)**

P R Hood-Williams  
M W Locke  
T M White

**Councillor(s)**

J W Jones  
S Pritchard

**Councillor(s)**

M B Lewis  
L V Walton

**Lay Member(s)**

Gordon Anderson  
David Roberts

Julie Davies

**Also Present**

Councillor R C Stewart  
Councillor D H Hopkins

Leader of the Council  
Deputy Leader of the Council

**Officer(s)**

Ness Young  
Simon Cockings  
Richard Rowlands  
Jeremy Parkhouse  
Stephen Holland  
Jeff Fish  
Lee Cambule  
Rachael Davies  
David Howes  
Sarah Lackenby  
Matthew Perkins

Director of Corporate Services  
Chief Auditor  
Strategic Delivery & Performance Manager  
Democratic Services Officer  
Principal Solicitor  
Team Manager Stakeholder and School Support  
Tackling Poverty Service Manager  
Head of HR & Service Centre  
Director of Social Services  
Head of Digital and Customer Services  
Group Leader Waste Management

**Also Present**

Derwyn Owen  
Bethan Roberts  
Gillian Gillett  
David Roe  
Julian Nicholds

Audit Wales  
Audit Wales  
Audit Wales  
Acting Headteacher, Clydach Primary School  
Chair of Governors, Clydach Primary School

**Apologies for Absence**

A Davis

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### **35 Disclosures of Personal and Prejudicial Interests.**

In accordance with the Code of Conduct adopted by the City and County of Swansea, the following interests were declared: -

Councillor P R Hood-Williams declared a personal interest in Minute No.43 – Public Services Ombudsman of Wales Annual Letter 2022-23.

### **36 Minutes.**

**Resolved** that the Minutes of the previous meeting(s) of the Governance & Audit Committee were approved as a correct record, subject to the following amendment: -

Minute No.30 – Corporate Risk Overview 2023/24 – Quarter 1

In relation to discussions regarding Risk ID 159 - Financial Control – MTFP Delivery – amend the following: -

'The effect upon transformation savings was queried' to 'The sensitivity of transformation savings was queried.'

### **37 Employment of Agency Staff - 2023 Update.**

Rachael Davies, Head of Human Resources and Service Centre presented a 'for information' report which provided an update on the actions arising from the Employment of Agency Staff Audit report in 2021.

The Committee requested specific actions at the meeting held in September 2022 and the progress made was reported against each specific action.

Details of agency worker numbers, costs, compliance requirements of heads of service, feedback from Social Services / Place Directorates, role of Staffline and future agency contract arrangements, were provided.

The Committee discussed the following: -

- The positive progress made whilst recognising the need to ensure service provision, especially in frontline services.
- Targeted advertising in respect of seasonal jobs.
- The possibility of introducing flexible contracts and the difficulties in managing this in certain work areas.
- Looking at and tackling the reasons why full-time staff are missing work, in order to reduce agency worker numbers.
- The individual circumstances relating to each agency worker and the numbers of agency workers taken on full-time, by section.
- The effect of inflation upon agency worker costs.
- Offering permanent posts to agency workers as opposed to fixed term contracts.
- Extra hours being offered to part-time workers instead of employing agency staff.

Councillor R C Stewart, Leader of the Council stated that the Authority had made a commitment to try to convert agency workers to permanent employees. He added that part-time workers were also offered overtime hours to prevent agency workers having to be hired.

The Head of Human Resources and Service Centre was requested to provide details of agency workers who had been employed on permanent contracts by the Authority and the cost of employing agency workers in previous years.

### **38 Absence Management Audit Report Update.**

The Head of Human Resources and Service Centre presented a 'for information' report which provided an update on the Absence Management Audit Report.

It was explained that as a result of the first internal audit on Absence Management carried out in 2020, an assurance level of moderate was given. A further audit was being carried out in October 2023.

The report provided details of sickness data, progress up to October 2023 and Occupational Health support.

The Committee discussed the following: -

- The improvement of information available to managers through Oracle Fusion. It was added that the contracts for agency firms was due to be renewed in April 2024 and additional information would be available after the contract award.
- The shortages of Occupational Health staff nationally and the Committee being provided with a 6-month update on progress.
- The effectiveness and use of the Redeployment Policy, in addition to considering more creative ways of retaining employees.
- The current age profile of the Council's workforce and the future implications for the Authority.
- The impact of stress across the Council and the measures taken to address this, e.g. stress management and counselling service.
- The future provision of absence figures due to accidents.
- The large number of different categories of absence.

Ness Young, Director of Corporate Services highlighted that an update on the Council's Management Arrangements for Sickness Absence and Occupational Health was scheduled for Committee on 6 December 2023. The Chair noted that the report would therefore be moved to the meeting on 10 April 2024.

The Head of Human Resources and Service Centre was requested to provide details of time lost due to accidents in the next update report.

### **39 Clydach Primary School Audit Report 2023.**

David Roe, Acting Headteacher and Julian Nicholds, Chair of Governors presented a 'for information' report which provided an update on the moderate audit report for Clydach Primary School.

It was outlined that as a result of an internal audit on Clydach Primary School carried out in 2023, an assurance level of moderate was given. An action plan was developed to address the issues identified and appropriate implementation steps put in place. All items including actions taken to date were provided at Appendix A, which listed the recommendations, associated actions and review of actions to undertaken to date.

The Acting Headteacher, who had been in post since September 2023, and Interim Headteacher, in post November 2022 to July 2023, had been leading in addressing all of the recommendations and had been supported by appropriate local authority officers to address the points within the action plan.

It was added that all recommendations had been fully met other than one in the action plan, which was planned to be met by January 2024. Internal Audit were due to undertake their follow up audit during Quarter 3 or Quarter 4, 2023-2024.

The Committee discussed the following: -

- The amount of work completed and the focus upon risk.
- The timeline to appoint a new Headteacher, which was scheduled to be completed at the end of November 2023.
- Confirmation that the Governing Body had a Finance Committee, which reported to the Governing Body.

The Chair thanked the Clydach School representatives for attending the meeting and highlighting the progress made.

#### **40 External Assessment Report 2023/24.**

Simon Cockings, Chief Auditor provided a 'for information' report which provided a summary of results of the external assessment of compliance with the Public Sector Internal Audit Standards (PSIAS) undertaken by the Internal Audit Team of Blaenau Gwent County Borough Council.

It was explained that in line with the Public Sector Internal Audit Standards, the most recent review by Blaenau Gwent County Borough Council (CBC) was undertaken between December 2022 and August 2023. Meetings were also held with various officers within Swansea Council. The External Assessment Report outlining the findings of the review was provided at Appendix 1.

It was added that the assessment comprised a desktop review of the self-assessment and supporting evidence and discussions were held with the Chief Audit Executive (CAE), by the Professional Lead and the Senior Auditor at Blaenau Gwent CBC to gain insight and views on the operation of the Internal Audit Team and adherence to the Standards.

In summary, there were 304 best practice lines within the PSIAS and the Internal Audit Service of Swansea Council had been assessed as fully conforming with 303 of the requirements (including those not applicable). One area of partial compliance

was noted in relation to a dedicated Information Technology audit resource within the team. Therefore, the Internal Audit Service of Swansea Council had been assessed as generally conforming with the standards in all significant areas and operating independently and objectively.

Three optional actions were also suggested as part of the review with the aim of enhancing existing compliance in some areas, as shown at Appendix 1. Actions that would be completed to address the one area assessed as partially compliant and the three suggestions to enhance current compliance were provided in the Action Plan contained in the External Assessment Report.

The Chair commented on the following: -

- The report was positive in overall content.
- No-one from Blaenau Gwent CBC had contacted any Governance and Audit Committee members as part of the review, which was disappointing because the Committee's terms of reference is clear that the Committee should have been involved in and contributed to the assessment.
- Consideration be given to having a full external review (not a peer review) to be undertaken within the next 5 years.
- Surprise at the 29 areas deemed not applicable considering that no consultation took place, but the Chief Auditor confirmed that there are documented procedures in place demonstrating that had Internal Audit been asked to undertake this work, it would be undertaken in compliance with the PSIAS's.
- Whether the Council's IT Section had been consulted regarding training / IT expertise within Internal Audit whilst recognising the high costs involved with IT training for internal auditors.

The Chief Auditor stated the assessment table was used in his previous annual reports. He added that the non-applicable areas were deemed compliant in previous internal assessments due to Internal Audit having processes in place to deal with the issues if asked, to ensure full compliance with the Standards. The areas were deemed non-applicable because Internal Audit had not undertaken any consultancy work during the year.

He added that the lack of IT expertise in Internal Audit was an issue faced by many councils. The Council was looking at how other councils were dealing with the issue and it would be discussed further with the IT Department as part of the ongoing annual consultation exercise.

The Chair also requested that her disappointment that no-one from Blaenau Gwent CBC had contacted any Governance and Audit Committee members as part of the assessment and that consideration be given to having a full external review (not a peer review) to be undertaken within the next 5 years, be noted.

#### **41 Social Services Directorate: Internal Control Environment 2023/24.**

David Howes, Director of Social Services presented a report which provided the annual review of the (Directorate) control environment, including risk management, in place to ensure: functions are exercised effectively; there was economic, efficient

and effective use of resources, and; effective governance to secure these arrangements.

A broad break down of the Portfolio was provided under the following areas: -

- Risk Management and Business Continuity.
- Performance Management and Key Performance Indicators.
- Planning and Decision Making.
- Budget and Resources Management.
- Fraud and Financial Impropriety.
- Compliance with Policies, Rules and Regulatory Requirements.
- Programme and Project Assurance.
- Internal Controls.
- Data Security.
- Partnership / Collaboration Governance.

He stated that the report was not significantly different to 2022. He highlighted the financial position and sustainability within the Social Services Directorate, particularly the fact that this was the first year that the Department faced an in-year overspend.

He also highlighted the impact of high inflation; workforce wage increases; workforce retention / sufficiency; the costs of agency staff; the new demands of the Welsh Government; safeguarding, particularly placement sufficiency for Looked After Children, as contributory factors.

The potential impact of changes being proposed for the WCCIS system by Digital Health Wales was also emphasised.

The Committee asked a number of questions of the Officer, who responded accordingly. Discussions centred around the following: -

- The changes proposed by Digital Wales to the WCCIS system and the potential impact of the Department, Authority and Health Board due to the complexity involved.
- The reliance of Scrutiny upon the information provided by the WCCIS system.
- The potential impact upon the individuals who rely upon the services provided by the Department.
- The established pathways of care from hospital to home and the Committee being provided with a flavour of what the Department needed to progress matters.
- Use of social enterprises to expand services / provide services within communities.
- Additional assurance being provided by two dedicated Scrutiny Performance Panels and how the Department was doing all it could to progress.
- Additional assurance being provided in future reports by a narrative being provided outlining actions being taken in hotspot areas.

The Chair thanked the Director of Social Services for providing his report.

#### **42 Scrutiny Annual Report 2022-23 & Scrutiny Work Programme.**

Councillor Peter Black, Chair of the Scrutiny Programme Committee presented 'for information' the Scrutiny Annual Report 2022-23 and Scrutiny Work Programme.

It was outlined that the report recognised the relationship between Scrutiny and Governance and Audit Committee, its ongoing importance and the actions already taken as part of this process.

The Committee discussed the following: -

- The active involvement of all Scrutiny Convenors in the process in order to avoid duplication and the formal procedures followed to scrutinise effectively.
- The public information available on Scrutiny contained on the Council website.
- Scrutiny training being provided, including the scheduled Scrutiny Questions training which could accommodate all Councillors.
- Balancing common concerns with strategic issues in the process and how Councillors were relied upon as leads within their own communities on a variety of issues.
- Avoiding work overlaps between Scrutiny and Service Transformation Committees.
- Proposed staff cuts, the consultation process which involved the Scrutiny Chair and the potential impact upon Scrutiny.
- The Scrutiny follow up on the Swansea Public Services Board Plan, which took place in October 2023.

The Chair thanked Councillor Peter Black for presenting the report.

#### **43 Public Services Ombudsman of Wales Annual Letter 2022-23.**

Sarah Lackenby, Head of Digital & Customer Services presented a 'for information' report which provided the Public Services Ombudsman of Wales Annual Letter 2022-23 for City and County of Swansea, which included the complaints performance of both Swansea Council and across the whole of Wales.

It was added that the Council recognised that in order to meet the needs and concerns of members of the public, the monitoring of complaints was a valuable resource in its requirement to continually improve services. All complaints were taken very seriously and provided valuable customer insight.

The Annual Letter was provided at Appendix A and it highlighted the activities undertaken by the Ombudsman's office during the year and the Council's performance. It also contained requests by the Ombudsman for the Council to take specific actions in relation to the letter.

The Corporate Complaints Team and staff dealing with complaints across the Authority were thanked for their work. It was added that Internal Audit had provided the service area with a substantial audit rating.

The Committee discussed the following: -

- How the recent introduction of new technology had improved complaints handling.
- Details of 'various other' complaints dealt with by the Ombudsman be provided.
- Departments setting up quality assurance teams and lessons learnt.
- Referrals made by the Ombudsman to Standards Committee.

The Chair requested that the Head of Digital & Customer Services circulates to the Committee details of 'various other' complaints dealt with by the Ombudsman.

#### **44 The Governance and Assurance Arrangements of Swansea Council's Strategic Partnerships.**

Richard Rowlands, Strategic Delivery & Performance Manager presented a 'for information' report which provided the Committee with an update on the governance and assurance arrangements of the Council's strategic partnerships.

It was outlined that the Committee received a report about the governance and assurance arrangements of the Council's strategic partnerships at its 8 March 2023 meeting. The purpose of the report was to provide an update on these arrangements within each respective partnership including: -

- Swansea Public Services Board
- West Glamorgan Regional Partnership
- Partneriaeth Joint Committee
- South West Wales Joint Committee
- Swansea Bay City Region Joint Committee.

The report provided further information on how the governance of these partnerships related to the principles contained in the Council's Local Code of Corporate Governance.

The Chair requested that future reports highlight the key challenges and achievements of the partnerships during the period being reported.

#### **45 Report on the Audit Wales 'A Missed Opportunity' - Social Enterprises Report Recommendations.**

Lee Cambule, Tackling Poverty Service Manager presented a 'for information' report which provided a briefing to the Committee on the findings of the Auditor General for Wales review of Social Enterprises in Wales and its recommendations for action by local authorities.

It was outlined that Swansea Council's Report on the Audit Wales 'A Missed Opportunity' Social Enterprises report recommendations provided a summary of the report and its findings, as well as highlighting the action taken by Swansea Council to date. This included the response to the three recommendations and notes areas for further action which we intend to explore further.

The Council's analysis of the findings of Audit Wales' report was provided at Appendix A. This included the first iteration of the completed self-evaluation checklist, which had been developed in collaboration with colleagues across the organisation and with oversight from the Enabling Communities Group and Swansea Council Poverty Forum. Based on the evaluation completed as part of the first recommendation, the key actions planned were also listed.

The Committee discussed the following: -

- The good co-production work evidenced in the report and the great examples of work shown in the report.
- The misleading title provided by Audit Wales which suggests inconsistency, when there are great examples of projects and initiatives.
- Finalising and developing a robust action plan going forward.
- Workforce organisation going forward, including shared services, focussing upon health and social care, building relationships and data, and celebrating and sharing successes.
- The wide range of social enterprises and micro businesses and the scope of control.

The Chair recognised the work already completed and the large amount of work outstanding, which could take time to complete. She requested that the Tackling Poverty Service Manager provides an update on the timelines at a future meeting.

#### **46 Report on the Audit Wales 'Together We Can' - Community Resilience and Self-Reliance Report Recommendations.**

Tackling Poverty Service Manager presented a 'for information' report which provided a briefing to the Committee on the findings of the Auditor General for Wales review of Community Resilience and Self-Reliance in Wales and its recommendations for action by local authorities.

It was outlined that Swansea Council's Report on the Audit Wales 'Together We Can' – Community resilience and self-reliance report recommendations provided a summary of the report and its findings, as well as highlighting the action taken by Swansea Council to date. This included the response of the Council to the three recommendations and noted areas for further action which the Council intended to explore further.

The Council's analysis of the findings of the Audit Wales' report was detailed at Appendix A which included a completed evaluation conducted by two oversight groups that coordinated the delivery of the Corporate Priority 'Tackling Poverty and Enabling Communities' – these are the Swansea Council Poverty Forum and the Enabling Communities Group.

The evaluation identified 10 key actions to define, deliver and continuously improve the Council's vision for resilient and self-reliant communities in Swansea. These actions would fall under the governance of the Corporate Priority 'Tackling Poverty

and Enabling Communities' and progress would be monitored and reported via the two oversight groups listed above.

The Committee discussed the following: -

- The position of the oversight groups within the corporate structure.
- The importance of co-production and taking people along the journey with you.
- The important involvement of elected Members, particularly revitalising the role of local authority champions and the additional support / training required, which would be included within the detailed action plan.

The Chair recognised the work already completed and the large amount of work outstanding, which could take time to complete. She requested that the Tackling Poverty Service Manager provides an update on the timelines at a future meeting.

#### **47 Audit Wales - City & County of Swansea Detailed Audit Plan 2023.**

Derwyn Owen, Audit Wales presented the City and County of Swansea – Detailed Audit Plan 2023.

It was outlined that the Plan specified the statutory responsibilities of the Auditor General as external auditor and fulfilled his obligations under the Code of Practice. It also set out the work Audit Wales intended undertaking to address the audit risks identified, other key areas of focus during 2023, the estimated audit fee, details of the audit team and key dates for delivering the activities and planned outputs of the audit team.

The responsibilities of the Auditor General were set out and information regarding the following was provided: -

- Audit of Financial Statements
- Performance Audit Work
- Your Audit at a Glance
- Financial Statements Materiality
- Significant Financial Statements Risks
- Other Areas of Focus
- Financial Statements Audit Timetable
- Planned Performance Audit Work
- Certification of Grant Claims and Returns, and Statutory Audit Functions
- Fee and Audit Team
- Audit Quality
- The Key Changes to ISA 315 and the Potential Impact on the Council

The Chair requested that a written statement be provided by the Director of Finance to address the concern raised by Audit Wales at the lateness of the Statement of Accounts. It was noted that Audit Wales had been informed that the accounts would be with them before the end of October 2023. Audit Wales stated that it planned to report on the Statement of Accounts in March 2024.

The Chair thanked the Audit Wales Representative for his report.

**48 Audit Wales Work Programme and Timetable - City and County of Swansea Council.**

Gillian Gillett, Audit Wales presented 'for information' the Audit Wales Work Programme and Timetable – City and County of Swansea.

The report detailed the quarterly update and listed the following: -

- Annual Audit Summary
- Financial Audit Work
- Performance Audit Work
- Local Government National Studies Planned / In Progress
- Estyn
- Care Inspectorate Wales (CIW)
- Audit Wales National Reports and Other Outputs Published Since September 2022
- Audit Wales National Reports and Other Outputs Due to be Published (and other work in progress / planned)
- Good Practice Exchange Resources
- Recent Audit Wales Blogs

It was also confirmed that Audit Wales had recruited to overcome resources issues.

The Committee discussed the following: -

- Thematic Review - Unscheduled Care – It was queried when the report would be available. The Committee were informed that the report was with a partner organisation and the timeline would be provided when available.
- WCCIS – Whether Audit Wales were aware of the decision by Digital Wales to move away from a single performance information system across Wales. It was confirmed that Audit Wales would not have been involved in the decision, were able to review all decisions taken and noted the information provided.

The Chair thanked the Audit Wales representative for her report.

**49 Governance & Audit Committee Action Tracker Report.**

The Governance & Audit Committee Action Tracker was reported 'for information'.

**50 Governance & Audit Committee Work Plan.**

The Governance & Audit Committee Work Plan was reported 'for information'.

The meeting ended at 4.40 pm

**Chair**

# Agenda Item 4



## Report of the Section 151 Officer

Governance and Audit Committee – 6 December 2023

### Draft Statement of Accounts 2022/23

<b>Purpose:</b>	The report presents the Draft Statement of Accounts for 2022/23 and is presented to the Governance and Audit Committee for Information and Review.
<b>Report Author:</b>	Amanda Thomas
<b>Finance Officers:</b>	Amanda Thomas / Ben Smith
<b>Legal Officer:</b>	Stephen Holland
<b>Access to Services Officer:</b>	Catherine Window
<b>FOR INFORMATION</b>	

#### 1. Background

- 1.1 Legislation requires the Council to produce an annual Statement of Accounts in respect of each Financial year as follows:-
  - **By 31<sup>st</sup> May** following the year to which the Accounts relate – Accounts to be drafted and signed by the Section 151 Officer
  - **By 31<sup>st</sup> July** following the year to which the Accounts relate - the Accounts are required to be audited and approved by Council
- 1.2 The Draft Accounts for 2022/23 have been prepared and were signed by the Section 151 Officer on 27<sup>th</sup> October 2023. A copy is appended at Appendix 'A' to this report.
- 1.3 The Accounts have been formally presented to the Council's auditors – Audit Wales – who have commenced the audit of the Accounts.
- 1.4 As part of the audit process the Accounts are made available for inspection by the public for a four week period from 4<sup>th</sup> January 2024 to 31<sup>st</sup> January 2024.

## **2. Form and content of the Statement**

- 2.1 The form and content of the report is largely set out in the CIPFA code of practice which forms the basis of best practice in accordance with legislation.

## **3. Integrated Assessment Implications**

- 3.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage.
- Consider opportunities for people to use the Welsh language.
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

The Well-being of Future Generations (Wales) Act 2005 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

Our integrated Impact Assessment process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

- 3.2 The Revenue budget of the Council was approved following the application of the corporate Equality Impact Assessment (EIA) process throughout the Budget setting process. This process has since been replaced with IIA's. It is essential where service levels are affected by changes to the Revenue budgets (including savings options) that the IIA process (alongside consultation and engagement as appropriate) is applied to ensure due regard is paid to the potential equality impacts of any proposals prior to decision making. An IIA screening has been undertaken on this report. This report outlines the statement of accounts and there are no implications to consider at this time.

#### **4. Legal Implications**

- 4.1 Production of the Statement of Accounts is required in accordance with the provisions of the Accounts and Audit (Wales) Regulations 2014.

#### **5. Financial Implications**

- 5.1 There are no financial implications.

#### **Background papers:**

*Accounts and Audit Regulations*

*Cipfa Accounting Code of Practice*

#### **Appendices:**

Appendix 'A' – Draft Statement of Accounts 2022/23.

Appendix 'B' – IIA Screening form.

# Statement of Accounts 2022/23

Appendix A



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## Introduction



Swansea Council is located on the South Wales Coast and is one of twenty two current unitary local authorities providing local government services in Wales.

The area of the Council includes the Gower peninsula, designated as Britain's first area of outstanding natural beauty.

Approximately 237,800 people live within the boundaries of the Council of which:

- 40,600 are aged under 16
- 46,500 are of pensionable age (aged 66 and over)
- 13,600 are aged 80 years and over



The County has a mixed agricultural and industrial economy. The City sits at the mouth of the River Tawe, from which its Welsh name, Abertawe, derives.

This Statement of Accounts is one of a number of publications, which include the revenue and capital budgets, produced to comply with the law and designed to provide information about the Council's financial affairs.

Copies of these accounts can be obtained from:

Director of Finance & Section 151 Officer  
Swansea Council  
Guildhall  
Swansea  
SA1 4PE

## Narrative Report

### Services

The Council provides a range of services, supporting local communities and improving the lives of local people, some of which are shown below.

<b>Corporate Services</b>	<b>Finance</b>
Corporate Management Team Support	Financial Strategy
Corporate Communications and Marketing	Accountancy Services
Design Print Unit	Internal Audit
Corporate Customer Services Unit	Housing Benefits
Overview & Scrutiny function	Council Tax
Democracy, Member and Mayoral Services	Business Rates
Web Development	Procurement & Commercial activities
Performance & Delivery function	
Legal Services	
Coroners Service	
Human Resources & Organisational Development	
Emergency Management Services Unit	
Digital Services & Transformation	
<b>Social Services</b>	<b>Education</b>
Child protection and family support	Primary, secondary and special schools
Support to enable vulnerable people to live independently	Education Improvement
Long-term and short-term residential care	School meals
Poverty and Prevention	School transport
Community Safety	Special Education Needs
Early intervention	Education Planning and Resources
Partnership, performance & commissioning	
Tackling poverty	
Lifelong learning and young peoples' services	
<b>Place</b>	<b>Housing Revenue Account (HRA)</b>
Waste management	Landlord Services
Refuse collection & recycling	Strategic Housing
Street cleaning	
Highways	
Street lighting	
Land drainage & coast protection	
Road safety	
Car parks	
Sewerage services	
Property and building services	
Culture, sport, leisure and tourism	
Planning and city regeneration	
Public protection and housing services	
Bereavement services	

## Narrative Report

### Democracy

The Council had 75 elected councillors for 2022/23 (72 in 2021/22) from a range of political groups who are the Council's decision makers, agreeing policies and spending priorities. Each councillor is elected to represent a specific area (electoral ward). They will act on behalf of that community making decisions about local services, budgets and the overall level of council services.

The Council Constitution is the framework that sets out how the Council operates and how decisions are made together with the procedures which are followed to ensure that decisions and functions are efficient, transparent and accountable to the people of Swansea. The Council annually selects a Lord Mayor to perform a civic role and promote the city. The Council appoints a Leader of the Council who appoints Cabinet Members, each with responsibility for a specific portfolio of services.

The role of Cabinet is to:

- provide leadership,
- be responsible for most major decisions,
- propose the budget framework and subsequent budget.

Scrutiny will act as a 'critical friend' to Cabinet and other decision makers to promote better services, policies and decisions. The role of Scrutiny is to hold the Cabinet members to account, to be the voice of the public and to help drive improvement of the Council's public services.

Regulatory and other committees support the delivery of Council services. The Governance and Audit Committee reviews and scrutinises the Council's financial affairs and makes reports and recommendations in relation to the Council's financial affairs. The Governance and Audit Committee is responsible for reviewing the Statement of Accounts. Council is responsible for approving the Statement of Accounts.

The Corporate Management Team (CMT) is led by the Chief Executive and includes Directors and the Chief Legal Officer (and Monitoring Officer).

The Corporate Management Team are responsible for:

- providing impartial advice on policy to all Members,
- implementing decisions of Cabinet and Council,
- delivery of services and performance.

### Corporate Plan

Swansea Council published its Corporate Plan in 2017 as required by the Well-Being of Future Generations (Wales) Act 2015, which included a summary of its Well-being Statement and key priorities, known as 'Well-being Objectives'.

A new Corporate Plan and updated Well-being Objectives was published for 2023/28.

## Narrative Report

The Council has prioritised six Well-being Objectives.

These are:

- **Safeguarding** people from harm - so that our citizens are free from harm and exploitation.
- Improving **Education & Skills** - so that everyone in Swansea gains the skills and qualifications they need to succeed in life.
- Transforming our **Economy & Infrastructure** - so that Swansea has a thriving mixed use City Centre and a local economy that will support the prosperity of our citizens.
- **Tackling Poverty & Enabling Communities** - so that every person in Swansea can achieve their potential.
- Delivering on **Nature Recovery and Climate Change** - so that we maintain and enhance nature and biodiversity in Swansea, reduce our carbon footprint and tackle climate change.
- **Transformation & Financial Resilience** - so that we and the service that we provide are sustainable and fit for the future.

The 'Tackling Poverty and Enabling Communities' objective was amended to add 'enabling communities' so as to recognise a strengths-based approach where the strengths of individuals, communities and networks can be capitalised upon to help tackle poverty. The 'Transformation and Financial Resilience' objective was renamed to reflect how the Council will need to change to become sustainable and better able to weather global events, leading to increased demand and rising prices at a time when resources are being reduced.

### Corporate Risks

The annual review of Corporate Risks by Corporate Management Team (CMT) took place on 17th August 2022 and then at CMT Cabinet on 14th December 2022 and 5th January 2023, aligned to the development of the new Corporate Plan 2023/28. A discussion on the outcome from the review of the Corporate Risks also took place at Leadership Team on 18th January 2023. The Council's Corporate Risks are aligned to the Council's Well-being Objectives. They are those risks that, should they come into effect, would have an impact on the whole of the Council and would have a detrimental impact on the ability of the Council to achieve its priorities and objectives. An Annual Risk Assurance workshop took place with the Council's regulators on 11th January 2023 where they shared their respective assurances and risks that they perceive around the Council. An exercise mapping the Council's Corporate Risks to those identified by the Audit Wales was undertaken in the early part of 2023/24, which showed there was coherence between them.

As at the time of writing, the Council's Corporate Risks are:

- Pupil attainment and achievement.
- Safeguarding.
- Financial Control - MTFP Delivery.
- Cyber, data and digital security.
- Emergency Planning, Resilience and Business Continuity.
- Health & Safety.
- Local economy and infrastructure.

## Narrative Report

- Impact of Poverty.
- Cost of Living crisis.
- Workforce recruitment and retention.
- Mandatory training.
- Social Cohesion.
- Net Zero 2030 target.
- Successful and Sustainable Swansea Corporate Transformation Plan.

CMT continue to receive monthly reports on compliance to the Councils Risk Management Framework. The Governance and Audit Committee has continued to receive a quarterly report and overview on the overall status of risk in the Council during 2022/23. This report coincides each quarter with Directors attending the committee on a rotational basis to present on their internal control environment, including risk management. Corporate Risks will be reviewed at CMT Cabinet 2023/24 with particular attention given to the effectiveness of control measures to reduce residual risk.

Internal Audit continue to review the Council's Risk Management arrangements each year in order to provide assurance to the Governance and Audit Committee. The Education directorate risk management arrangements, with a particular focus on control measures, were reviewed during 2022/23. A 'substantial' assurance rating was awarded by the review.

### Corporate Performance

This Council reports performance results each quarter and annually delivering the Council's Well-being Objectives that are described in the Corporate Plan. The outturn for 2022/23 was reported in July 2023. A fuller self-assessment of performance is now required under Part 6 of the Local Government & Elections Act 2021. A self-assessment of performance during 2021/22 was published in January 2023 after a wider consultation, scrutiny process and governance and audit review. This assessment concluded that the Council is effectively delivering its functions, that there is strong application and effective use of resources with some mixed evidence of effective application around workforce planning and performance management. The review also concluded that whilst there is a mixed application and effectiveness of governance around vision, strategy and performance, there is strong application and effectiveness of governance in all other areas reviewed. The review concluded with areas identified for continued improvement.

## Narrative Report

### Financial Performance

We incur two main types of expenditure – revenue expenditure and capital expenditure.

**Revenue expenditure** covers spending on the day to day costs of our services such as staff salaries and wages, maintenance of buildings and general supplies and equipment. This expenditure is paid for by the income we receive from Council taxpayers, business ratepayers, the fees and charges made for certain services, and by the grants we receive from Government.

**Capital expenditure** covers spending on assets such as roads, redevelopment and the major renovation of buildings. These assets will provide benefits to the community for several years and the expenditure is largely financed by borrowing, capital grants and the sale of fixed assets. Amounts borrowed for capital purposes are repaid in part each year as part of our revenue expenditure.

Sources of borrowing utilised include the Public Works Loan Board (PWLB) and capital markets. The PWLB is a Government agency which provides longer-term loans to local authorities.

### Authority services

The net directorate expenditure for 2022/23 was £473.959m against a revised budget of £492.394m. The revenue outturn position of the Authority for 2022/23 resulted in a decrease in expenditure on services of £18.435m compared to adjusted budget, boosted especially by recovery of one off settlements of covid related spending, compensation for income losses and additional grant support from the Welsh Government. That adjusted budget did, however, also include very substantial planned one off uses of reserves, which have now predominantly been able to be deferred for a year, which does therefore quite materially overstate the apparent performance achieved in the very short term. In addition, the revenue outturn position reflects a further £1.739m of one off expenditure on an invest to save basis, that was partly met from the Authority's contingency and restructuring funds primarily to fund early retirement and voluntary redundancy costs as the Authority seeks to reduce its underlying operating costs and adjust to potential future grant levels. Consequently the draw from reserves in 2022/23 in isolation was materially lower than expected (by nearly £26m), but nonetheless the Authority did still need to draw from its reserves (nearly £2m) and separately from schools (over £8m).

## Narrative Report

The underlying spend on Services reflects forecast and known pressures, across all directorates, but especially within Social Services, Place, Education and Schools budgets, which have been partly reflected in 2023/24 budget proposals.

The 2022/23 budget proposals continued to be overtaken by events given the Covid-19 pandemic and short term spending increased substantially, savings plans put on hold, and service income was materially lower than forecast across all Council functions. For 2022/23 this has again been recompensed by significant Welsh Government support. Continuation of support into 2023/24 is now very limited and the 2023/24 budgets face significant pay and price inflationary pressures well above budgeted "normal" sums given elevated and prolonged inflation. The Council has prudently rolled forward service underspending to pump prime recovery activity for 2023/24. The longer term financial outlook remains incredibly uncertain for the Council especially given those lingering inflationary pressures.

### Other budget variations

Other budget savings during the year arose from reductions in capital repayments and interest charges (£8.577m). The MRP (Minimum Revenue Provision) Policy was reviewed in 2018/19 and Council approved a change in MRP Policy which helped lower capital repayment charges in the short to medium-term. In line with the Council's agreed reserve policy, the whole capital financing underspend has been transferred to a capital equalisation reserve.

For all supported borrowing, including capital expenditure incurred before 1st April 2008, the charge to revenue will be over 40 years by the straight line method, which is commensurate with the average of existing asset useful economic lives. In essence this replaces the 4% reducing balance method with a 2.5% straight line method. This can be considered a more prudent approach than the current provision because it introduces a more certain period for eliminating the debt liability in full.

### Housing Revenue Account

The Housing Revenue Account of the Authority is a ring fenced account dealing exclusively with income and expenditure arising from the Authority's housing stock. For 2022/23 there was a net increase in HRA reserves at year end of £5.169m (2021/22 net decrease £1.005m). Total income for the year was £73.406m, which funded revenue expenditure of £35.972m. In addition, this was also offset against other adjustments and contributed towards the Capital Programme £32.265m. In total, £39.948m (2021/22 £44.777m) Capital was spent on HRA properties and a breakdown of both Revenue and Capital income and expenditure can be found on pages 150 to 153.

Details of the annual Revenue, HRA and Capital outturn reports can be found on the agenda of the Council's Cabinet for the meeting on 20th July 2023 and 21st September 2023.

## Narrative Report

### Covid-19

The following table sets out the additional costs identified as incurred during the year as a result of the Covid-19 pandemic together with the funding received from Welsh Government. Not all of the additional costs incurred by the Authority were eligible for funding from the Welsh Government. Some of these costs related to "local decisions" made by the Authority and others as a result of Welsh Government determining and applying its eligibility criteria.

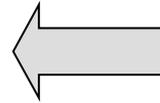
	Costs/Loss of Income 2022/23 £'000s	Grant Income 2022/23 £'000s
Services	6,133	6,051
Corporate	7,256	7,256
Agency on behalf of Welsh Government	4,469	4,469
	<b>17,858</b>	<b>17,776</b>
	2021/22 £'000s	2021/22 £'000s
Services	33,960	32,500
Corporate	35,771	34,474
Agency on behalf of Welsh Government	19,771	19,771
	<b>89,502</b>	<b>86,745</b>

The costs and income for Services and Corporate are included in the Authority's figures and are therefore within the figures disclosed in the Comprehensive Income and Expenditure Statement. Where the Authority is acting as Agent on behalf of Welsh Government the figures are excluded from the Authority's figures. Please see disclosure note 31 for more information.

## Narrative Report

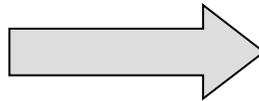
### Revenue spending in 2022/23

	£'m	%
Revenue support grant	297.4	32
Non domestic rates	89.2	9
Council tax	143.4	15
Other income (rents, fees and charges, specific grants)	418.9	44
	<b>948.9</b>	<b>100</b>



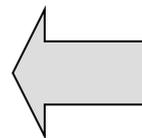
*Where our money comes from*

*What we spend it on*



	£'m	%
Employees	456.6	48
Capital charges	43.1	4
Running costs	406.6	43
Precepts/Levies	44.8	5
Reserve transfers	-2.2	0
	<b>948.9</b>	<b>100</b>

	£'m	%
Corporate Services	35.0	4
Finance	77.5	8
Social Services	238.8	25
Education	310.4	33
Place	245.9	26
Housing Revenue Account (HRA)	68.5	7
Reserve transfers	-2.2	0
Other	-25.0	-3
	<b>948.9</b>	<b>100</b>



*And the services it provides*

The reserve transfers of -£2.2m are the revenue reserve transfers in 2022/23 which include the General Fund, Housing Revenue Account and Earmarked Reserves.

## Narrative Report

### Capital spending in 2022/23

	£'000
External borrowing	20,398
Government grants	63,707
Other grants/contributions	3,995
Capital receipts	7,175
Revenue and reserves	28,400
Spend to be financed in 2023/24	-1,490
	<b>122,185</b>

*Where our money comes from*

*What services we spend it on*

	£'000
Corporate Services	1,641
Finance	0
Place Services	109,596
Education	10,168
Social Services	780
	<b>122,185</b>

*Some of the assets it provided*

	£'000		£'000
<b>Education</b>		<b>Housing (General Fund)</b>	
Tan-y-Lan primary	541	Housing Disabled Facilities Grants	3,995
Bishopston Comprehensive refurbishment	3,661	<b>Highways and Transportation</b>	
YG Gwyr secondary school extension	1,219	Carriageways & Footways	2,588
<b>Place Services: Housing (HRA)</b>		Local Transport Fund	1,828
HRA More Homes programme	8,786	Active Travel schemes	6,272
Kitchens & Bathrooms CBS - Voids	1,656	Vehicle replacements	354
HRA Wind & Weatherproofing (includes High-rise flats)	6,837	<b>Other Services</b>	
Internal Adaptation	2,128	Cefn Hengoed Community Hub	3,280
<b>Economic Development</b>		Community Play schemes	1,456
Kingsway Offices & Infrastructure	11,362	<b>Corporate Services</b>	
Palace Theatre	3,600	Agile and mobile IT equipment	615
Hafod Copperworks Redevelopment	3,095		
Prev. Debenhams acquisition	2,690		

### Provisions and Reserves

The Authority maintains a number of provisions and reserves. Provisions are disclosed in Note 21 on pages 95 and 96. The information regarding reserves are disclosed in the Movement in Reserves Statement on pages 26 to 30 and Note 10 on page 74.

Provisions are amounts included in the accounts as liabilities where there has been a past event which is likely to result in a financial liability but where there is uncertainty over timing and the precise value of the liability that has been incurred. It is therefore the Authority's best estimate of the financial liability as at 31st March 2023.

The Council holds Earmarked Reserves for specific purposes, together with a level of General Reserves which are available to support overall Council expenditure. However, due to the nature, size and complexity of the Council's operations, and in particular the potential for short term volatility in terms of elements of income and expenditure, it is prudent to maintain a level of General Reserves sufficient to meet anticipated and known financial risks.

At the end of the year, the Authority's revenue reserve balances amounted to £189.729m (2021/22 £191.934m).

### International Accounting Standard 19 Employee Benefits (IAS 19)

The Accounts comply with the requirements of the above standard in that they reflect in the revenue accounts the current year cost of pension provision to employees as advised by the Authority's actuary. The Statements also contain, within the Balance Sheet, the actuary's assessment of the Authority's share of the Pension Fund liability as at 31st March 2023 and the reserve needed to fund that liability.

The pension fund liability that is disclosed within the Balance Sheet is the total projected deficit that exists over the expected life of the fund. This deficit will change on an annual basis dependent on the performance of investments and the actuarial assumptions that are made in terms of current pensioners, deferred pensioners and current employees.

The fund is subject to a 3 yearly actuarial valuation which assesses the then state of the pension fund and advises the various admitted bodies on the appropriate rate of employers contributions that needs to be made in order to restore the fund to a balanced position over a period of time. The contribution rate used in 2022/23 relates to the valuation undertaken on 31st March 2022.

The Local Government Pension Scheme is a statutory scheme and, as such, benefits accruing under the scheme can only be changed by legislation. The Department for Communities and Local Government legislated for a new scheme which commenced in April 2014 which was designed to have a material and beneficial effect on the projected cost of the scheme over future years.

## *Narrative Report*

The Pension Fund Deficit at 31st March 2023 is £76.193m (31st March 2022 £714.623m).

### **Group Accounts**

Group Accounts are prepared where Local Authorities have material interests in subsidiaries, associated companies and joint ventures. Group Accounts have been prepared to include the National Waterfront Museum and the Wales National Pool. The Group Accounts comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and associated disclosure notes.

### **Changes in the form and content of the Statement**

The Statement has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23. The code is published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Statement also complies with the requirements of the Accounts and Audit (Wales) (Amendment) Regulations 2018.

The 2022/23 Opening Balance figures have been restated to correct historical cost depreciation adjustments between the Revaluation Reserve and the Capital Adjustment Account. The net value of these adjustments is £2.485m.

Please see page 98 for information on the prior period errors.

### Financial Statements

The main elements of this Statement of Accounts comprise:-

- \* The Expenditure and Funding Analysis, which shows how annual expenditure is used and funded from resources by the Authority in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates.
- \* The Comprehensive Income and Expenditure Statement, which shows the income from, and spending on, Authority services for the year. It also shows how much money we get from the Welsh Government, business ratepayers and Council taxpayers together with the net deficit/surplus for the year.
- \* The Movement in Reserves Statement, which shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.
- \* The Balance Sheet, showing a snapshot of the Authority's financial position at the 31st March 2023.
- \* The Cash Flow Statement, which shows transactions for the year on a cash basis rather than on an accruals basis.
- \* The notes to the accounts, incorporating the main accounting policies, which show the basis on which we have prepared the accounts and the accounting principles the Authority has adopted. The notes also offer further analysis of items appearing in the main financial statements.
- \* The Housing Revenue Account (HRA) Income and Expenditure Statement, which shows income from, and spending on, Council housing for the year. This account is stated separately as required by statute although the overall results are incorporated into the Authority's Comprehensive Income and Expenditure Statement.
- \* The Group Accounts, which show the consolidated accounts of the Authority and its group companies.
- \* The Certificate and Statement of Responsibilities of the Chief Finance Officer who is the responsible officer for the production of the statement.
- \* The Annual Governance Statement, which gives an indication of the arrangements for and effectiveness of internal control procedures within the Authority.
- \* The auditor's opinion and certificate relating to the Statement of Accounts.

### Financial outlook for the Authority.

On the 2nd March 2023 the Authority approved a medium term financial plan which highlighted potential revenue shortfalls (savings required even after assuming 5% council tax increases) rising from £20.3m in 2023/24 to £39.9m in 2026/27 reflecting expected modest future cash increases to cash settlements and a planning assumption of 3-7% rises needed in council tax in all future years of the medium term plan. Net nominal cash investment was forecast in all scenarios but after growth and especially inflation is taken into account unless grant rises faster than assumed, real term cuts are still likely to persist. If grant rises were maintained at recent trajectories there would be likely additional nominal terms funding to invest in services but a real term benefit will only be felt if prolonged and heightened inflation levels and interest rates rapidly diminishes.

That report also contained a range of potential future savings options including continued focus on a range of reviews linked to the Recovery Plan "Achieving Better Together" as the pace and scale of transformative change needed to fit to forecast reducing real terms resources levels continues.

Notwithstanding the information contained within the medium term financial plan, it is clear that the financial outlook for the Authority is hugely dependent upon the scale of Central Government funding and support for both Revenue and Capital expenditure. The Authority is likely to still be under pressure in real terms in the medium term, despite UK Government comments indicating an end to austerity. The Comprehensive Spending Review 2021 is looking rather dated already given the especially pronounced current and medium term inflationary outlook. Equally the Authority continues to have ambitious plans to invest substantially in its capital infrastructure, a significant part of which will need to be financed from its own revenue resources, as well as from wider stakeholders including, but not limited to, the Swansea Bay City Region Deal.

Whilst overall levels of total funding available for 2023/24 and the following year have been announced, current indications are that continued medium term reduction in real terms funding is very likely when heightened price, pay and demand pressures are factored in. If the additional cash funding increases for 2023/24 are replicated, then there will be nominal investment and nominal service enhancement choices to be made. The value of that in real terms will likely be rather more moot in all scenarios given prolonged high inflation and rapid rises in interest rates. The Authority continues undertaking work to plan for all scenarios.

## *Narrative Report*

The Authority continues to face a challenging agenda following the introduction of an equal pay compliant pay and grading structure, development of regional partnership arrangements in line with Welsh Government policy, and compliance with any legislative and other changes, especially around the Local Government and Elections (Wales) Act 2021, the Wellbeing of Future Generations, the Environment Act, the Socio Economic Duty and Education Additional Learning Needs.

Local Government regionalisation, driven by the Welsh Government and Local Government collectively, will continue to evolve and change. Whilst a range of future options remain, there is continued expectation of increasing mandatory regional working on a range of services, though with local discretion, through the established Corporate Joint Committees.

At this stage, it is still too early to form a view as to the overall impact of these proposals, nor what any final outcome may eventually be, but is clearly of some significance for the Authority as a whole.

Intrinsically linked to part of this regionalisation agenda is the shared vision between four councils (including Swansea), the Welsh Government, the UK Government and other public sector partners (NHS, University sectors) as well as the private sector in delivering the £1.3bn Swansea Bay City Region deal. Overall funding obligations for the Council and delivery expectations continue to evolve as the individual City Deal projects develop.

Furthermore there may be impact as a result of ongoing options around the proposed Swansea Bay Tidal Lagoon project. Whilst the UK Government has formally decided not to proceed, this Council and a range of stakeholders remain committed to explore all alternative delivery models and vehicles. Whilst it does not manifestly directly involve the Local Authority in the same way as the city region deal, nonetheless it offers a scale and significance to the local area and economy whose potential impact ought to be initially recognised.

The UK left the European Union on 31st January 2020 and entered into an eleven month long transition period, which ended on 31st December 2020 with a trade deal between the UK and EU. The trade deal provides for free trade in goods and limited mutual market access in services, as well as for cooperation mechanisms in a range of policy areas, transitional provisions about EU access to UK fisheries, and UK participation in some EU programmes.

The full longer term impact of the UK exit from the EU is still to be fully seen.

## *Narrative Report*

There was some residual impact of Covid, predominantly around wider economic ripples across society and changed service and user habits which have not fully returned to prior 'norms' and tangentially associated cost of living grants schemes operated by the Council on behalf of UK and Welsh government as well as a need to respond locally to our own service pressures and costs, both directly and indirectly with strategic suppliers. The position remains fluid and ongoing. There was a significant impact on the 22/23 accounts and there will be ongoing financial impacts in 23/24 arising especially from prolonged inflation and steep interest rate rises.

Costs incurred at this stage, future real terms costs, plus income foregone now, and for the immediate future, and the impact across all operations, and partners, including UK and Welsh Governments cannot be fully assessed with full accuracy at year end but are bound to be significant for Swansea Council alone. It will have a profound and material impact on the coverage of the accounts, their completeness, timeliness and accuracy in the current and following years.

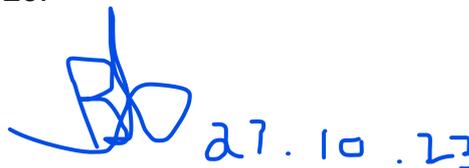
### **Further information**

You can get more information about the accounts from the Director of Finance & Section 151 Officer, Swansea Council, Guildhall, Swansea, SA1 4PE.

## **Director of Finance & Section 151 Officer's Certificate & Statement of Responsibilities for the Statement of Accounts**

I hereby certify that the statement of accounts on pages 21 to 153 presents a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31<sup>st</sup> March 2023.

Ben Smith  
Director of Finance & Section 151 Officer



### **The Authority's Responsibilities**

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Finance & Section 151 Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the statement of accounts.

### **The Director of Finance & Section 151 Officer's Responsibilities**

The Director of Finance & Section 151 Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Finance & Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Director of Finance & Section 151 Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

### **Date of Authorisation for Issue**

The 2022/23 Statement of Accounts was authorised for issue on xx xxxxxxxx 2023 by Ben Smith, Director of Finance & Section 151 Officer of the Council. This is the date up to which events after the Balance Sheet date have been considered.

The 2022/23 Statement of Accounts was formally approved by Council on xx xxxxxxxx 2024.

Jan Curtice  
Chairwoman

## Expenditure and Funding Analysis

The expenditure and funding analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices are presented more fully in the Comprehensive Income and Expenditure Statement.

	2021/22				2022/23		
	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments (Note 6)	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments (Note 6)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000		£'000	£'000	£'000
	20,051	6,297	26,348	Corporate Services	24,782	5,470	30,252
	18,304	-2,896	15,408	Finance	37,981	-23,036	14,945
	118,298	15,256	133,554	Social Services	144,342	11,995	156,337
	177,631	28,301	205,932	Education	207,916	31,394	239,310
	56,330	71,607	127,937	Place	68,530	54,860	123,390
	-39,298	7,801	-31,497	Housing Revenue Account (HRA)	-37,851	33,315	-4,536
	<b>351,316</b>	<b>126,366</b>	<b>477,682</b>	<b>Net Cost of Services</b>	<b>445,700</b>	<b>113,998</b>	<b>559,698</b>
	-392,496	-87,655	-480,151	Other Income and Expenditure	-443,495	-67,165	-510,660
	<b>-41,180</b>	<b>38,711</b>	<b>-2,469</b>	<b>Surplus(-) or Deficit on Provision of Services</b>	<b>2,205</b>	<b>46,833</b>	<b>49,038</b>

## *Expenditure and Funding Analysis*

General Fund and HRA				General Fund and HRA		
-150,754			Opening Balance as at 1 April	-191,934		
-41,180			Surplus(-) or Deficit	2,205		
<b>-191,934</b>			<b>Closing Balance as at 31 March *</b>	<b>-189,729</b>		

\* For a split of this balance between the General Fund and the HRA - see the Movement in Reserves Statement.

## Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2021/22				Note	2022/23		
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
33,276	-6,928	26,348	Corporate Services		35,000	-4,748	30,252
84,868	-69,460	15,408	Finance		77,496	-62,551	14,945
229,922	-96,368	133,554	Social Services		238,812	-82,475	156,337
279,441	-73,509	205,932	Education		310,436	-71,126	239,310
249,457	-121,520	127,937	Place		245,938	-122,548	123,390
38,695	-70,192	-31,497	Housing Revenue Account (HRA)		68,484	-73,020	-4,536
<b>915,659</b>	<b>-437,977</b>	<b>477,682</b>	<b>Cost of Services</b>		<b>976,166</b>	<b>-416,468</b>	<b>559,698</b>
42,757	0	42,757	Other operating expenditure	11	46,683	0	46,683
78,192	-37,039	41,153	Financing and investment income and expenditure	12	88,063	-56,652	31,411
0	-564,061	-564,061	Taxation and non-specific grant income	13	0	-588,754	-588,754
		<b>-2,469</b>	<b>Surplus(-)/Deficit on Provision of Services</b>				<b>49,038</b>
		<b>-171,922</b>	Surplus(-)/Deficit on revaluation of Property, Plant and Equipment assets	22			<b>1,156</b>
		<b>-310,830</b>	Remeasurement of the net defined benefit liability/asset(-)	22			<b>-688,520</b>
		<b>-482,752</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>-687,364</b>
		<b>-485,221</b>	<b>Total Comprehensive Income(-) and Expenditure</b>				<b>-638,326</b>

## Group Income and Expenditure Statement

2021/22				2022/23		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
33,276	-6,928	26,348	Corporate Services	35,000	-4,748	30,252
84,868	-69,460	15,408	Finance	77,496	-62,551	14,945
229,922	-96,368	133,554	Social Services	238,812	-82,475	156,337
279,441	-73,509	205,932	Education	310,436	-71,126	239,310
249,457	-121,520	127,937	Place	245,938	-122,548	123,390
38,695	-70,192	-31,497	Housing Revenue Account (HRA)	68,484	-73,020	-4,536
<b>915,659</b>	<b>-437,977</b>	<b>477,682</b>	<b>Cost of Services</b>	<b>976,166</b>	<b>-416,468</b>	<b>559,698</b>
42,757	0	42,757	Other operating expenditure	46,683	0	46,683
78,192	-37,039	41,153	Financing and investment income and expenditure	88,063	-56,652	31,411
0	-564,061	-564,061	Taxation and non-specific grant income	0	-588,754	-588,754
		-2,469	<b>Surplus(-) or Deficit on Provision of Services</b>			<b>49,038</b>
		427	Share of the surplus(-) or deficit on the provision of services by associates and joint ventures			427
		-2,042	<b>Group Surplus(-) or Deficit</b>			<b>49,465</b>
		-173,002	Surplus(-) or deficit on revaluation of Property, Plant and Equipment assets			881

## Group Income and Expenditure Statement

2021/22				2022/23		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
		-310,830	Remeasurement of the net defined benefit liability/asset(-)			-688,520
		-483,832	Other Comprehensive Income and Expenditure			-687,639
		-485,874	Total Comprehensive Income(-) and Expenditure			-638,174

## *Movement in Reserves Statement*

The Movement in Reserves Statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves.

The Statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year.

The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

## Movement in Reserves Statement

2021/22	Note	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
<b>Balance at 31 March 2021 carried forward</b>		<b>10,000</b>	<b>134,510</b>	<b>6,244</b>	<b>6,211</b>	<b>26,816</b>	<b>183,781</b>	<b>102,496</b>	<b>286,277</b>
<b><u>Movement in reserves during 2021/22</u></b>									
Surplus/Deficit (-) on the provision of services		-29,881	0	32,350	0	0	2,469	0	2,469
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	482,752	482,752
<b>Total Comprehensive Income and Expenditure</b>		<b>-29,881</b>	<b>0</b>	<b>32,350</b>	<b>0</b>	<b>0</b>	<b>2,469</b>	<b>482,752</b>	<b>485,221</b>
Adjustments between accounting basis & funding basis under regulations	8	72,066	0	-33,355	-614	3,611	41,708	-41,708	0
<b>Net Increase/Decrease(-) before Transfers to Earmarked Reserves</b>		<b>42,185</b>	<b>0</b>	<b>-1,005</b>	<b>-614</b>	<b>3,611</b>	<b>44,177</b>	<b>441,044</b>	<b>485,221</b>
Transfers from(-)/to Earmarked Reserves	10	-42,185	42,185	0	0	0	0	0	0
<b>Increase/Decrease(-) in 2021/22</b>		<b>0</b>	<b>42,185</b>	<b>-1,005</b>	<b>-614</b>	<b>3,611</b>	<b>44,177</b>	<b>441,044</b>	<b>485,221</b>
<b>Balance at 31 March 2022 carried forward</b>		<b>10,000</b>	<b>176,695</b>	<b>5,239</b>	<b>5,597</b>	<b>30,427</b>	<b>227,958</b>	<b>543,540</b>	<b>771,498</b>

## Movement in Reserves Statement

2022/23	Note	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
<b>Balance at 31 March 2022 carried forward</b>		<b>10,000</b>	<b>176,695</b>	<b>5,239</b>	<b>5,597</b>	<b>30,427</b>	<b>227,958</b>	<b>543,540</b>	<b>771,498</b>
<b>Movement in reserves during 2022/23</b>									
Surplus/Deficit (-) on the provision of services		-63,629	0	14,591	0	0	-49,038	0	-49,038
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	687,364	687,364
<b>Total Comprehensive Income and Expenditure</b>		<b>-63,629</b>	<b>0</b>	<b>14,591</b>	<b>0</b>	<b>0</b>	<b>-49,038</b>	<b>687,364</b>	<b>638,326</b>
Adjustments between accounting basis & funding basis under regulations	8	56,255	0	-9,422	3,123	-8,240	41,716	-41,716	0
<b>Net Increase/Decrease(-) before Transfers to Earmarked Reserves</b>		<b>-7,374</b>	<b>0</b>	<b>5,169</b>	<b>3,123</b>	<b>-8,240</b>	<b>-7,322</b>	<b>645,648</b>	<b>638,326</b>
Transfers from(-)/to Earmarked Reserves	10	7,374	-7,374	0	0	0	0	0	0
<b>Increase/Decrease(-) in 2022/23</b>		<b>0</b>	<b>-7,374</b>	<b>5,169</b>	<b>3,123</b>	<b>-8,240</b>	<b>-7,322</b>	<b>645,648</b>	<b>638,326</b>
<b>Balance at 31 March 2023 carried forward</b>		<b>10,000</b>	<b>169,321</b>	<b>10,408</b>	<b>8,720</b>	<b>22,187</b>	<b>220,636</b>	<b>1,189,188</b>	<b>1,409,824</b>

## Group Movement in Reserves Statement

2021/22	Note	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000	Authority's Share of Subsidiaries, Associates and Joint Ventures £'000	Total Group Reserves £'000
<b>Balance at 31 March 2021 carried forward</b>		<b>10,000</b>	<b>134,510</b>	<b>6,244</b>	<b>6,211</b>	<b>26,816</b>	<b>183,781</b>	<b>102,496</b>	<b>286,277</b>	<b>22,572</b>	<b>308,849</b>
<b><u>Movement in reserves during 2021/22</u></b>											
Surplus/Deficit (-) on the provision of services		-29,881	0	32,350	0	0	2,469	0	2,469	-427	2,042
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	482,752	482,752	1,080	483,832
<b>Total Comprehensive Income and Expenditure</b>		<b>-29,881</b>	<b>0</b>	<b>32,350</b>	<b>0</b>	<b>0</b>	<b>2,469</b>	<b>482,752</b>	<b>485,221</b>	<b>653</b>	<b>485,874</b>
Adjustments between group accounts & authority accounts		0	0	0	0	0	0	0	0	0	0
Adjustments between accounting basis & funding basis under regulations	8	72,066	0	-33,355	-614	3,611	41,708	-41,708	0	0	0
<b>Net Increase/Decrease(-) before Transfers to Earmarked Reserves</b>		<b>42,185</b>	<b>0</b>	<b>-1,005</b>	<b>-614</b>	<b>3,611</b>	<b>44,177</b>	<b>441,044</b>	<b>485,221</b>	<b>653</b>	<b>485,874</b>
Transfers from(-)/to Earmarked Reserves	10	-42,185	42,185	0	0	0	0	0	0	0	0
<b>Increase/Decrease(-) in 2021/22</b>		<b>0</b>	<b>42,185</b>	<b>-1,005</b>	<b>-614</b>	<b>3,611</b>	<b>44,177</b>	<b>441,044</b>	<b>485,221</b>	<b>653</b>	<b>485,874</b>
<b>Balance at 31 March 2022 carried forward</b>		<b>10,000</b>	<b>176,695</b>	<b>5,239</b>	<b>5,597</b>	<b>30,427</b>	<b>227,958</b>	<b>543,540</b>	<b>771,498</b>	<b>23,225</b>	<b>794,723</b>

## Group Movement in Reserves Statement

2022/23	Note	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000	Authority's Share of Subsidiaries, Associates and Joint Ventures £'000	Total Group Reserves £'000
<b>Balance at 31 March 2022 carried forward</b>		<b>10,000</b>	<b>176,695</b>	<b>5,239</b>	<b>5,597</b>	<b>30,427</b>	<b>227,958</b>	<b>543,540</b>	<b>771,498</b>	<b>23,225</b>	<b>794,723</b>
<b>Movement in reserves during 2022/23</b>											
Surplus/Deficit (-) on the provision of services		-63,629	0	14,591	0	0	-49,038	0	-49,038	-427	-49,465
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	687,364	687,364	275	687,639
<b>Total Comprehensive Income and Expenditure</b>		<b>-63,629</b>	<b>0</b>	<b>14,591</b>	<b>0</b>	<b>0</b>	<b>-49,038</b>	<b>687,364</b>	<b>638,326</b>	<b>-152</b>	<b>638,174</b>
Adjustments between group accounts & authority accounts		0	0	0	0	0	0	0	0	0	0
Adjustments between accounting basis & funding basis under regulations	8	56,255	0	-9,422	3,123	-8,240	41,716	-41,716	0	0	0
<b>Net Increase/Decrease(-) before Transfers to Earmarked Reserves</b>		<b>-7,374</b>	<b>0</b>	<b>5,169</b>	<b>3,123</b>	<b>-8,240</b>	<b>-7,322</b>	<b>645,648</b>	<b>638,326</b>	<b>-152</b>	<b>638,174</b>
Transfers from(-)/to Earmarked Reserves	10	7,374	-7,374	0	0	0	0	0	0	0	0
<b>Increase/Decrease(-) in 2022/23</b>		<b>0</b>	<b>-7,374</b>	<b>5,169</b>	<b>3,123</b>	<b>-8,240</b>	<b>-7,322</b>	<b>645,648</b>	<b>638,326</b>	<b>-152</b>	<b>638,174</b>
<b>Balance at 31 March 2023 carried forward</b>		<b>10,000</b>	<b>169,321</b>	<b>10,408</b>	<b>8,720</b>	<b>22,187</b>	<b>220,636</b>	<b>1,189,188</b>	<b>1,409,824</b>	<b>23,073</b>	<b>1,432,897</b>

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2022 £'000		Note	31 March 2023 £'000
525,129	Council Dwellings	14	527,200
838,261	Other Land and Buildings	14	846,503
21,494	Vehicles, Plant, Furniture and Equipment	14	21,057
265,550	Infrastructure Assets	14	271,143
11,703	Community Assets	14	11,547
79,215	Surplus Assets	14	72,426
73,259	Assets under Construction	14	72,093
<b>1,814,611</b>	<b>Property, Plant &amp; Equipment</b>		<b>1,821,969</b>
32,179	Heritage Assets	15	32,260
54,182	Investment Properties	16	57,019
1,107	Intangible Assets		1,062
104	Long Term Investments	17	99
8,764	Long Term Debtors	17	14,010
<b>1,910,947</b>	<b>Long Term Assets</b>		<b>1,926,419</b>
191,169	Short Term Investments	17	172,679
350	Assets Held for Sale		0
3,173	Inventories		3,478
125,537	Short Term Debtors	18	125,855
65,680	Cash and Cash Equivalents	19	69,072
<b>385,909</b>	<b>Current Assets</b>		<b>371,084</b>
-9,381	Short Term Borrowing	17	-9,026
-95,561	Short Term Creditors	20	-94,154
-4,233	Provisions	21	-2,906
0	Capital Grants Receipts in Advance		0
<b>-109,175</b>	<b>Current Liabilities</b>		<b>-106,086</b>

## Balance Sheet

31 March 2022 £'000		Note	31 March 2023 £'000
-2,943	Long Term Creditors	17	-2,548
-9,572	Provisions	21	-9,305
-689,045	Long Term Borrowing	17	-693,547
-714,623	Other Long Term Liabilities	35	-76,193
<b>-1,416,183</b>	<b>Long Term Liabilities</b>		<b>-781,593</b>
<b>771,498</b>	<b>NET ASSETS</b>		<b>1,409,824</b>
	Financed by:		
10,000	Balances - General Fund		10,000
5,239	Balances - Housing Revenue Account	10	10,408
5,597	Capital Receipts Reserve		8,720
30,427	Capital Grants Unapplied Account		22,187
176,695	Earmarked Reserves	10	169,321
<b>227,958</b>	<b>Usable Reserves</b>		<b>220,636</b>
369,420	Revaluation Reserve	22	351,930
-714,623	Pensions Reserve	22	-76,193
904,661	Capital Adjustment Account	22	931,212
-2,219	Financial Instrument Adjustment Account		-2,255
-13,699	Accumulated Absences Account	22	-15,506
<b>543,540</b>	<b>Unusable Reserves</b>		<b>1,189,188</b>
<b>771,498</b>	<b>TOTAL RESERVES</b>		<b>1,409,824</b>

## Group Balance Sheet

31 March 2022 £'000		Note	31 March 2023 £'000
525,129	Council Dwellings	14	527,200
838,261	Other Land and Buildings	14	846,503
21,494	Vehicles, Plant, Furniture and Equipment	14	21,057
265,550	Infrastructure Assets	14	271,143
11,703	Community Assets	14	11,547
79,215	Surplus Assets	14	72,426
73,259	Assets under Construction	14	72,093
<b>1,814,611</b>	<b>Property, Plant &amp; Equipment</b>		<b>1,821,969</b>
32,179	Heritage Assets	15	32,260
54,182	Investment Properties	16	57,019
1,107	Intangible Assets		1,062
104	Long Term Investments	17	99
23,225	Investments in Associates and Joint Ventures		23,073
8,764	Long Term Debtors	17	14,010
<b>1,934,172</b>	<b>Long Term Assets</b>		<b>1,949,492</b>
191,169	Short Term Investments	17	172,679
350	Assets Held for Sale		0
3,173	Inventories		3,478
125,537	Short Term Debtors	18	125,855
65,680	Cash and Cash Equivalents	19	69,072
<b>385,909</b>	<b>Current Assets</b>		<b>371,084</b>
-9,381	Short Term Borrowing	17	-9,026
-95,561	Short Term Creditors	20	-94,154
-4,233	Provisions	21	-2,906
0	Capital Grants Receipts in Advance		0
<b>-109,175</b>	<b>Current Liabilities</b>		<b>-106,086</b>
-2,943	Long Term Creditors	17	-2,548
-9,572	Provisions	21	-9,305
-689,045	Long Term Borrowing	17	-693,547
-714,623	Other Long Term Liabilities	35	-76,193
<b>-1,416,183</b>	<b>Long Term Liabilities</b>		<b>-781,593</b>
<b>794,723</b>	<b>NET ASSETS</b>		<b>1,432,897</b>

## Group Balance Sheet

31 March 2022 £'000		Note	31 March 2023 £'000
	<b>Financed by:</b>		
20,533	Balances - General Fund		20,106
5,239	Balances - Housing Revenue Account	10	10,408
5,597	Capital Receipts Reserve		8,720
30,427	Capital Grants Unapplied Account		22,187
176,695	Earmarked Reserves	10	169,321
<b>238,491</b>	<b>Usable Reserves</b>		<b>230,742</b>
382,112	Revaluation Reserve	22	364,897
-714,623	Pensions Reserve	22	-76,193
904,661	Capital Adjustment Account	22	931,212
-2,219	Financial Instrument Adjustment Account		-2,255
-13,699	Accumulated Absences Account	22	-15,506
<b>556,232</b>	<b>Unusable Reserves</b>		<b>1,202,155</b>
<b>794,723</b>	<b>TOTAL RESERVES</b>		<b>1,432,897</b>

## Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The Statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

2021/22 £'000		Note	2022/23 £'000
2,469	Net surplus or deficit(-) on the provision of services		-49,038
144,585	Adjustments to net surplus or deficit(-) on the provision of services for non-cash movements	23	132,574
-67,966	Adjustments for items included in the net surplus or deficit(-) on the provision of services that are investing and financing activities	23	-61,060
<b>79,088</b>	<b>Net cash flows from operating activities</b>		<b>22,476</b>
-138,911	Purchase of property, plant and equipment, investment property and intangible assets		-113,374
-1,556,850	Purchase of short-term and long-term investments		-1,938,010
5,263	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		10,213
1,420,255	Proceeds from short-term and long-term investments		1,956,866
67,966	Other receipts from investing activities		61,060
<b>-202,277</b>	<b>Net cash flows from investing activities</b>		<b>-23,245</b>
134,414	Cash receipts of short-term and long-term borrowing		14,064
-9,363	Repayments of short-term and long-term borrowing		-9,903
<b>125,051</b>	<b>Net cash flows from financing activities</b>	24	<b>4,161</b>
<b>1,862</b>	<b>Net decrease(-) or increase in cash and cash equivalents</b>		<b>3,392</b>
63,818	Cash and cash equivalents at the beginning of the reporting period		65,680
<b>65,680</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	19	<b>69,072</b>

## Group Cash Flow Statement

2021/22 £'000		Note	2022/23 £'000
2,469	Net surplus or deficit(-) on the provision of services		-49,038
144,585	Adjustments to net surplus or deficit(-) on the provision of services for non-cash movements	23	132,574
-67,966	Adjustments for items included in the net surplus or deficit(-) on the provision of services that are investing and financing activities	23	-61,060
<b>79,088</b>	<b>Net cash flows from operating activities</b>		<b>22,476</b>
-138,911	Purchase of property, plant and equipment, investment property and intangible assets		-113,374
-1,556,850	Purchase of short-term and long-term investments		-1,938,010
5,263	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		10,213
1,420,255	Proceeds from short-term and long-term investments		1,956,866
67,966	Other receipts from investing activities		61,060
<b>-202,277</b>	<b>Net cash flows from investing activities</b>		<b>-23,245</b>
134,414	Cash receipts of short-term and long-term borrowing		14,064
-9,363	Repayments of short-term and long-term borrowing		-9,903
<b>125,051</b>	<b>Net cash flows from financing activities</b>	24	<b>4,161</b>
<b>1,862</b>	<b>Net decrease(-) or increase in cash and cash equivalents</b>		<b>3,392</b>
63,818	Cash and cash equivalents at the beginning of the reporting period		65,680
<b>65,680</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	19	<b>69,072</b>

## Notes to the Accounts

### 1. Accounting Policies

#### i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2022/23 financial year and its position at the year-end of 31st March 2023.

The Authority is required to prepare an annual Statement of Accounts by virtue of the Accounts and Audit (Wales) (Amendment) Regulations 2018. These regulations require the Accounts to be prepared in accordance with proper accounting practices.

These practices are set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), supported by International Financial Reporting Standards (IFRS).

The Accounts have been prepared on a historical cost basis, with the exception of certain categories of non-current assets that are measured at current value, and financial instruments which are now carried within the balance sheet at fair value as defined by the Code.

The Group Accounts consolidate Swansea Council's accounts with the accounts of companies in which the Authority has an interest and are considered to be part of our group.

The CIPFA Code of Practice on Local Authority Accounting 2022/23 requires that Group Accounting Statements have to be prepared, consolidating the accounts of the parent and any subsidiary, associate or joint undertakings. An assessment of the activities and interests of Swansea Council has been undertaken, which has determined that the Swansea Council Group consists of the Local Authority as the parent, and the following companies:

Wales National Pool Swansea (WNPS)	Joint Venture
National Waterfront Museum Swansea (NWMS)	Joint Venture
Swansea Community Energy & Enterprise Scheme (SCEES)	Associate

Notes have been provided to the Group Accounting Statements only where the disclosure for the Group differs from that required for the Local Authority due to the combination of the accounts of the various entities.

IAS 19 requires that entries are included in the Group Balance Sheet for the Group's share of assets and liabilities of the Local Authority Pension Scheme.

The Accounts are prepared on a going concern basis.

## *Notes to the Accounts*

### **ii. Accruals of Income and Expenditure**

The Accounts are maintained on an accruals basis in accordance with the Code. This means that sums due to or from the Authority, where the supply or service was provided or received during the year, are included in the Accounts whether or not the cash has actually been received or paid in the year.

Accruals are made in respect of grants claimed or claimable for Revenue and Capital purposes. Some grant claims are finalised after the Accounts have been completed and in this case the grant is accrued on the basis of the best estimate available, and any differences are accounted for in the following year.

Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure in the main on the basis of the effective interest rate for the relevant financial instrument.

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### **iii. Cash and Cash Equivalents**

Cash or cash equivalents will be any cash investment which is held for short-term cash flow purposes which can be readily realised without a significant change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

## Notes to the Accounts

### iv. Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

### v. Changes in Accounting Policies and Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events or conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

As part of a review of Property, Plant and Equipment changes in assumptions have been made regarding the remaining useful lives of some operational and some non-operational assets during 2022/23.

Where appropriate, consideration has been given to the estimated useful life of individual asset components (primarily electrical, mechanical, and fabric); revenue charges for depreciation reflect the differing useful lives of asset components for other land and building assets revalued as per the Authority's rolling programme between 1st April 2010 and 31st March 2016. Revenue charges for depreciation on assets, revalued as per the rolling programme from 1st April 2016, will be charged on the building component of Other Land and Buildings assets. Annual depreciation has been charged on opening balances from 1st April 2017.

The Council Tax bad debt provision was originally reviewed during 2020/21. Following an analysis of the original outstanding debt, current outstanding debt and the level of write offs the Authority realised that the estimate for council tax bad debt provision was too high and therefore needed to be revised. The Council Tax bad debt provision is now based on the historic average of uncollected debt. There are external factors like the changes in universal credit and the impact of the Covid-19 pandemic that are likely to affect the council tax collection rate and the level of outstanding debt. Therefore the council tax bad debt provision will continue to be reviewed annually until there is some stability of collection rates.

### vi. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service.
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- amortisation of intangible assets attributable to the service, based on any intangible asset held subject to the de minimis policy on capitalisation set out in note xvi.

## *Notes to the Accounts*

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **vii. Employee Benefits**

#### **Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave and bonuses. Any non-monetary benefits for current employees are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. flexi leave) earned by employees but not taken before the year-end, which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the Accumulated Absences Account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

#### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy. Costs relating to termination benefits are charged on an accruals basis to the relevant Cost of Service lines in the Comprehensive Income and Expenditure Statement only when the Authority is demonstrably committed to the termination of the employment of an officer, or group of officers, or making an offer to encourage voluntary redundancy.

#### **Post Employment Benefits**

Employees of the Authority are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by CAPITA on behalf of the Department for Education.
- The Local Government Pensions Scheme, administered by Swansea Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned by employees during their period of employment with the Authority.

## Notes to the Accounts

However, the arrangements for the teachers' scheme means that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Education line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the Teachers' Pensions in the year.

### The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Swansea Council pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds as required by IAS 19.
- The assets of the Swansea Council pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
  - quoted securities - current bid price
  - unquoted securities - industry accepted techniques
  - unitised securities - current bid price
  - property - market value.

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
  - current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
  - past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
  - net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period - taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

## Notes to the Accounts

- Remeasurements comprising:
  - the return on plan assets - excluding amounts included in net interest on the net defined benefit liability (asset) - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
  - actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- contributions paid to the Swansea Council pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme. No such discretionary powers were used during the year.

### viii. Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

## Notes to the Accounts

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

### ix. Financial Instruments

#### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

#### Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

- amortised cost,
- fair value through profit or loss, and
- fair value through other comprehensive income.

The Authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

### Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Authority has made loans to voluntary organisations and third parties at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year - the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### Expected Credit Loss Model

The Authority recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Authority.

## Notes to the Accounts

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The Authority has a portfolio of a significant number of loans to local businesses. It does not have reasonable and supportable information that is available without undue cost or effort to support the measurement of lifetime expected losses on an individual instrument basis. It has therefore assessed losses for the portfolio on a collective basis.

### Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at fair value through profit or loss are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices - the market price.
- other instruments with fixed and determinable payments - discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs - quoted prices (unadjusted) in active markets for identical assets that the Authority can access at the measurement date.
- Level 2 inputs - inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs - unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

## Notes to the Accounts

### x. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset received in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

### xi. Heritage Assets

Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained by the Authority, principally for their contribution to knowledge and culture.

Subject to specific requirements, Heritage Assets are accounted for in accordance with the Authority's policies of Property, Plant and Equipment (including the treatment of revaluation gains and losses and de minimis policy).

The Authority does not normally purchase fixed assets of a heritage nature; all assets disclosed have been donated into the Authority's possession. All assets are open to access by members of the public, with no restrictions other than those resulting from the normal operational limitations of venues (opening and closing times, and public safety).

## Notes to the Accounts

Management of these assets is undertaken by designated specialists and other personnel employed by the Authority. These personnel are responsible for the maintenance of all historical records relating to the assets the Authority is in possession of, access to which can be granted through local arrangement. Any preservation works required, either enhancing or non-enhancing in nature, will be undertaken through the Authority's main capital program, with minor works undertaken ad-hoc per the standard Authority internal systems for revenue expenditure.

No heritage assets disposals are actively undertaken by the Authority. Under such circumstance that asset disposal is required, it shall be undertaken in accordance with the Authority's standard asset disposal procedures.

Valuation of heritage assets may be made by any method that is appropriate and relevant. The Authority's assets are mostly valued at insurance valuation and replacement cost (based on construction methods and materials used).

Depreciation is not required on heritage assets which have indefinite lives. Impairment reviews will only be carried out where there is reported physical deterioration or new doubts as to the authenticity of a heritage asset.

Where information on the cost or value is not available, and the cost of obtaining the information outweighs the benefits to users of the financial statements, the asset is not recognised on the balance sheet. Items such as Hafod Copperworks, memorials and some museum and library collections have been considered but not recognised as value/cost information is unavailable.

### **xii. Interests in Companies and Other Entities**

The Authority has material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts. In the Authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

### **xiii. Investment Property**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

## Notes to the Accounts

Investment properties are measured initially at cost (in accordance with the Council's de minimis policy for capitalisation as set out in note xvi) and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### xiv. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Authority in conjunction with other venturers that involve the use of assets and resources rather than the establishment of a separate entity. The Authority recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Authority and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Authority accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

### xv. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

## *Notes to the Accounts*

### **The Authority as Lessee**

#### **Finance Leases**

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

#### **Operating Leases**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

### The Authority as Lessor

#### Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property - applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement.

When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Most leases granted by the Authority as lessor relate to commercial properties.

### xvi. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

#### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

The Council maintains a de minimis value of £20,000 for any asset (or group of similar assets) to be capitalised within the General Fund.

#### Measurement

Assets are initially measured at cost, comprising:

- the purchase price,
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

## Notes to the Accounts

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income and expenditure line of the comprehensive income and expenditure statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the comprehensive income and expenditure statement, they are reversed out of the general fund balance to the capital adjustment account in the movement in reserves statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure and community assets - depreciated historical cost,
- council dwellings - current value, determined using the basis of existing use value for social housing (EUV-SH),
- school buildings - current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value,
- surplus assets - the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective,
- all other assets - current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- for a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).

## Notes to the Accounts

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- for a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their estimated useful lives. No charge is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction). From 1st April 2017 the Authority charges depreciation based on opening balances.

Depreciation is calculated on the following bases:

- dwellings - straight-line allocation over the estimated useful life of the property (30 to 80 years),
- non traditional dwellings - straight-line allocation over the estimated useful life of the property (30 years),
- other buildings - straight-line allocation over the estimated useful life of the property and, where applicable, its significant components (1 to 60 years),
- vehicles, plant, furniture and equipment - straight line allocation over the estimated useful life of the asset (2 to 10 years),

## Notes to the Accounts

- infrastructure / community assets - straight-line allocation over the estimated useful life of the asset (20 to 40 years),
- surplus assets - per original allocated estimated useful life from original categorisation unless indication of amendments required to this assessment is apparent.

Each accounting period the estimated useful life assigned to individual assets is assessed. Where there is evidence to indicate the departure from a standard useful life the asset's estimated useful life will be amended.

### Component Accounting

In recognition that single assets may have a number of different components each having a different estimated useful life, two factors are taken into account to determine whether a separate valuation of components is to be recognised in the accounts in order to provide an accurate figure for depreciation of the Authority's other land and building assets revalued since 1st April 2010.

#### 1. Suitability of assets.

To 31st March 2016, the Authority deemed assets revalued during the year to be of a suitable significant nature. Asset valuation therefore reflected assessment of component apportionment of Building Fabric 79%, Mechanical 13%, Electrical 8% and respective remaining estimated useful economic life. From 1st April 2016, the Authority has deemed assets revalued under the 5 year rolling programme to be apportioned between land and buildings.

#### 2. Difference in rate of depreciation compared to the overall asset.

Only those elements that normally depreciate at a significantly different rate from the non land element as a whole, had been identified for componentisation. From 1st April 2016, the whole building element will be depreciated using the building fabric's useful life (unless evidence suggests this is to be amended).

Assets that fall below the de-minimis levels and tests above are disregarded for componentisation on the basis that any adjustment to depreciation charges would not result in a material mis-statement in the accounts.

Professional judgement will be used in establishing materiality levels: the significance of components and apportionment applied, useful lives, depreciation methods and apportioning asset values over recognised components.

Where there is a major refurbishment of an asset, a new valuation will be sought in the year of completion and a reassessment of the useful life.

### **Disposals and Non-Current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Such receipts are required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## *Notes to the Accounts*

### **xvii. Provisions, Contingent Liabilities and Contingent Assets**

#### **Provisions**

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the obligation arises, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provisions carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

#### **Provision for Back Pay Arising from Unequal Pay Claims**

The Authority implemented an equal pay compliant pay and grading structure from 1st April 2014.

During 2022/23 the Council did not settle any unequal pay claims. In 2021/22 the Council settled one unequal pay claim totalling £1,432 (including payment to HMRC). These were funded from existing provisions.

#### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

## *Notes to the Accounts*

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### **Contingent Assets**

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

### **xviii. Reserves**

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Authority - these reserves are explained in the relevant policies.

### **xix. Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

### **xx. VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

## Notes to the Accounts

The Authority undertakes an annual review of its de-minimus VAT position under s33 of the VAT Act 1993 as required by HMRC. For the year ended 31st March 2023 the Authority believes that it will be below the de-minimus level in respect of exempt related input tax and hence will be entitled to recovery of input tax in full.

### xxi. Fair Value Measurement of non-financial assets

The Authority's accounting policy for fair value measurement of financial assets is set out in note ix. The Authority also measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either :

- a) in the principal market for the asset, or
- b) in the absence of a principal market, in the most advantageous market for the asset.

The Authority measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date,

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly,

Level 3 - unobservable inputs for the asset.

### xxii. Group Accounting Policies

The accounting policies for both City and County of Swansea and City and County of Swansea Group are materially aligned except for the valuation of assets in respect of the Wales National Pool Swansea. The assets of the Wales National Pool Swansea have been valued on a different basis within the company's accounts to that used by the Council for assets of this nature. For the purposes of the Group accounts, the National Pool has been separately valued by the Council in accordance with its own accounting policies. Full disclosure of the different valuations have been included on page 121 to the financial statements.

### 2. Accounting standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) has introduced accounting policy changes in relation to the following:

- a) Definition of Accounting Estimates (Amendments to IAS 8).
- b) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
- d) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3).

The adoption of the accounting standards mentioned above may incur amendments that can be made retrospectively by prior period restatement (if possible) or through the adjustment of opening balances as at 1st April 2023.

Opening balances will be adjusted in the Authority and Group Accounts where the changes are material.

Accounting policy changes that are material will require the Authority to publish a third Balance Sheet for the beginning of the earliest comparative period for the Authority and Group Accounts.

None of these disclosures are expected to have a material impact on the Council.

### 3. Critical judgements in applying accounting policies

In applying the accounting policies set out in note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:-

- The medium term financial plan approved by the Authority on 2nd March 2023 detailed significant ongoing uncertainty over forecast revenue funding shortfalls over the medium term. Indications were that there were a range of scenarios for funding which range from significant real terms reductions in support to broadly maintained real terms support from Central Government from 2023/24 onwards, following the national Spending Review. Spending and funding assumptions were set before the ongoing full substantial economic scale of recovery from the Covid 19 pandemic was fully clear. Prolonged and elevated inflationary, interest rate and supply side pressures mean risks are increasingly on the downside. 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 change the level of service provision. There is however material uncertainty over this assumption.
- It remains not entirely clear as to the scale of additional spending, the loss of income, and now increasingly the wider economic spillover effects especially in inflation, interest rate and supply side shocks. The impact was directly and markedly less financially material on the 2022/23 accounts. Residual covid disclosures on funding and reimbursement are retained for 2022/23 but then expected to be discontinued thereafter as national support schemes have ended.
- The Authority implemented an equality compliant pay and grading structure for its employees from 1st April 2014. The Authority continues to face a very small and dwindling residual number of claims from past and existing employees based on previous equal pay claim grounds. In light of recent issues at Birmingham Council, and others, in line with the rest of local government this Council is currently reassessing its risks here. In determining the extent of the possible resources to be set aside the Authority has made assumptions regarding the number of potential claimants and the potential value of their respective claims. The Authority is confident that it has sufficient resource to meet the remaining and potentially new liabilities (should any be established) arising from equal pay issues.
- In line with accounting standards the Authority has made a significant provision in respect of final remedial work and future maintenance/monitoring of its major waste disposal site at Tir John. Assumptions regarding remediation and aftercare costs have been based on legal requirements to monitor the site for a period of 60 years following closure and have been calculated taking into account commitments currently within the Council's Capital Programme.

- The Government has made fundamental changes in respect of the provision of public sector pensions. Changes to employer contribution rates in the Teachers' Pension Scheme rose to 23.68% from September 2019. Welsh Government block grant has helped alleviate this substantial pressure in 2019/20 and 2020/21. We await the detail of the 2023 quadrennial revaluation but note HM Treasury assurances in the Budget that state funded schools will be recompensed for expected increased costs, albeit that will be via Barnett consequentials to Wales in due course. A re-modelled Local Government Pension scheme was introduced from 1st April 2014 but there is no indication that the finances of the Authority will be adversely affected by any of the changes. The LGPS triennial valuation in 2022 has confirmed the affordability of future contribution rates. The 2022 revaluation results confirmed the expected strong investment returns were achieved and were especially beneficial to our funding position, and indeed we are now fully funded as a scheme at 31 March 2023, and there are reductions in employer contributions in future budgets from 2023/24 onwards. There remains residual uncertainty as to the impact of the UK Government recompensing scheme members for the McCloud judgement in practice (although now finally reaching a conclusion on the compensation regulations in 2023/24) and a prudent sum has been factored in by the actuary in the valuation results for the pension fund and individual employer contribution rates.
- The Authority undertook a fundamental review in 2012/13 of its Schools portfolio with a view to both rationalising and significantly improving the quality of school premises available across the City and County (21st Century Schools Programme). In the light of this scheme and the outline timescale for implementation, the useful lives of some school buildings have been re-evaluated and considerably reduced from that previously used. The effect of this is to accelerate residual depreciation affecting both the Comprehensive Income and Expenditure Statement and the net book value as shown on the Balance Sheet. As the Schools Programme has progressed there has been further re-evaluations however there are no adjustments in 2022/23.

#### **4. Assumptions made about the future and other major sources of estimation uncertainty**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. The assumptions and other sources of estimation uncertainty disclosed relate to the estimates that require the Authority's most difficult, subjective or complex judgements. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgements become more subjective and complex. As a result, balances cannot be determined with certainty and actual results could be materially different from the assumptions and estimates.

## Notes to the Accounts

The items in the Authority's Balance Sheet as at 31st March 2023 for which there is a significant risk of material adjustment in the forthcoming year are as follows:-

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	<p>Assets are depreciated over useful lives that are dependant upon assumptions over the specific life expectancy of those assets. As stated in note 3 a review has been undertaken of a significant number of school buildings and in particular the impact of the Council's strategic 21st Century Schools Programme plan for asset replacement.</p> <p>In addition revised useful lives have been applied to a number of assets in the interim, in line with professional judgement.</p>	<p>To the extent that useful lives have been determined inappropriately the result could be:-</p> <p>a) In the event of a further reduction in useful lives there would be an additional charge to revenue and a reduction in the carrying value of the asset.</p> <p>b) In the event that useful lives have been underestimated this would result in a substantially reduced revenue charge and an increase in the carrying value of such assets as and when the useful life is deemed to be extended.</p> <p>In any event the effect of depreciation is reversed out of the Comprehensive Income and Expenditure Statement to have nil effect on the Council taxpayer.</p>
Provisions	<p>The Authority has made a significant capital provision for the future remediation and maintenance of major land refuse disposal sites. Uncertainty arises because of the 60 year timescale for liability on this issue.</p>	<p>Any shortfall in future years will have to be funded via the capital programme.</p>

## Notes to the Accounts

Item	Uncertainties	Effect if actual results differ from assumptions
Pension liabilities	<p>The Authority's share of the Local Government pension fund liability as at 31st March 2023 is £76.193m. However, the fund is subject to a triennial valuation which at present reviews the level of employers contributions in order to ensure the long term sustainability of the fund. Changes to the Local Government Pension Scheme introduced on 1st April 2014 were designed to ensure the long term affordability of the scheme.</p>	<p>The Pension Fund is designed to be sustainable over the long term and it is unlikely that there will be any significant short term impact on the Authority's finances arising from any assumptions currently made or decisions that are likely in the coming financial year.</p>
Insurance Provisions and Reserves	<p>The Authority has set aside provisions to meet contractual excess amounts from known and existing insurance claims. In deciding the level of provision to make in respect of ongoing claims, the Authority has taken advice from its legal advisers and/or its contracted loss adjusters. The Authority also maintains an insurance reserve which is used to meet the cost of future unforeseen events based on previous experience.</p>	<p>Should the sums set aside prove insufficient to meet these payments there would be an immediate revenue effect in the year that the available sums were exhausted. Equally, the Authority regularly reviews the level of both provisions and reserves with a view to releasing funds back to revenue if appropriate.</p>

## Notes to the Accounts

Item	Uncertainties	Effect if actual results differ from Assumptions
Fair value measurements	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model).</p> <p>Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Authority's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the Authority employs experts to identify the most appropriate valuation techniques to determine fair value (for example for surplus assets and investment properties, the Authority's internal property valuation team).</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the Authority's assets and liabilities is disclosed in notes:</p> <p>14. Non-operational PPE (Surplus Assets) 16. Investment Properties 17. Financial Instruments</p>	<p>The authority uses the discounted cash flow (DCF) model to measure the fair value of some of its financial assets / liabilities.</p> <p>The significant unobservable inputs used in the fair value measurement include assumptions regarding rent levels, vacancy levels (for investment properties), investment yields and discount rates - for some financial assets.</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the surplus assets, investment properties and financial assets.</p>

## Notes to the Accounts

### 5. Material items of income and expense

The Authority does not have any items of material income and expenditure to report that requires additional information in 2021/22 or 2022/23.

### 6) Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2022/23						
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £'000	Net Change for Pension Adjustments (Note 2) £'000	Other Statutory Adjustments (Note 3) £'000	Total Statutory Adjustments £'000	Other (Non-statutory) Adjustments (Note 4) £'000	Total Adjustments £'000
Corporate Services	2,701	2,775	33	5,509	-39	5,470
Finance	-627	-74	242	-459	-22,577	-23,036
Social Services	1,340	10,410	245	11,995	0	11,995
Education	24,558	5,602	1,180	31,340	54	31,394
Place	40,335	11,203	163	51,701	3,159	54,860
Housing Revenue Account (HRA)	31,788	1,644	-117	33,315	0	33,315
<b>Net Cost of Services</b>	<b>100,095</b>	<b>31,560</b>	<b>1,746</b>	<b>133,401</b>	<b>-19,403</b>	<b>113,998</b>
Other income and expenditure from the Expenditure and Funding Analysis	-105,147	18,530	49	-86,568	19,403	-67,165
<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>-5,052</b>	<b>50,090</b>	<b>1,795</b>	<b>46,833</b>	<b>0</b>	<b>46,833</b>

## Notes to the Accounts

### Adjustments between Funding and Accounting Basis 2021/22

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £'000	Net Change for Pension Adjustments (Note 2) £'000	Other Statutory Adjustments (Note 3) £'000	Total Statutory Adjustments £'000	Other (Non-statutory) Adjustments (Note 4) £'000	Total Adjustments £'000
Corporate Services	2,150	4,218	-71	6,297	0	6,297
Finance	19,414	885	-99	20,200	-23,096	-2,896
Social Services	2,146	13,424	-314	15,256	0	15,256
Education	20,249	8,736	-738	28,247	54	28,301
Place	52,100	15,160	-394	66,866	4,741	71,607
Housing Revenue Account (HRA)	5,540	2,296	-35	7,801	0	7,801
<b>Net Cost of Services</b>	<b>101,599</b>	<b>44,719</b>	<b>-1,651</b>	<b>144,667</b>	<b>-18,301</b>	<b>126,366</b>
Other income and expenditure from the Expenditure and Funding Analysis	-125,538	19,640	-58	-105,956	18,301	-87,655
<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>-23,939</b>	<b>64,359</b>	<b>-1,709</b>	<b>38,711</b>	<b>0</b>	<b>38,711</b>

### Adjustments for Capital Purposes

- 1) Adjustments for capital purposes - this column adds in depreciation and impairment and revaluation gains and losses in the service line, and for:
- **Other operating expenditure** - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
  - **Financing and investment income and expenditure** - the statutory charges for capital financing i.e. Minimum Revenue Provision (MRP) and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
  - **Taxation and non-specific grant income and expenditure** - capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

### Net Change for Pension Adjustments

- 2) Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:
- For **services** this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.
- For **Financing and investment income and expenditure** - the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

### Other Statutory Adjustments

- 3) Other statutory adjustments between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:
- For **Financing and investment income and expenditure** the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

### Other Non-statutory Adjustments

- 4) Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

For **Financing and investment income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments e.g. for interest income and expenditure and changes in the fair values of investment properties.

For **Taxation and non-specific grant income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments e.g. for unringfenced government grants.

## Notes to the Accounts

### 7. Expenditure and Income Analysed by Nature

The Authority's expenditure and income is analysed as follows:

Expenditure/Income	2021/22 £'000	2022/23 £'000
<b>Expenditure</b>		
Employee expenses	428,714	456,581
Premises	53,950	56,559
Transport	29,396	34,455
Supplies & Services	126,841	156,817
Other Costs	243,104	240,618
Depreciation, amortisation and impairment	87,512	94,086
Interest payments	24,335	25,113
Precepts and levies	42,909	44,808
Gain or loss on the disposal of assets	-153	1,875
<b>Total expenditure</b>	<b>1,036,608</b>	<b>1,110,912</b>
<b>Income</b>		
Fees, charges and other service income	-251,036	-286,176
Interest and investment income	-230	-4,280
Income from council tax	-137,731	-143,425
Government grants and contributions	-650,080	-627,993
<b>Total income</b>	<b>-1,039,077</b>	<b>-1,061,874</b>
<b>Surplus(-) or Deficit on the Provision of Services</b>	<b>-2,469</b>	<b>49,038</b>

The £286.176m (21/22 £251.036m) of fees, charges and other service income reported in the Comprehensive Income and Expenditure Statement includes £212.954m (21/22 £197.475m) of revenue recognised from contracts with service recipients.

### 8. Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

#### General Fund Balance

The General Fund is the statutory fund into which all the receipts of an Authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

## Notes to the Accounts

### Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

### Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

### Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2022/23				
	Usable Reserves			
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
<b>Adjustments to the Revenue Resources</b>				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
- Pensions costs (transferred to (or from) the Pensions Reserve)	47,520	2,570	0	0
- Financial instruments (transferred to the Financial Instruments Adjustments Account)	35	0	0	0
- Holiday pay (transferred to the Accumulated Absences Reserve)	1,924	-117	0	0

## Notes to the Accounts

2022/23				
	Usable Reserves			
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	25,825	13,631	0	-8,240
<b>Total Adjustments to Revenue Resources</b>	<b>75,304</b>	<b>16,084</b>	<b>0</b>	<b>-8,240</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,875	0	10,213	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	-14,315	-3,715	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-6,609	-21,791	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>-19,049</b>	<b>-25,506</b>	<b>10,213</b>	<b>0</b>
<b>Adjustments to Capital Resources</b>				
Use of Capital Receipts Reserve to finance capital expenditure	0	0	-7,090	0
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>0</b>	<b>-7,090</b>	<b>0</b>
<b>Total Adjustments</b>	<b>56,255</b>	<b>-9,422</b>	<b>3,123</b>	<b>-8,240</b>

## Notes to the Accounts

2021/22 Comparative Figures				
	Usable Reserves			
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
<b>Adjustments to the Revenue Resources</b>				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
- Pensions costs (transferred to (or from) the Pensions Reserve)	61,081	3,278	0	0
- Financial instruments (transferred to the Financial Instruments Adjustments Account)	-75	0	0	0
- Holiday pay (transferred to the Accumulated Absences Reserve)	-1,550	-35	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	30,149	-4,817	0	3,611
<b>Total Adjustments to Revenue Resources</b>	<b>89,605</b>	<b>-1,574</b>	<b>0</b>	<b>3,611</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	-153	0	5,263	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	-13,250	-3,657	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-4,136	-28,124	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>-17,539</b>	<b>-31,781</b>	<b>5,263</b>	<b>0</b>

## Notes to the Accounts

2021/22 Comparative Figures				
	Usable Reserves			
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
<b>Adjustments to Capital Resources</b>				
Use of Capital Receipts Reserve to finance capital expenditure	0	0	-5,877	0
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>0</b>	<b>-5,877</b>	<b>0</b>
<b>Total Adjustments</b>	<b>72,066</b>	<b>-33,355</b>	<b>-614</b>	<b>3,611</b>

### 9. Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events.

- those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

## Notes to the Accounts

### 10. Movements In Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2022/23.

	Balance at 1st April 2021 £'000	Transfers Out 2021/22 £'000	Transfers In 2021/22 £'000	Balance at 31st March 2022 £'000	Transfers Out 2022/23 £'000	Transfers In 2022/23 £'000	Balance at 31st March 2023 £'000
<b>General Fund:</b>							
Balances held by schools under the scheme of delegation	20,780	0	7,611	28,391	-8,292	55	20,155
Primary School Sickness Scheme Reserve	315	-315	308	308	0	45	353
Information technology reserves	7,845	-268	5,118	12,695	-640	4,519	16,574
Development reserves	4,851	-67	122	4,906	0	217	5,123
Insurance reserves	16,989	-34	822	17,777	0	2,650	20,427
Restructuring Costs reserve	3,000	-203	203	3,000	-200	0	2,800
Contingency Fund reserve	10,000	-20,205	14,760	4,554	-8,285	3,731	0
Recovery Fund reserve	20,000	-6,993	26,060	39,068	-13,306	5,247	31,008
Other earmarked revenue reserves	26,277	-3,367	10,486	33,396	-5,913	4,584	32,067
Revenue reserve earmarked to fund future capital expenditure	24,453	-3,086	11,233	32,600	-670	8,884	40,814
<b>Total</b>	<b>134,510</b>	<b>-34,538</b>	<b>76,723</b>	<b>176,695</b>	<b>-37,306</b>	<b>29,932</b>	<b>169,321</b>
<b>HRA:</b>							
Housing Revenue Account	6,244	-1,005	0	5,239	0	5,169	10,408
<b>Total</b>	<b>6,244</b>	<b>-1,005</b>	<b>0</b>	<b>5,239</b>	<b>0</b>	<b>5,169</b>	<b>10,408</b>

## Notes to the Accounts

### 11. Other Operating Expenditure

2021/22 £'000		2022/23 £'000
1,641	Community Council precepts	1,697
27,060	South Wales Police Authority precept	28,131
14,209	Levies and Contributions	14,980
-153	Gains(-)/losses on the disposals of non-current assets	1,875
<b>42,757</b>		<b>46,683</b>

### 12. Financing and Investment Income and Expenditure

2021/22				2022/23		
Gross Exp £'000	Gross Income £'000	Net Exp £'000		Gross Exp £'000	Gross Income £'000	Net Exp £'000
24,335	0	24,335	Interest payable and similar charges	25,113	0	25,113
49,830	-30,190	19,640	Net interest on the net defined benefit liability/asset(-)	62,240	-43,710	18,530
0	-230	-230	Interest receivable and similar income	0	-4,280	-4,280
2,748	-6,619	-3,871	Income and expenditure in relation to investment properties and changes in their fair value	2,537	-8,662	-6,125
1,279	0	1,279	Impairment losses	-1,827	0	-1,827
<b>78,192</b>	<b>-37,039</b>	<b>41,153</b>		<b>88,063</b>	<b>-56,652</b>	<b>31,411</b>

The income generated from investment properties during the year amounted to £4.466m (2021/22 £5.908m) and changes to the fair value of investment properties amounted to £2.987m (2021/22 -£0.905m).

### 13. Taxation and Non Specific Grant Income

2021/22 £'000		2022/23 £'000
-137,731	Council tax income (note 37)	-143,425
-82,917	Non domestic rates	-89,167
-274,282	Non-ringfenced government grants	-297,425
-66,378	Capital grants and contributions	-58,737
-2,753	Covid-19 Council tax loss support grant	0
<b>-564,061</b>		<b>-588,754</b>

## Notes to the Accounts

### 14. Property, Plant and Equipment

Movements in 2022/23:							
	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
<b>Cost or valuation</b>							
At 1 April 2022	525,129	850,543	42,639	19,473	80,235	73,298	1,591,317
Additions (Cap Exp)	37,858	18,895	4,242	225	813	27,656	89,689
Other additions and adjustments	0	638	803	0	292	0	1,733
Revaluation increases / decreases(-) recognised in the Revaluation Reserve	-13	-7,725	0	0	805	0	-6,933
Revaluation increases / decreases(-) recognised in the Surplus/Deficit on the Provision of Services	-12,221	-5,002	0	0	-2,662	0	-19,885
Impairment losses recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition - disposals	0	-6,956	-217	0	-4,764	0	-11,937
Assets reclassified to/from Held for Sale	0	0	0	0	0	0	0

## Notes to the Accounts

### Movements in 2022/23 (continued):

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
Assets under construction reclassified	8,224	23,566	63	7	-359	-28,845	2,656
Other reclassifications	41	-292	0	0	331	0	80
<b>At 31 March 2023</b>	<b>559,018</b>	<b>873,667</b>	<b>47,530</b>	<b>19,705</b>	<b>74,691</b>	<b>72,109</b>	<b>1,646,720</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1 April 2022	0	-12,282	-21,145	-7,770	-1,020	-39	-42,256
Depreciation charge	-9,245	-31,301	-5,545	-388	-1,156	0	-47,635
Depreciation written out to the Revaluation Reserve	13	21,089	0	0	161	0	21,263
Depreciation written out to the Surplus/Deficit on the Provision of Services	33	396	0	0	78	0	507
Impairment losses recognised in the Revaluation Reserve	-12,297	-4,450	0	0	-47	0	-16,794
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	-10,295	-629	0	0	-323	0	-11,247
Derecognition - disposals	0	2	217	0	49	0	268
Other movements in depreciation and impairment	-27	11	0	0	-7	23	0
<b>At 31 March 2023</b>	<b>-31,818</b>	<b>-27,164</b>	<b>-26,473</b>	<b>-8,158</b>	<b>-2,265</b>	<b>-16</b>	<b>-95,894</b>
<b>Net Book Value</b>							
<b>At 1 April 2022</b>	<b>525,129</b>	<b>838,261</b>	<b>21,494</b>	<b>11,703</b>	<b>79,215</b>	<b>73,259</b>	<b>1,549,061</b>
<b>At 31 March 2023</b>	<b>527,200</b>	<b>846,503</b>	<b>21,057</b>	<b>11,547</b>	<b>72,426</b>	<b>72,093</b>	<b>1,550,826</b>

## Notes to the Accounts

### Comparative Movements in 2021/22:

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
<b>Cost or valuation</b>							
At 1 April 2021	432,406	714,971	36,265	15,989	85,472	134,502	1,419,605
Additions (Cap Exp)	36,517	41,675	8,274	1,538	3,347	29,085	120,436
Other additions and adjustments	0	152	2,526	0	77	0	2,755
Revaluation increases / decreases(-) recognised in the Revaluation Reserve	50,369	46,052	0	0	4,922	0	101,343
Revaluation increases / decreases(-) recognised in the Surplus/Deficit on the Provision of Services	10	-28,088	-3,600	-85	-7,014	0	-38,777
Impairment losses recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	0	-1,366	-196	-93	-22	0	-1,677
Derecognition - Disposals	0	-1,174	-1,210	0	-4,266	0	-6,650
Assets reclassified to/from Held for Sale	0	0	0	0	-350	0	-350
Assets under construction reclassified	4,145	77,553	1,017	2,077	53	-90,289	-5,444
Other reclassifications	1,682	768	-437	47	-1,984	0	76
<b>At 31 March 2022</b>	<b>525,129</b>	<b>850,543</b>	<b>42,639</b>	<b>19,473</b>	<b>80,235</b>	<b>73,298</b>	<b>1,591,317</b>

## Notes to the Accounts

### Comparative Movements in 2021/22 (continued):

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
<b>Accumulated Depreciation and Impairment</b>							
At 1 April 2021	-7,160	-43,384	-21,534	-7,382	-1,579	-16	-81,055
Depreciation charge	-7,177	-24,795	-3,979	-388	-1,227	0	-37,566
Depreciation written out to the Revaluation Reserve	14,384	55,018	0	0	3,164	0	72,566
Depreciation written out to the Surplus/Deficit on the Provision of Services	-4	-746	3,406	9	-456	0	2,209
Impairment losses recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition - disposals	0	625	918	0	47	0	1,590
Other movements in depreciation and impairment	-43	1,000	44	-9	-969	-23	0
<b>At 31 March 2022</b>	<b>0</b>	<b>-12,282</b>	<b>-21,145</b>	<b>-7,770</b>	<b>-1,020</b>	<b>-39</b>	<b>-42,256</b>
<b>Net Book Value</b>							
At 1 April 2021	425,246	671,587	14,731	8,607	83,893	134,486	1,338,550
At 31 March 2022	525,129	838,261	21,494	11,703	79,215	73,259	1,549,061

## Notes to the Accounts

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets.

Up until 2021/22, historical reporting practices and resultant information deficits had meant infrastructure assets figures did not faithfully represent the asset position to the users of the financial statements.

From 2022/23 the Authority has used the interim guidance provided by CIPFA to revise infrastructure assets to bring them in line with the guidance. The temporary dispensation afforded within the CIPFA guidance is still in use, until such time that the guidance from CIPFA is finalised and the revised infrastructure assets can be audited in line with the finalised guidance.

The Authority has determined in accordance with Regulation 24L Wales of the Local Authorities (Capital Finance and Accounting) (Wales) regulations 2003 (as amended) that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

### Capital Commitments

As at 31st March 2023 the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2022/23 and future years budgeted to cost £52.580m. Similar commitments at 31st March 2022 were £50.766m.

The major commitments are:

	<b>£'000</b>
Swansea Central/Arena	6,951
Morfa/Hafod Copper Works Powerhouse Redevelopment	423
Palace Theatre Redevelopment	5,071
Purchase & Redevelopment of Former BHS Building	145
Castle Square Regeneration	9,164
Supply and Maintenance of Corporate CCTV Equipment	564
Seawall Repairs Mumbles	22,265
YGG Tan y Lan new build	123
Bishopston Comp Refurbishment (Band B)	1,083
Cefn Hengoed Community Hub	2,784
HRA	4,007

### Revaluations

The Authority carries out a rolling programme that ensures that all property, plant and equipment required to be measured at current value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The valuation dates for 2022/23 were 30th June 2022, 30th September 2022, 31st December 2022 and 31st March 2023.

## Notes to the Accounts

The main asset groups revalued during 2022/23 are shown below within the current rolling programme:

Year	Other Land & Buildings	Surplus Assets	Council Dwellings
2020/21	Secondary Schools, Other Education, Community Centres, Day Centres, Centres for Older People and Youth Clubs	City Centre	-
2021/22	Car Parks, Toilets, Changing Rooms, Pavilions, Industrial, Homes for Older Persons	Land Only and Miscellaneous	-
2022/23	Primary Schools, Leisure Facilities, Civic Amenity Sites and Miscellaneous	Residential shared % and Agricultural	-
2023/24	Libraries and Offices	Industrial Estates and Residential Freehold	Sheltered Housing Complexes
2024/25	-	-	Council Houses / Flats

Assets transferred from Assets Under Construction are also revalued internally each year, with the exception of Swansea Arena which was valued externally.

## Notes to the Accounts

### Non-operational Property, Plant and Equipment (Surplus Assets)

#### Fair Value Hierarchy

Details of the Authority's surplus assets and information about fair value hierarchy as at 31 March 2023 and 31 March 2022 are as follows:

	Quoted prices in active markets for identical assets	Other significant observable inputs	Significant unobservable inputs	Fair Value as at 31st March
	(Level 1)	(Level 2)	(Level 3)	
<b>2022/23</b>				
<b>Recurring fair value measurements using:</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Agricultural	0	0	861	861
City Centre	0	4,887	7,286	12,173
Industrial Units	0	0	2,935	2,935
Land only	0	1,654	36,891	38,545
High Value	0	0	280	280
Residential Freeholds (LRA)	0	181	0	181
Residential shared %	0	0	1,027	1,027
Miscellaneous	0	6,021	12,668	18,689
<b>Total</b>	<b>0</b>	<b>12,743</b>	<b>61,948</b>	<b>74,691</b>

#### 2021/22 Comparative Figures

	(Level 1)	(Level 2)	(Level 3)	
<b>Recurring fair value measurements using:</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Agricultural	0	0	538	538
City Centre	0	4,691	8,193	12,884
Industrial Units	0	0	3,535	3,535
Land only	0	1,654	41,499	43,153
High Value	0	0	280	280
Residential Freeholds (LRA)	0	181	0	181
Residential shared %	0	0	833	833
Miscellaneous	0	6,021	12,810	18,831
<b>Total</b>	<b>0</b>	<b>12,547</b>	<b>67,688</b>	<b>80,235</b>

## *Notes to the Accounts*

### **Valuation Techniques used to Determine Level 2 and 3 Fair Values for Surplus Assets**

#### **Significant Observable Inputs - Level 2**

The fair value for some properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local Authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

#### **Significant Unobservable Inputs - Level 3**

The surplus land located in the local authority are measured using a value per acre of land derived from sale transactions of comparable parcels of land in similar locations. The approach has been developed using the Authority's own data requiring it to factor in assumptions such as the location, date of sale and size of land sold.

The Authority's surplus land is therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

#### **Highest and Best Use of Surplus Assets**

In estimating the fair value of the Authority's surplus assets, the highest and best use of the properties is sometimes their current use and sometimes, as in the case of vacant land and buildings, is the value assuming planning permission would be granted for development or refurbishment.

## Notes to the Accounts

### Quantitative Information about Fair Value Measurement of Surplus Assets using Significant Unobservable Inputs - Level 3

	As at 31/03/2023 £'000	Valuation technique used to measure fair value	Unobservable inputs	Range (weighted average used)	Sensitivity
Agricultural	861	Market Approach	Land Value per acre	£2,000 - £5,000 per acre	Significant changes in land value and yield will result in significantly lower or higher fair value
City Centre	7,286	Market Approach	Rents	Zone A £125 to £550 per sq m	Significant changes in rent and yields will result in significantly lower or higher fair value
			Yield	6 - 12%	
Industrial Units	2,935	Market Approach	Yield	5 - 11%	Significant changes in rent and yields will result in significantly lower or higher fair value
			Rents	Various	
Land Only	36,891	Market Approach	Land Value per acre	£80,000 to £600,000 per acre	Significant changes in rent and yields will result in significantly lower or higher fair value
High Value	280	Market Approach	Yield	Various	Significant changes in rent and yields will result in significantly lower or higher fair value
			Rents	Various	
Residential shared %	1,027	Market Approach	Capital Value	£125,000 - £170,000	Significant changes in capital value will result in a change to the fair value
Miscellaneous	12,668	Market Approach	Yield	5 - 12%	Significant changes in rent and yields will result in significantly lower or higher fair value
			Rents	Various	
<b>TOTAL</b>	<b>61,948</b>				

## Notes to the Accounts

### Valuation Process for Surplus Assets

The fair value of the Authority's surplus assets is measured under a rolling programme. All valuations are carried out internally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). The Authority's valuation experts work closely with finance officers reporting directly to the Director of Finance & Section 151 Officer on a regular basis regarding all valuation matters.

### 15. Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets Held by the Authority.

	Heritage Land, Buildings & Infrastructure £'000	Art & Museums £'000	Furniture, Fixtures & Fittings £'000	Other £'000	Total Assets £'000
<b>Cost or Valuation</b>					
At 1st April 2021	5,159	22,112	2,955	1,776	32,002
Additions (Cap Exp)	161	0	0	53	214
Additions (Other)	0	91	0	2	93
Revaluations recognised in the Revaluation Reserve	0	506	0	17	523
Revaluations recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0
Impairments recognised in the Surplus/Deficit on the Provision of Services	-29	0	0	-53	-82
Reclassifications	-571	0	0	0	-571
<b>At 31st March 2022</b>	<b>4,720</b>	<b>22,709</b>	<b>2,955</b>	<b>1,795</b>	<b>32,179</b>
<b>Cost or Valuation</b>					
At 1st April 2022	4,720	22,709	2,955	1,795	32,179
Additions (Cap Exp)	23	2	0	61	86
Additions (Other)	0	382	0	0	382
Revaluations recognised in the Revaluation Reserve	0	61	0	0	61
Revaluations recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0
Impairments recognised in the Surplus/Deficit on the Provision of Services	0	0	0	-61	-61
Reclassifications	-387	0	0	0	-387
<b>At 31st March 2023</b>	<b>4,356</b>	<b>23,154</b>	<b>2,955</b>	<b>1,795</b>	<b>32,260</b>

## Notes to the Accounts

### Heritage Land, Buildings and Infrastructure

The Authority's heritage land, buildings and infrastructure assets are reported in the Balance Sheet at historic cost (e.g. Oystermouth Castle) and at valuation (e.g. Swiss Cottage, Singleton Park). Valuations have been carried out internally by the Authority's internal RICS valuer and internal highways engineer.

### Art & Museums

The Authority's art and museums assets are mainly included at insurance valuation by external valuers. This category includes the Brangwyn Hall panels and other paintings also various exhibitions held by the Authority.

### Other

Most of the remaining assets included are reported in the Balance Sheet at insurance valuation (e.g. Brangwyn Hall Organ). However, there are some held at historic cost (e.g. Cenotaph) and others valued internally by the Authority's internal County Archivist (e.g. West Glamorgan owned collections).

## 16. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

2021/22 £'000		2022/23 £'000
5,908	Rental income from investment property	4,466
-1,132	Direct operating expenses arising from investment property	-1,327
<b>4,776</b>	<b>Net gain</b>	<b>3,139</b>

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

2021/22 £'000		2022/23 £'000
<b>55,093</b>	<b>Balance at start of the year</b>	<b>54,182</b>
	Additions:	
0	- Construction (Current)	0
70	- Other	2,691
0	Disposals	-70
-905	Net gains/losses(-) from fair value adjustments	2,987
-76	Transfers from Property, Plant and Equipment	-2,771
<b>54,182</b>	<b>Balance at end of the year</b>	<b>57,019</b>

## Notes to the Accounts

### Fair Value measurement of investment property - Fair Value Hierarchy

Details of the Authority's investment properties and information about fair value hierarchy as at 31 March 2023 and 31 March 2022 are as follows:

2022/23				
	Quoted prices in active markets for identical assets	Other significant observable inputs	Significant unobservable inputs	Fair value as at 31st March
	(Level 1)	(Level 2)	(Level 3)	
	£'000	£'000	£'000	£'000
<b>Recurring fair value measurements using:</b>				
Enterprise Park	0	12,021	15,319	27,340
High Value	0	4,859	24,820	29,679
<b>Total</b>	<b>0</b>	<b>16,880</b>	<b>40,139</b>	<b>57,019</b>
2021/22 Comparative Figures				
	(Level 1)	(Level 2)	(Level 3)	
	£'000	£'000	£'000	£'000
<b>Recurring fair value measurements using:</b>				
Enterprise Park	0	10,427	14,362	24,789
High Value	0	4,708	24,685	29,393
<b>Total</b>	<b>0</b>	<b>15,135</b>	<b>39,047</b>	<b>54,182</b>

### Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

#### Significant Observable Inputs - Level 2

The fair value of some of the commercial portfolio has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local Authority area. Sometimes market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

#### Significant Unobservable Inputs - Level 3

Some of the Authority's commercial portfolio is categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

#### Highest and Best Use of Surplus Assets

In estimating the fair value of some of the Authority's investment properties, the highest and best use of the properties is their current use. In some cases, alternative uses have been assumed (subject to planning permission being granted).

## Notes to the Accounts

### Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs - Level 3

	As at 31/03/2023 £'000	Valuation technique used to measure fair value	Unobservable inputs	Range (weighted average used)	Sensitivity
Enterprise Park	15,319	Market Approach	Yield	4.5 - 9%	Significant changes in rents and yields will result in significantly lower or higher fair value
			Rent	Various	
High Value	24,820	Market Approach	Yield	Various	Significant changes in rents and yields will result in significantly lower or higher fair value
			Rent	Various	
<b>TOTAL</b>	<b>40,139</b>				

## Notes to the Accounts

### 17. Financial Instruments

#### Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

#### Financial Assets:

	Non-Current				Current				Totals	
	Investments		Debtors		Investments		Debtors		Totals	
	31st March 2023	31st March 2022								
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair value through profit or loss	0	0	0	0	0	0	0	0	0	0
Amortised cost	24	24	14,010	8,764	172,679	191,169	119,333	118,261	306,046	318,218
Fair value through other comprehensive income - designated equity instruments	0	0	0	0	0	0	0	0	0	0
Fair value through other comprehensive income - other	75	80	0	0	0	0	0	0	75	80
<b>Total financial assets</b>	<b>99</b>	<b>104</b>	<b>14,010</b>	<b>8,764</b>	<b>172,679</b>	<b>191,169</b>	<b>119,333</b>	<b>118,261</b>	<b>306,121</b>	<b>318,298</b>
Assets not defined as financial instruments	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>99</b>	<b>104</b>	<b>14,010</b>	<b>8,764</b>	<b>172,679</b>	<b>191,169</b>	<b>119,333</b>	<b>118,261</b>	<b>306,121</b>	<b>318,298</b>

#### Financial Liabilities:

	Non-Current				Current				Totals	
	Borrowings		Creditors		Borrowings		Creditors		Totals	
	31st March 2023	31st March 2022								
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair value through profit or loss	0	0	0	0	0	0	0	0	0	0
Amortised cost	693,547	689,045	2,548	2,943	9,026	9,381	62,351	80,821	767,472	782,190
<b>Total financial liabilities</b>	<b>693,547</b>	<b>689,045</b>	<b>2,548</b>	<b>2,943</b>	<b>9,026</b>	<b>9,381</b>	<b>62,351</b>	<b>80,821</b>	<b>767,472</b>	<b>782,190</b>
Liabilities not defined as financial instruments	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>693,547</b>	<b>689,045</b>	<b>2,548</b>	<b>2,943</b>	<b>9,026</b>	<b>9,381</b>	<b>0</b>	<b>80,821</b>	<b>767,472</b>	<b>782,190</b>

## Notes to the Accounts

### Income, Expense, Gains and Losses

	2022/23		2021/22	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£'000	£'000	£'000	£'000
<b>Net gains/losses on:</b>				
Financial assets measured at fair value through profit or loss	0	0	0	0
Financial assets measured at amortised cost	0	0	0	0
Investments in equity instruments designated at fair value through other comprehensive income	0	0	0	0
Financial assets measured at fair value through other comprehensive income	0	0	0	0
Financial liabilities measured at fair value through profit or loss	0	0	0	0
Financial liabilities measured at amortised cost	0	0	0	0
<b>Total net gains/losses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Interest revenue:</b>				
Financial assets measured at amortised cost	4,401	0	269	0
Other financial assets measured at fair value through other comprehensive income	0	0	0	0
<b>Total interest revenue</b>	<b>4,401</b>	<b>0</b>	<b>269</b>	<b>0</b>
<b>Interest expense</b>	<b>-25,017</b>	<b>0</b>	<b>-24,342</b>	<b>0</b>
<b>Fee income:</b>				
Financial assets or financial liabilities that are not at fair value through profit or loss	0	0	0	0
Trust and other fiduciary activities	0	0	0	0
<b>Total fee income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fee expense:</b>				
Financial assets or financial liabilities that are not at fair value through profit or loss	0	0	0	0
Trust and other fiduciary activities	0	0	0	0
<b>Total fee expense</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Notes to the Accounts

### Fair Values of Assets and Liabilities that are not measured at Fair Value

Except for the financial assets carried at fair value, all other financial liabilities and financial assets held by the Authority are carried in the Balance Sheet at amortised cost. We have calculated fair values for all instruments in the portfolio, but only disclose those which are materially different from the carrying value. The fair values calculated are as follows:

#### Financial Liabilities

	2022/23		2021/22	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£'000	£'000	£'000	£'000
Financial liabilities held at amortised cost	659,080	583,090	659,080	829,691
Long-term creditors	2,548	2,548	2,943	2,943
<b>Total</b>	<b>661,628</b>	<b>585,638</b>	<b>662,023</b>	<b>832,634</b>

The fair value of borrowings is lower than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders below current market rates.

#### Financial Assets

	2022/23		2021/22	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£'000	£'000	£'000	£'000
Financial assets held at amortised cost	172,679	172,679	191,169	191,169
Long-term debtors	14,010	14,010	8,764	8,764
<b>Total</b>	<b>186,689</b>	<b>186,689</b>	<b>199,933</b>	<b>199,933</b>

The fair value of the financial assets is equivalent to the carrying amount because the Authority's portfolio of investments comprises of short dated investments whose fair value is equivalent to the carrying value as at 31st March 2023.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

## Notes to the Accounts

Fair Value hierarchy for financial assets and financial liabilities that are not measured at Fair Value

	31 March 2023			
	Quoted prices in active markets for identical assets  (Level 1) £'000	Other significant observable inputs  (Level 2) £'000	Significant unobservable inputs  (Level 3) £'000	Total £'000
<b>Recurring fair value measurements using:</b>				
<b>Financial liabilities</b>				
<i>Financial liabilities held at amortised cost:</i>				
Loans/borrowings	0	33,414	0	33,414
Long-term creditors	0	0	0	0
<b>Total</b>	<b>0</b>	<b>33,414</b>	<b>0</b>	<b>33,414</b>
<b>Financial assets</b>				
<i>Financial assets held at amortised cost:</i>				
Other financial assets	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

	31 March 2022 Comparative Year			
	Quoted prices in active markets for identical assets  (Level 1) £'000	Other significant observable inputs  (Level 2) £'000	Significant unobservable inputs  (Level 3) £'000	Total £'000
<b>Recurring fair value measurements using:</b>				
<b>Financial liabilities</b>				
<i>Financial liabilities held at amortised cost:</i>				
Loans/borrowings	0	28,390	0	28,390
Long-term creditors	0	0	0	0
<b>Total</b>	<b>0</b>	<b>28,390</b>	<b>0</b>	<b>28,390</b>
<b>Financial assets</b>				
<i>Financial assets held at amortised cost:</i>				
Other financial assets	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Notes to the Accounts

The fair value for financial liabilities and financial assets that are not measured at fair value included in levels 2 and 3 in the previous table have been arrived at using a discounted cash flow analysis, with the most significant inputs being the discount rate.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

Financial Assets	Financial Liabilities
- no early repayment or impairment is recognised	- no early repayment is recognised
- estimated ranges of interest rates at 31 March 2023 of 3.60% to 4.55% for loans receivable, based on new lending rates for equivalent loans at that date	- estimated ranges of interest rates at 31 March 2023 of 4.44% to 4.91% for loans payable based on new lending rates for equivalent loans at that date
- the fair value of trade and other receivables is taken to be the invoiced or billed amount	- the fair value of WG loans are taken at nominal value

## Notes to the Accounts

### 18. Short Term Debtors

31st March 2022 £'000		31st March 2023 £'000
99,789	Central government bodies	89,169
2,125	Other local authorities	3,801
10,426	NHS bodies	7,261
1	Public corporations and trading funds	0
41,684	Other entities and individuals	47,205
2,688	Payments in advance	8,797
-31,176	Impairment losses	-30,378
<b>125,537</b>	<b>Total</b>	<b>125,855</b>

The short term debtors figure of £125.855m (21/22 £125.537m) includes £11.110m (21/22 £13.110m) for the impairment losses recognised on receivables arising from contracts with service recipients.

### 19. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31st March 2022 £'000		31st March 2023 £'000
-3,700	Cash held by the Authority	-8,730
69,380	Bank current accounts	77,802
<b>65,680</b>	<b>Total Cash and Cash Equivalents</b>	<b>69,072</b>

### 20. Short Term Creditors

31st March 2022 £'000		31st March 2023 £'000
13,574	Central government bodies	11,806
8,491	Other local authorities	2,736
798	NHS bodies	201
7	Public corporations and trading funds	14
59,908	Other entities and individuals	47,594
12,783	Receipts in advance	31,803
<b>95,561</b>	<b>Total</b>	<b>94,154</b>

## Notes to the Accounts

### 21. Provisions

#### Short - term

	Outstanding Legal Cases £'000	Injury and Damage Compensation Claims £'000	Employee Benefits £'000	Other Provisions £'000	Total £'000
<b>Balance at 1 April 2022</b>	1,110	1,470	0	1,653	4,233
Additional provisions made in 2022/23	0	1,316	0	188	1,504
Amounts used in 2022/23	0	-1,184	0	-124	-1,308
Unused amounts reversed in 2022/23	0	-3,613	0	-738	-4,351
Transfer from long term to short term	0	3,326	0	-498	2,828
<b>Balance at 31 March 2023</b>	<b>1,110</b>	<b>1,315</b>	<b>0</b>	<b>481</b>	<b>2,906</b>

#### Long - term

	Outstanding Legal Cases £'000	Injury and Damage Compensation Claims £'000	Employee Benefits £'000	Other Provisions £'000	Total £'000
<b>Balance at 1 April 2022</b>	0	3,608	149	5,815	9,572
Additional provisions made in 2022/23	0	2,856	0	0	2,856
Amounts used in 2022/23	0	0	-17	-278	-295
Unused amounts reversed in 2022/23	0	0	0	0	0
Transfer from long term to short term	0	-3,326	0	498	-2,828
<b>Balance at 31 March 2023</b>	<b>0</b>	<b>3,138</b>	<b>132</b>	<b>6,035</b>	<b>9,305</b>

#### **Outstanding Legal Cases**

The Authority has incurred legal costs in defending its position across a number of issues and will seek to defray those costs against third parties if appropriate. To the extent that this is considered unlikely this provision is intended to quantify and provide for the expected extent of irrecoverable costs.

#### **Injury and Damage Compensation Claims**

This is in respect of excess charges and uninsured costs on all known outstanding insurance claims made against the Authority in respect of all injury and compensation claims outstanding at the Balance Sheet date.

## Notes to the Accounts

### Employee Benefits

This is in respect of the potential costs of settling all reasonably expected equal pay compensation claims as they exist at the Balance Sheet date on the basis that following the implementation of an equal pay compliant pay structure a significant element of the potential liability will be settled by way of compensation payment rather than as backpay. It is envisaged the majority of this will be settled within 1 year.

### Other Provisions

These amounts are to cover a variety of potential liabilities including land compensation claims following compulsory purchase, potential sums arising out of grant reclaims and obsolete stock. Other provisions include a significant capital provision (£4.377m) for the future remediation and maintenance of major land refuse disposal sites. Of the £4.377m, £1.594m is likely to be settled within the next ten years and the remaining £2.783m over the next forty years.

### 22. Unusable Reserves

Authority 31st March 2022 £'000	Group 31st March 2022 £'000		Authority 31st March 2023 £'000	Group 31st March 2023 £'000
369,420	382,112	Revaluation Reserve	351,930	364,897
904,661	904,661	Capital Adjustment Account	931,212	931,212
-2,219	-2,219	Financial Instruments Adjustment Account	-2,255	-2,255
-714,623	-714,623	Pensions Reserve	-76,193	-76,193
-13,699	-13,699	Accumulated Absences Account	-15,506	-15,506
<b>543,540</b>	<b>556,232</b>	<b>Total Unusable Reserves</b>	<b>1,189,188</b>	<b>1,202,155</b>

### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost,
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

## Notes to the Accounts

Authority 2021/22 £'000	Group 2021/22 £'000		Authority 2022/23 £'000	Group 2022/23 £'000
<b>208,213</b>	<b>219,825</b>	<b>Balance at 1st April</b>	<b>369,420</b>	<b>382,112</b>
0	0	Adjustment for historic cost	2,485	2,485
<b>208,213</b>	<b>219,825</b>	<b>Revised Balance at 1st April</b>	<b>371,905</b>	<b>384,597</b>
		Upward revaluation of assets -		
160,715	161,795	Cost	15,123	15,398
67,774	67,774	Depreciation	14,712	14,712
		Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services -		
-61,671	-61,671	Cost	-38,788	-38,788
4,792	4,792	Depreciation	6,550	6,550
<b>171,610</b>	<b>172,690</b>	<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>-2,403</b>	<b>-2,128</b>
-9,448	-9,448	Difference between fair value depreciation and historical cost depreciation	-13,297	-13,297
-955	-955	Accumulated gains on assets sold or scrapped	-4,275	-4,275
<b>-10,403</b>	<b>-10,403</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>-17,572</b>	<b>-17,572</b>
<b>369,420</b>	<b>382,112</b>	<b>Balance at 31st March</b>	<b>351,930</b>	<b>364,897</b>

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The Opening Balance of the Revaluation Reserve and the Group Revaluation Reserve for 2022/23 have been restated to correct historical cost depreciation adjustments. There are adjusting entries between the Revaluation Reserve and the Capital Adjustment Account. Please see page 98 for information on the prior period errors.

## Notes to the Accounts

The 2022/23 Opening Balance figures have been restated to correct historical cost depreciation adjustments between the Revaluation Reserve and the Capital Adjustment Account. These adjustments have been done and processed at the earliest opportunity in the opening balances for 2022/23. The net value of these adjustments is £2.485m.

The restatement of the Opening Balance Sheet for 2022/23 has had an impact on the Opening Balance in the Revaluation Reserve disclosure note for 2022/23. Additional lines have been added to the Revaluation Reserve Disclosure Note to demonstrate the prior period errors. The following table demonstrates the effects on the following line items in the Revaluation Reserve for 2022/23. The corresponding entries are in the Capital Adjustment Account. The restated Opening Balances on the Revaluation Reserve disclosure note is provided on page 97.

### Effect on line items in the Revaluation Reserve disclosure note for 2022/23

	Published 2021/22 £'000	Opening Balance 2022/23 £'000	Restatement £'000
Balance at 31st March 2022	369,420	369,420	0
Adjustment for historic cost	0	2,485	2,485
Opening Balance at 1st April 2022	369,420	371,905	2,485

The restatement of the opening balances for the Capital Adjustment Account and Revaluation Reserve for 2022/23 has had an impact on the Opening Balance Sheet. Additional Lines have been added to the Capital Adjustment Account disclosure note for 2022/23 to demonstrate the effect of the Historic Cost Adjustments relating to prior periods. The table below shows the effect of the adjustment on the opening balance for the Capital Adjustment Account. The corresponding entries are in the Revaluation Reserve. The restated Opening Balances on the Capital Adjustment Account disclosure note is provided on page 100.

### Effect on line items in the Capital Adjustment Account disclosure note for 2022/23

	Published 2021/22 £'000	Opening Balance 2022/23 £'000	Restatement £'000
Balance at 31st March 2022	904,661	904,661	0
Adjustment for historic cost	0	-2,485	-2,485
Opening Balance at 1st April 2022	904,661	902,176	-2,485

### **Capital Adjustment Account**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or subsequent costs of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and subsequent costs.

The Account contains accumulated gains and losses on Investment Properties. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 8 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2021/22 £'000		2022/23 £'000
<b>872,955</b>	<b>Balance at 1st April</b>	<b>904,661</b>
0	Adjustment for historic cost	-2,485
<b>872,955</b>	<b>Revised Balance at 1st April</b>	<b>902,176</b>
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
-52,760	Charges for depreciation and impairment of non-current assets	-73,096
-34,615	Revaluation losses(-)/gains on Property, Plant and Equipment	-20,751
-137	Amortisation of intangible assets	-240
-6,264	Revenue expenditure funded from capital under statute (REFCUS)	-8,644
-5,110	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-12,088
<b>-98,886</b>		<b>-114,819</b>
10,403	Adjusting amounts written out of the Revaluation Reserve	17,572
<b>-88,483</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>-97,247</b>
	<b>Capital financing applied in the year:</b>	
5,877	Use of the Capital Receipts Reserve to finance new capital expenditure	7,090
65,737	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	68,529
16,907	Statutory provision for the financing of the capital investment charged against the General Fund and HRA balances	18,030
32,260	Capital expenditure charged against the HRA and General Fund balances	28,400
<b>120,781</b>		<b>122,049</b>
-905	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	2,987
313	Additions Other	1,247
<b>904,661</b>	<b>Balance at 31st March</b>	<b>931,212</b>

The Opening Balance of the Capital Adjustment Account for 2022/23 has been restated to correct prior period errors.

## Notes to the Accounts

### Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2021/22 £'000		2022/23 £'000
<b>-961,094</b>	<b>Balance at 1st April</b>	<b>-714,623</b>
310,830	Remeasurements of the net defined benefit liability/asset(-)	688,520
-115,780	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-107,100
-510	Past service cost adjustment	-500
51,931	Employer's pensions contributions and direct payments to pensioners payable in the year	57,510
<b>-714,623</b>	<b>Balance at 31st March</b>	<b>-76,193</b>

## Notes to the Accounts

### Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2021/22 £'000		2022/23 £'000
-15,284	<b>Balance at 1st April</b>	-13,699
15,284	Settlement or cancellation of accrual made at the end of the preceding year	13,699
-13,699	Amounts accrued at the end of the current year	-15,506
1,585	<b>Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements</b>	-1,807
-13,699	<b>Balance at 31st March</b>	-15,506

### 23. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2021/22 £'000		2022/23 £'000
230	Interest received	4,280
-24,335	Interest paid	-25,113
-24,105		-20,833

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2021/22 £'000		2022/23 £'000
51,129	Depreciation	61,756
37,151	Impairment and downward revaluations	29,104
137	Amortisation	240
5,171	Increase/decrease(-) in creditors	7,251
-14,570	Increase(-)/decrease in debtors	-10,956
-492	Increase(-)/decrease in inventories	-305
64,359	Movement in pension liability	50,090

## Notes to the Accounts

2021/22 £'000		2022/23 £'000
-5,110	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	-12,088
6,811	Other non-cash items charged to the net surplus or deficit on the provision of services	7,482
<b>144,585</b>		<b>132,574</b>

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2021/22 £'000		2022/23 £'000
-67,966	Any other items for which the cash effects are investing or financing cash flows	-61,060
<b>-67,966</b>		<b>-61,060</b>

### 24. Reconciliation of Liabilities arising from Financing Activities

	2022/23	Financing cash flows	Changes which are not financing cash flows		2022/23
	1 April		Acquisition	Other non- financing cash flows	31 March
	£'000		£'000	£'000	£'000
Long-term borrowings	686,669	4,516	0	0	691,185
Short-term borrowings	9,381	-355	0	0	9,026
Lease liabilities	0	0	0	0	0
<b>Total liabilities from financing activities</b>	<b>696,050</b>	<b>4,161</b>	<b>0</b>	<b>0</b>	<b>700,211</b>
	2021/22	Financing cash flows	Changes which are not financing cash flows		2021/22
	1 April		Acquisition	Other non- financing cash flows	31 March
	£'000		£'000	£'000	£'000
Long-term borrowings	563,825	122,844	0	0	686,669
Short-term borrowings	7,174	2,207	0	0	9,381
Lease liabilities	0	0	0	0	0
<b>Total liabilities from financing activities</b>	<b>570,999</b>	<b>125,051</b>	<b>0</b>	<b>0</b>	<b>696,050</b>

The long term borrowing figures above are different to the long term borrowing figures on the Balance Sheet as the figures on the Balance Sheet include non cash items. Examples of non cash items would be accrued interest, debtors and creditors.

## Notes to the Accounts

### 25. Trading Operations

In accordance with the Service Reporting Code of Practice (SeRCOP) which has been issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) the Authority undertakes a number of activities which are defined as trading activities within the meaning of the Code.

All the Authority's trading operations are an integral part of one of the Authority's services to the public and are incorporated into the Comprehensive Income and Expenditure Statement.

<b>2022/23</b>			
	<b>Turnover</b>	<b>Expenditure</b>	<b>Surplus/- Deficit</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Council Car Parks	4,297	1,974	2,323
Grand Theatre	2,549	3,658	-1,109
Indoor Market	934	1,122	-188
Council Catering including school meals	7,835	8,640	-805
Trade Waste	2,275	1,916	359
Swansea Marina	439	-289	728
	<b>18,329</b>	<b>17,021</b>	<b>1,308</b>

<b>2021/22</b>			
	<b>Turnover</b>	<b>Expenditure</b>	<b>Surplus/- Deficit</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Council Car Parks	4,298	2,184	2,114
Grand Theatre	1,792	2,556	-764
Indoor Market	1,095	624	471
Council Catering including school meals	6,834	8,633	-1,799
Trade Waste	2,164	1,995	169
Swansea Marina	405	1,019	-614
	<b>16,588</b>	<b>17,011</b>	<b>-423</b>

### 26. Members' Allowances

The Authority paid the following amounts to members of the Council during the year.

	<b>2021/22</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Allowances	1,624	1,930
Expenses	2	4
<b>Total</b>	<b>1,626</b>	<b>1,934</b>

## Notes to the Accounts

### 27. Officers' Remuneration

(a) The following tables set out the remuneration for:

- Senior Officers (Directors, Chief Officers and Heads of Service) whose salary is less than £150,000 but equal to or more than £60,000 per year.
- Senior Officers (Chief Executive) whose salary is £150,000 or more are identified by name.

**Table 1 - 2022/23**

	Remuneration (including Fees & Allowances) £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Pension contributions (24.7%) £	Total remuneration including pension contributions £
Chief Executive - Phil Roberts * (a)	28,971	0	28,971	0	28,971
Interim Chief Executive - Martin Nicholls (b)	78,155	0	78,155	19,304	97,460
Chief Executive - Martin Nicholls (c)	56,654	0	56,654	13,993	70,647
Deputy Chief Executive & Director of Corporate Services (d)	42,292	0	42,292	10,446	52,738
Interim Director of Corporate Services (e)	118,260	0	118,260	0	118,260
Director of Finance & Section 151 Officer	118,147	0	118,147	29,182	147,329
Director of Education	112,611	0	112,611	27,815	140,426
Director of Place (f)	17,347	0	17,347	4,285	21,632
Interim Director of Place (g)	94,107	0	94,107	23,244	117,351
Director of Social Services	123,681	0	123,681	30,549	154,230
Head of Digital and Customer Services	103,536	0	103,536	25,573	129,109
Monitoring Officer & Chief Legal Officer	103,852	0	103,852	25,573	129,425
Head of Education Planning & Resources Service (h)	7,652	0	7,652	1,801	9,453
Head of Building Services	80,955	0	80,955	19,996	100,951
Head of Cultural Services	92,246	0	92,246	22,785	115,031
<b>Balance c/f</b>	<b>1,178,465</b>	<b>0</b>	<b>1,178,465</b>	<b>254,548</b>	<b>1,433,013</b>

## Notes to the Accounts

Table 1 - 2022/23 continued

	Remuneration (including Fees & Allowances) £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Pension contributions (24.7%) £	Total remuneration including pension contributions £
<b>Balance b/f</b>	<b>1,178,465</b>	<b>0</b>	<b>1,178,465</b>	<b>254,548</b>	<b>1,433,013</b>
Head of Highways & Transportation	92,969	0	92,969	22,785	115,754
Head of Housing & Public Health (i)	11,858	0	11,858	2,929	14,787
Head of Planning & City Regeneration	92,246	0	92,246	22,785	115,031
Head of Property Services	81,494	0	81,494	19,996	101,490
Head of Waste, Cleansing & Parks	92,246	0	92,246	22,785	115,031
Head of Commercial Services	80,955	0	80,955	19,996	100,951
Deputy Monitoring Officer & Deputy Chief Legal Officer	69,983	0	69,983	17,208	87,191
Deputy Section 151 Officer & Deputy Chief Finance Officer	72,488	0	72,488	17,905	90,393
Head of Communications & Marketing	80,955	0	80,955	19,996	100,951
Head of Adult Services & Tackling Poverty	83,778	0	83,778	20,693	104,471
Head of Child & Family	92,191	0	92,191	22,771	114,962
Interim Head of Revenues & Benefits	64,021	0	64,021	15,813	79,834
Interim Head of Service Centre (j)	16,229	0	16,229	4,009	20,238
Head of Achievement & Partnership Service (k)	64,021	0	64,021	15,813	79,834
Interim Head of Education Planning & Resources (l) (n)	15,023	0	15,023	3,711	18,734
Head of Education Planning & Resources (m)	43,823	0	43,823	10,824	54,647
Head of Vulnerable Learner Service (o)	78,134	0	78,134	19,299	97,433
Head of Human Resources & Service Centre (p)	57,990	0	57,990	14,324	72,314
Interim Head of Integrated Services (q)	12,144	0	12,144	0	12,144
Head of Integrated Services (r)	36,399	0	36,399	0	36,399
Interim Head of Housing and Public Health (s)	56,187	0	56,187	13,878	70,066
<b>Total</b>	<b>2,473,601</b>	<b>0</b>	<b>2,473,601</b>	<b>562,067</b>	<b>3,035,667</b>

## Notes to the Accounts

\* In 2022/23 the Chief Executive received additional remuneration of £2134.00 for Returning Officer Fees relating to General and European Elections. There is no additional remuneration to the Chief Executive for any local elections.

No bonus payments or benefit in kind payments were made to the Officers detailed in these notes.

- (a) The Chief Executive retired on 29th May 2022.
- (b) The Interim Chief Executive commenced on 23rd May 2022.
- (c) The Interim Chief Executive is the Chief Executive since 21st November 2022.
- (d) The Deputy Chief Executive & Director of Corporate Services left the Authority on 31st July 2022.
- (e) The Interim Director of Corporate Services commenced on 11th July 2022 under a contract for services via a third party and not as a direct paid employee. Consequently there were no pension costs incurred as they were not eligible to participate in the LGPS in 2022/23.
- (f) The Director of Place is the Interim Chief Executive since 23rd May 2022.
- (g) The Interim Director of Place commenced on 23rd May 2022.
- (h) The Head of Education Planning & Resources Service retired on 30th April 2022.
- (i) The Head of Housing & Public Health is the Interim Director of Place since 23rd May 2022.
- (j) The Interim Head of Service Centre finished on 30th June 2022.
- (k) The Head of Achievement & Partnership Service commenced on 1st April 2022.
- (l) The Interim Head of Education Planning & Resources commenced on 1st May 2022.
- (m) The Head of Education Planning & Resources commenced on 4th July 2022.
- (n) The Interim Head of Education Planning & Resources is the Head of Education Planning & Resources since 4th July 2022.
- (o) The Head of Vulnerable Learner Service commenced on 4th July 2022.
- (p) The Head of Human Resources & Service Centre commenced on 13th June 2022.
- (q) The Interim Head of Integrated Services commenced on 1st April 2022.
- (r) The Interim Head of Integrated Services is the Head of Integrated Services since 1st July 2022.
- (s) The Interim Head of Housing and Public Health commenced on 5th July 2022.

## Notes to the Accounts

The following tables set out the remuneration for:

- Senior Officers (Directors, Chief Officers and Heads of Service) whose salary is less than £150,000 but equal to or more than £60,000 per year.
- Senior Officers (Chief Executive) whose salary is £150,000 or more are identified by name.

**Table 1 - 2021/22**

	Remuneration (including Fees & Allowances) £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Pension contributions (24.7%) £	Total remuneration including pension contributions £
Chief Executive - Phil Roberts *	154,962	0	154,962	0	154,962
Deputy Chief Executive & Director of Resources (a)	104,365	0	104,365	25,778	130,143
Deputy Chief Executive & Director of Corporate Services (b)	22,510	0	22,510	5,560	28,070
Director of Finance & Section 151 Officer (c)	20,129	0	20,129	4,972	25,101
Director of Education	110,078	0	110,078	27,189	137,267
Director of Place	118,989	0	118,989	29,390	148,379
Director of Social Services	122,491	0	122,491	30,255	152,746
Chief Transformation Officer (d)	80,579	0	80,579	19,903	100,482
Head of Digital and Customer Services (e)	21,032	0	21,032	5,195	26,227
Monitoring Officer & Chief Legal Officer	104,697	0	104,697	25,785	130,482
Section 151 Officer & Chief Finance Officer (f)	90,548	0	90,548	22,365	112,913
Head of Education Planning & Resources Service	87,500	0	87,500	21,613	109,113
Head of Building Services	79,030	0	79,030	19,520	98,550
Head of Cultural Services	90,321	0	90,321	22,309	112,630
<b>Balance c/f</b>	<b>1,207,231</b>	<b>0</b>	<b>1,207,231</b>	<b>259,835</b>	<b>1,467,066</b>

## Notes to the Accounts

**Table 1 - 2021/22 continued**

	Remuneration (including Fees & Allowances) £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Pension contributions (24.7%) £	Total remuneration including pension contributions £
<b>Balance b/f</b>	<b>1,207,231</b>	<b>0</b>	<b>1,207,231</b>	<b>259,835</b>	<b>1,467,066</b>
Head of Highways & Transportation	90,321	0	90,321	22,309	112,630
Head of Housing & Public Health	81,853	0	81,853	20,218	102,071
Head of Planning & City Regeneration	90,321	0	90,321	22,309	112,630
Head of Property Services	79,569	0	79,569	19,520	99,089
Head of Waste, Cleansing & Parks	90,321	0	90,321	22,309	112,630
Head of Commercial Services	79,030	0	79,030	19,520	98,550
Deputy Monitoring Officer & Deputy Chief Legal	68,048	0	68,048	16,732	84,780
Deputy Section 151 Officer & Deputy Chief Finance Officer	67,742	0	67,742	16,732	84,474
Head of Communications & Marketing	79,030	0	79,030	19,520	98,550
Head of Adult Services & Tackling Poverty (g)	1,487	0	1,487	367	1,854
Interim Head of Adult Services (Learning Disability / Mental Health / Service Provision & Safeguarding) (h)	78,278	0	78,278	19,335	97,613
Head of Child & Family	88,235	0	88,235	21,794	110,029
Interim Head of Revenues & Benefits	59,219	0	59,219	14,627	73,846
Interim Head of Service Centre	64,918	0	64,918	16,035	80,953
Interim Head of Achievement & Partnership Service (i)	9,666	0	9,666	2,388	12,054
Head of Achievement & Partnership Service (j)	63,720	0	63,720	15,739	79,458
<b>Total</b>	<b>2,298,989</b>	<b>0</b>	<b>2,298,989</b>	<b>529,290</b>	<b>2,828,279</b>

## Notes to the Accounts

\* In 2021/22 the Chief Executive received additional remuneration of £13,190.75 for Returning Officer Fees relating to General and European Elections. There is no additional remuneration to the Chief Executive for any local elections.

No bonus payments or benefit in kind payments were made to the Officers detailed in these notes.

(a) The Deputy Chief Executive & Director of Resources is the Deputy Chief Executive & Director of Corporate Services since 28th January 2022.

(b) The Deputy Chief Executive & Director of Corporate Services commenced on 28th January 2022.

(c) The Director of Finance & Section 151 Officer commenced on 28th January 2022.

(d) The Chief Transformation Officer is the Head of Digital & Customer Services since 17th January 2022.

(e) The Head of Digital and Customer Services commenced on 17th January 2022.

(f) The Section 151 Officer & Chief Finance Officer is the Director of Finance & Section 151 Officer since 28th January 2022.

(g) The Head of Adult Services & Tackling Poverty commenced on 25th March 2022.

(h) The Interim Head of Adult Services (Learning Disability / Mental Health / Service Provision & Safeguarding) is the Head of Adult Services & Tackling Poverty since 25th March 2022.

(i) The Interim Head of Achievement & Partnership Service is the Head of Achievement & Partnership Service since 19th May 2021.

(j) The Head of Achievement & Partnership Service commenced on 19th May 2021.

## Notes to the Accounts

(b) The number of employees (excluding Senior Officers) whose remuneration (excluding employer's pension contributions) was £60,000 or more, in bands of £5,000, were:

2021/22 Number of employees	Remuneration Band	2022/23 Number of employees
62	£60,000 - £64,999	63
32	£65,000 - £69,999	42
26	£70,000 - £74,999	25
13	£75,000 - £79,999	19
8	£80,000 - £84,999	9
5	£85,000 - £89,999	7
4	£90,000 - £94,999	5
3	£95,000 - £99,999	3
4	£100,000 - £104,999	3
2	£105,000 - £109,999	1
0	£110,000 - £114,999	5
1	£115,000 - £119,999	1
1	£135,000 - £139,999	0
0	£140,000 - £144,999	1
<b>161</b>	<b>Total</b>	<b>184</b>

The remuneration bands above include one off payments regarding compensation for loss of office. These payments are not paid in return for services rendered to the Authority and are therefore not strictly remuneration, but the regulations covering disclosure of salary bandings require these amounts to be included in the calculation.

The numbers shown relate to Authority employees, which predominantly include teaching staff. The bandings above include ten teachers (2021/22 nine teachers) who are employed by voluntary aided schools. Senior Officers' remunerations are shown in the tables on pages 105 to 110.

The Authority is required to disclose the organisation's pay multiple. This is the ratio between the highest paid employee and the median earnings across the organisation.

In 2022/23 the remuneration of the Chief Executive was £156,887 (2021/22 £154,962). This was 5.7 times (2020/21 6.1 times) the median remuneration of the organisation, which was £27,313 (2021/22 £25,600).

## Notes to the Accounts

(c) The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

2022/23				
Exit package cost band (including special payments)	Number of Compulsory Redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £'000
£0 - £20,000	4	8	12	83
£20,001 - £40,000	0	12	12	366
£40,001 - £60,000	0	3	3	154
£60,001 - £80,000	0	4	4	288
£80,001 - £100,000	0	4	4	353
£100,001 - £150,000	0	3	3	380
£150,001 - £200,000	0	1	1	158
<b>Total</b>	<b>4</b>	<b>35</b>	<b>39</b>	<b>1,782</b>

2021/22				
Exit package cost band (including special payments)	Number of Compulsory Redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £'000
£0 - £20,000	6	14	20	147
£20,001 - £40,000	0	3	3	106
£40,001 - £60,000	1	1	2	105
£60,001 - £80,000	0	2	2	142
£80,001 - £100,000	0	2	2	191
£100,001 - £150,000	0	2	2	260
<b>Total</b>	<b>7</b>	<b>24</b>	<b>31</b>	<b>951</b>

The average payback period against all early retirement / voluntary redundancy packages agreed for 2022/23 is less than 1 year.

## Notes to the Accounts

### 28. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22 and 2022/23:

2021/22 £'000		2022/23 £'000
	<b>Credited to Taxation and Non Specific Grant Income</b>	
137,731	Council Tax Income	143,425
82,917	Non Domestic Rates	89,167
274,282	Revenue Support Grant	297,425
2,753	Covid-19 Council Tax Loss Support Grant	0
10,611	21st Century Schools Programme, Childcare Grant and Community Hub grant	2,299
1,323	Local Transport Fund and Local Transport Network Fund	1,949
4,604	Active Travel Fund	6,348
9,271	Housing MRA Grant	9,283
516	Road Safety/Safe Route in Communities	207
11,414	General Capital Grant	4,375
3,782	Schools Capital Maintenance grant	3,610
826	European Regional Development Fund	0
622	Coastal Risk Management Programme	1,814
1,192	Highways Refurbishment grant	0
363	Reducing Infant Class sizes	0
772	Welsh Medium Schools Capital Grant	0
500	Economic Stimulus and Regional Stimulus Grants	0
0	Housing Homelessness Capital Grant	677
4,803	City Deal Grant	4,625
1,947	Gifted Assets	827
362	Flying Start	525
367	All Wales Play Opportunities Fund	0
1,805	Free School Meals (capital)	2,527
657	Electric Charging points grants	0
820	HRA Social Housing Grant (capital)	1,953
6,221	Transforming Towns grant (capital)	5,304
0	WG - Safe Routes in Communities	359
0	WEFO Kingsway project	139
0	WG - Swansea Valleys task force COVID recovery fund	2
0	Ultra Low Emission Vehicles - 2 Sweepers	150
0	WG Post-16 Life long learning	243
0	WG 20mph national speed limit rollout	551
0	WG Optimised Retrofit Prog (ORP) - HRA	2,603
0	WG Fire Safety High Rise Flats - HRA	751
0	WG Transitional Accommodation Capital Programme Grants - HRA	2,889
0	Small Scale Infrastructure Grant	100
0	Housing with Care Fund Hendy Cottages	395
0	Brilliant Basics Fund Changing Places Toilets	85

## Notes to the Accounts

2021/22 £'000		2022/23 £'000
0	Community Focussed Schools (CFS)	1,145
0	Additional Learning Needs (ALN)	292
3,600	Other Grants and Contributions	2,710
<b>564,061</b>		<b>588,754</b>
	<b>Credited to Services</b>	
35,297	Rent allowance subsidy	33,511
27,460	Rent rebate subsidy	26,414
9,159	Children and Communities Grant	10,744
18,869	Housing Support Grant	21,036
365	Department for Children, Education, Lifelong Learning and Skills	550
416	Environment and Sustainable Development Grant (ESD)	482
853	Housing Benefit Administration	863
7,303	Concessionary fares	5,517
8,999	Pupil Deprivation Grant	9,268
560	Communities for Work	1,176
470	Cynnydd Project (ESF)	305
204	Rural Development Plan	377
554	Bus Services Support Grant (BSSG)	617
3,022	Free Childcare	3,759
3,950	Sustainable Social Services	3,562
4,923	Funded Nursing Care	0
229	Western Valleys Empty Homes Pilot	0
380	ENABLE grant	455
1,583	Sustainable Waste Management Grant (SWMG)	1,134
346	Affordable Housing Grant	348
466	Teacher Pay and Pensions	2,220
854	Professional Learning Fund	850
578	Social Care Wales Workforce Development Programme	701
427	Syrian Vulnerable Persons	0
1,103	Transformation Fund	0
314	Winter Pressures	0
962	Youth Support Group	758
326	Unaccompanied Asylum Seekers	461
449	Reducing Infant Class Sizes	185
1,151	Targeted Regeneration Investment Programme	392
1,024	Targeted Regeneration Investment - Property Enhancement Development Grant	913
26,147	Covid Grant	3,695
8,207	Local Authority Education Grant	9,585
189	Bay Studios Hospital for Swansea Bay University Health Board	0
2,000	Cost of Living Support Scheme	-1,513
0	Cost of Living Support Scheme Admin	256
487	Self Isolation & Winter Fuel Admin	62

## Notes to the Accounts

2021/22 £'000		2022/23 £'000
	<b>Credited to Services</b>	
322	Emergency Non Domestic Rates (NDR) Scheme Admin	0
3,950	Social Care Workforce and Sustainability	0
5,094	Social Care Recovery Grant	0
790	Care and Support Needs Grant	0
512	Child Development Fund	0
1,615	Transforming Towns	952
262	Community Renewal Fund	609
463	Kickstart Scheme	205
9,788	School Improvement Grant	8,462
5,946	Department for Children, Education, Lifelong Learning and Skills	6,686
2,384	Flying Start	2,638
4,967	Accelerated Learning Programme	0
513	Music Grant	236
0	Regional Investment Fund	7,215
0	Ukraine Support Scheme	779
0	Eliminate Profit	515
0	Welsh Vaccination Certification Service	962
17,519	Other Grants	14,722
<b>223,750</b>		<b>182,664</b>

### 29. Related Parties

The Authority is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

#### a) Central Government

The Authority receives significant funding from the Welsh Government. Details of the sums received in respect of Revenue Support Grant and redistributed Non Domestic Rates are shown in the Comprehensive Income and Expenditure Statement, with details of other grant income being shown in note 28 to the Accounts.

#### b) Charitable and Voluntary Bodies

The Authority appoints members to represent it on numerous charitable and voluntary bodies which operate primarily within Swansea Council, as well as to a number of national bodies where it is deemed in the Authority's interest to be represented. Any transactions with these bodies are not significant.

## Notes to the Accounts

### c) Other Bodies

The Authority has appointed members and officers to a number of outside organisations which include the following:-

Partneriaeth  
Gower College Swansea  
Mid and West Wales Fire Authority  
Swansea Bay Port Health Authority  
Swansea PSB (Public Services Board)  
South West Wales Corporate Joint Committee (CJC)  
University of Swansea Court  
Welsh Local Government Association Council

A full listing can be obtained from the Finance department, Civic Centre, Oystermouth Road, Swansea, SA1 3SN and on the Authority's website ([www.swansea.gov.uk/councillors](http://www.swansea.gov.uk/councillors)).

In respect of the Mid and West Wales Fire Authority, the Swansea Bay Port Health Authority and the South West Wales Corporate Joint Committee (CJC), amounts are paid by the Authority in respect of levies and precepts to these bodies. The Section 151 Officer of the Council also acts as the Clerk and Treasurer of the Swansea Bay Port Health Authority.

Levies / Contributions paid to the three bodies were:-

Mid and West Wales Fire Authority:-	£14.692m (2021/22: £14.121m)
Swansea Bay Port Health Authority:-	£0.088m (2021/22: £0.088m)
South West Wales Corporate Joint Committee:-	£0.200m (2021/22: zero)

The Authority is responsible for the collection of Council Taxes on behalf of the South Wales Police Authority. The total collected and paid over to the South Wales Police Authority for 2022/23 was £28.131m (2021/22 £27.060m).

### d) Subsidiary, Associates and Joint Ventures

The Authority has an interest in three companies, details of which are shown on the next few pages:-

#### The National Waterfront Museum Swansea - Joint Venture

The National Waterfront Museum Swansea ("the Company") is limited by guarantee and is a registered charitable trust (charity number 1090512). The Company has seven directors, of which three are appointed by Swansea Council, three by the National Museums and Galleries of Wales, with the seventh director being an independent chairman.

The purpose of the Company was to develop the National Industrial and Maritime Museum at Swansea which opened in Spring 2006. The Company derives its funds from several sources, including the Welsh Government, the National Museums and Galleries of Wales, the former Welsh Development Agency and the Heritage Lottery Fund.

## Notes to the Accounts

During the 2002/03 financial year the Authority granted a lease to the Company of a substantial portion of the site on which the new museum has been developed. The lease was granted at a peppercorn rental and constitutes the Authority's commitment to the scheme.

The museum has been leased to the National Museums and Galleries of Wales at a peppercorn rent by the Company. Due to the nature of the Company and its constitution there will be no direct beneficial interest arising to the Authority from its activities.

A contribution of £2,450 was made in 2022/23 (2021/22 £2,325) to National Waterfront Museum Swansea towards 50% of the governance costs of the charitable company. There was an outstanding creditor of £2,112 as at 31st March 2023 (2021/22 zero) . There was an outstanding debtor of £45,112 as at 31st March 2023 (2021/22 zero). The charitable company is deemed to be influenced significantly by the Authority through its representation on the Board of Trustees.

The net assets of the National Waterfront Museum Swansea at 31st March 2023 are £17,515,048 (2021/22 £17,860,063).

Copies of the accounts of the Company are available from the National Waterfront Museum Swansea Project Office, Queens Buildings, Cambrian Place, Swansea SA1 1TW.

### **The Wales National Pool (Swansea) - Joint Venture**

The Wales National Pool (Swansea) ("the Company") is a company limited by guarantee. The purpose of the company is to operate the Wales National 50 Metre Pool which is located in Swansea.

Swansea Council was responsible for the construction of the pool complex, with the bulk of funding being supplied by the National Lottery Sports Foundation. The pool has been constructed on land owned by the University of Wales, Swansea.

The pool complex is leased to the company at a peppercorn rent. Due to the nature of the facility, which is unlikely to show profitability, the development is not thought to have a high commercial value.

The pool complex was opened in April 2003.

## Notes to the Accounts

Details of the Authority's transactions with the Company during the year are as follows:-

2021/22 £'000		2022/23 £'000
292	Funding provided by the Authority towards operating costs of the pool	503
53	Sum paid for the free use of the pool by schools and other bodies	47
-920	Recharges of wages, salaries and other costs to the Company	-1,075

The Company has seven directors, of which three are appointed by Swansea Council, three by the University of Wales (Swansea), with the seventh director being an independent chairman.

By agreement with the University of Wales Swansea, the Authority funds 50 per cent of the operational deficit that the Company makes during its financial year which operates from 1st August to 31st July. There are no other guarantees in place that could increase the Authority's liability in respect of the operations of the Company.

There was an outstanding debtor of £175k (2021/22 £160k) and outstanding creditors of £342k (2021/22 £341k) as at 31st March 2023.

The net assets of Wales National Pool (Swansea) Limited at 31st March 2023 were £2,697,000 (2021/22 £3,206,000).

Copies of the accounts of the Company are available from the University of Wales Swansea, Finance Department, Singleton Park, Swansea, SA2 8PP.

### Swansea Community Energy & Enterprise Scheme (SCEES) - Associate

In 2017, Swansea Council purchased 100,000 shares of £1 in Swansea Community Energy & Enterprise Scheme. Swansea Community Energy & Enterprise Scheme is a community owned renewable energy company which was established by Swansea Council but is now run independently by a group of local Directors. The company develops and manages renewable energy projects for the benefit of residents in some of the more deprived areas in Swansea.

By agreement with SCEES £5,000 of the initial investment is repaid each year. The balance of shares now owned by the Authority is 75,000 shares of £1 each.

The Company has 7 Directors, one of which is a Cabinet Member of Swansea Council.

There was an outstanding debtor of £5,550 at 31st March 2023 (2021/22 £4,800) and no outstanding creditors at 31st March 2023 (2021/22 zero).

## Notes to the Accounts

The net assets of Swansea Community Energy & Enterprise Scheme at 31st March 2023 were £435,435 (2021/22 £458,523).

There has been no consolidation for Swansea Community Energy & Enterprise Scheme due to the immateriality of the Company's results.

Copies of the accounts of the Company are available from Swansea Community Energy & Enterprise Scheme Limited, The Environment Centre, Pier Street, Swansea, SA1 1RY.

### e) Other Organisations

Members of the Authority have direct control over the Authority's financial and operating policies.

A relation of a member of the Senior Management Team has provided therapy services to Western Bay Adoption Services via her own business. The amount paid for services provided in 2022/23 was £14,834.50 (2021/22 £6,504). There were outstanding creditors of zero (2021/22 £0). The senior manager's interest in this company was properly recorded in the Register of interests.

A relation of a member of the Senior Management Team has provided artwork and workshops to the Authority via their own business. The amount paid for services provided in 2022/23 was £23,010 (2021/22 £125). There were outstanding creditors of zero (2021/22 £2,400). The senior manager's interest in this company was properly recorded in the Register of interests.

During 2021/22 a member was employed by Graham Evans and Partners. The individual was no longer a member of Swansea Council in 22/23. The amount paid in 2022/23 was £99,523.45 (2021/22 £153,818.30). The member's interest in this company was properly recorded in the Register of members interests.

During 22/23 a member was employed by The Penllergaer Trust. The amount paid in 2022/23 was £15,510.89 (2021/22 £26,478.73). The member's interest in this company was properly recorded in the Register of members interests which is available on the Authority's public website.

### f) Duties imposed on Council Directors

It is important to note that where Councillors are appointed to act as Directors of Companies or as Board Members of Statutory Agencies then they must, when carrying out such appointments, seek to act in the best interests of the Company/Statutory Body when acting in that official capacity.

## Notes to the Accounts

### g) Pension Fund

Swansea Council acts as administering Authority for the Swansea Council Pension Fund (formerly the West Glamorgan Pension Fund).

Transactions between the Authority and the Pension Fund mainly comprise the payment to the Pension Fund of employee and employer payroll superannuation deductions, together with payments in respect of enhanced pensions granted by Former Authorities.

The Pension Fund currently has 41 scheduled and admitted bodies. Management of the Pension Fund is undertaken by a committee. The committee is advised by the consultancy company, Hymans Robertson LLP.

### h) Swansea Bay City Deal

The Swansea Bay City Deal is a £1.3bn investment in nine major projects across the Swansea Bay City Region - which is made up of Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea. The Swansea Bay City Deal is being led by the four regional local authorities through a Joint Committee Agreement, together with non-voting partners - Swansea Bay and Hywel Dda University Health Boards, Swansea University, the University of Wales Trinity Saint David. Within the Joint Committee Agreement there is acknowledgement that all partners will contribute £50,000 per annum to support the central and administrative functions of the programme, as well as a 1.5% "Top Slice" being applied to programme/project City Deal grant awards. Swansea Council's partnership contribution is fully paid up to 31st March 2023.

As at 31st March 2023, no City Deal grant funding was awarded to Swansea Council for expenditure incurred in 2022/23 (£4,957,677), due to a delay in funding being awarded by Welsh Government, however it was considered appropriate to include a debtor for the grant income in the accounts to 31st March 2023, along with a debtor interest receivable (£251,562). As such, no associated top slice contribution was expended (£74,365).

In 2022/23 the City Deal grant funding of £4,789,627 was received relating to 2021/22 income accrued.

Under the agreement of the Joint Committee (JC - 9th July 2020) costs in respect of the provision of support services by local authorities to the Swansea Bay City Deal were reincluded within the Joint Committee budget allowing for the recharge of those functions by authorities. As such expenditure was recharged during the financial year by Swansea Council for legal and democratic services in respect of the Joint Committee, but was subsequently transacted post financial year (£63,245). As agreed by the Joint Committee (JC - 11th June 2020) interest accumulated on Swansea Bay City Deal cash balances will be distributed to authorities on a programme/project basis aligned to their alllocated grant.

## Notes to the Accounts

### 30. Group Accounts

The following are the dates of relevant company accounts used for consolidation:

- National Waterfront Museum Swansea - Draft Accounts for the year ending 31st March 2023.
- Wales National Pool Swansea - Management Accounts for the year ending 31st March 2023.

The Wales National Pool Swansea financial year operates from the 1st August to the 31st July. The National Waterfront Museum Swansea financial year operates from 1st April to the 31st March. In the opinion of the Authority the use of the above information is likely to adequately reflect the extent and nature of group income and expenditure and assets and liabilities that exist as at 31st March 2023 and the use of current information would not be significant in relation to the group position as stated.

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", all Group activities were classified as 'Continuing' during the year. There were no material acquisitions or discontinuations of services as defined by the Standard.

The total net assets of the Group can be analysed according to the relevant entity to which they relate, as follows:

31st March 2022 £'000		31st March 2023 £'000
1,486,121	Swansea Council (Parent)	1,486,017
8,930	National Waterfront Museum Swansea (Joint Venture)	8,758
14,295	Wales National Pool (Joint Venture)	14,315
<b>1,509,346</b>	<b>Net Assets Employed (exc. Pension Fund) *</b>	<b>1,509,090</b>
-714,623	Net Group Pension Fund Liabilities	-76,193
<b>794,723</b>	<b>Net Assets Employed</b>	<b>1,432,897</b>

\* Some of the component Group assets have been valued on a different basis to that used by the Authority. If the Wales National Pool had been valued at depreciated replacement cost then the asset would have a value of £28.664m.

\* The Wales National Pool currently has a net book value in the region of £2.7m. Given the material scale of the difference in value the Authority has restated their share of the higher valuation which results in an unrealised gain of £12.97m. It is expected that under the terms of the agreement the final value at the end of the lease (24th December 2023) will be zero. Therefore the difference in book valuations will be fully amortised by the 2023/24 Statement of Accounts.

Swansea Council (the Parent company) does not believe that it will receive a material benefit in the form of income or dividends from the related companies, and does not expect to make any contributions over and above the normal budgeted requirement. Since the related companies are limited by guarantee, any losses to the Authority will be limited to the value of the guarantee in each entity.

## Notes to the Accounts

### 31. Agency Services

The Authority carried out work on an agency basis for other organisations for which it is reimbursed. These amounts are excluded from the Authority's results. The significant agency services provided were:

**2022/23**

Agency	Description	Expenditure £'000	Grant Income Received £'000	Grant Debtors £'000	Grant Creditors £'000	Total Grant £'000
Welsh Government	Covid-19 Business Support grant	10	-10	0	0	-10
Welsh Government	Covid-19 Business Restrictions grant	0	0	0	0	0
Welsh Government	Covid-19 Carers Payments grant	1,246	0	-1,246	0	-1,246
Welsh Government	Covid-19 Statutory Sick Pay Support grant	308	-308	0	0	-308
Welsh Government	Covid-19 Lockdown Discretionary grant	0	0	0	0	0
Welsh Government	Covid-19 Freelancer grant	0	0	0	0	0
Welsh Government	Covid-19 Business Restrictions Extension grant	0	0	0	0	0
Welsh Government	Covid-19 Self isolation payments	1,178	-1,178	0	0	-1,178
Welsh Government	Winter Fuel payments	0	0	0	0	0
Welsh Government	Covid-19 Covid NDR Business grants	0	0	0	0	0
Welsh Government	Covid-19 Freelancer 2 grant (CRF2)	0	0	0	0	0
Welsh Government	Covid-19 ERF Discretionary Fund grant	0	0	0	0	0
Welsh Government	Covid-19 ERF Discretionary Fund July - Aug grant	0	0	0	0	0
Welsh Government	Covid-19 ERF Discretionary Fund Dec - Feb grant	0	0	0	0	0
Welsh Government	Covid-19 Unpaid Carers payments	1,727	-1,727	0	0	-1,727
Welsh Government	Bus Services Support grant	4,623	-4,623	0	0	-4,623
Welsh Government	Bus Emergency Scheme grant	12,054	-11,054	-1,000	0	-12,054
Welsh Government	Town Centre loans	5,719	-13,737	0	0	-13,737
Welsh Government	Welsh Government Owner Occupier Loans	439	-885	0	0	-885
Welsh Government	Welsh Government Landlord Loans	920	-2,402	0	0	-2,402
		<b>28,224</b>	<b>-35,924</b>	<b>-2,246</b>	<b>0</b>	<b>-38,170</b>

## Notes to the Accounts

2022/23 continued

Agency	Description	Expenditure £'000	Grant Income Received £'000	Grant Debtors £'000	Grant Creditors £'000	Total Grant £'000
<b>Balance b/f</b>		<b>28,224</b>	<b>-35,924</b>	<b>-2,246</b>	<b>0</b>	<b>-38,170</b>
Welsh Government	Substance Misuse Action Team Capital grant	46	-46	0	0	-46
Welsh Government	Ukraine Initial Payments	79	-79	0	0	-79
Welsh Government	Cost of Living payments	13,616	-13,616	0	0	-13,616
Welsh Government	Fuel Support payments	5,838	-5,838	0	0	-5,838
UK Government	Energy Bills Support Scheme (Alternative Funding) payments	114	-951	0	837	-114
UK Government	Ukraine Host Payments	348	-348	0	0	-348
UK Government	Additional Fuel payments (Alternative Fund)	1	-136	0	135	-1
		<b>48,266</b>	<b>-56,938</b>	<b>-2,246</b>	<b>972</b>	<b>-58,212</b>

## Notes to the Accounts

### 2021/22 Comparative figures

Agency	Description	Expenditure £'000	Grant Income Received £'000	Grant Debtors £'000	Grant Creditors £'000	Total Grant £'000
Welsh Government	Covid-19 Business Support grant	-386	-180	0	566	386
Welsh Government	Covid-19 Business Restrictions grant	-26	10	0	16	26
Welsh Government	Covid-19 Carers Payments grant	7,397	202	-7,599	0	-7,397
Welsh Government	Covid-19 Statutory Sick Pay Support grant	330	-330	0	0	-330
Welsh Government	Covid-19 Lockdown Discretionary grant	3	-3	0	0	-3
Welsh Government	Covid-19 Freelancer grant	-10	2	0	8	10
Welsh Government	Covid-19 Business Restrictions Extension grant	-170	80	0	90	170
Welsh Government	Covid-19 Self isolation payments	4,770	-4,834	0	64	-4,770
Welsh Government	Winter Fuel payments	2,755	-2,755	0	0	-2,755
Welsh Government	Covid-19 Covid NDR Business grants	4,200	-5,978	0	1,778	-4,200
Welsh Government	Covid-19 Freelancer 2 grant (CRF2)	100	-100	0	0	-100
Welsh Government	Covid-19 ERF Discretionary Fund grant	445	-520	0	75	-445
Welsh Government	Covid-19 ERF Discretionary Fund July - Aug grant	43	-43	0	0	-43
Welsh Government	Covid-19 ERF Discretionary Fund Dec - Feb grant	320	-664	0	344	-320
Welsh Government	Bus Services Support grant	4,534	-4,588	0	77	-4,511
Welsh Government	Bus Emergency Scheme grant	6,380	-10,039	0	3,636	-6,403
Welsh Government	Town Centre loans	4,884	-13,737	0	0	-13,737
Welsh Government	Welsh Government Owner Occupier Loans	376	-885	0	0	-885
Welsh Government	Welsh Government Landlord Loans	976	-2,402	0	0	-2,402
Welsh Government	Substance Misuse Action Team Capital grant	7	-7	0	0	-7
		<b>36,928</b>	<b>-46,771</b>	<b>-7,599</b>	<b>6,654</b>	<b>-47,716</b>

### **Covid-19 Business Support grant**

There were various rounds of grant support and differing criteria for each grant. Grants were payable to businesses of specific types (e.g. retail, hospitality, leisure) that were liable for Non-Domestic rates. Broad guidance was issued by Welsh Government to aid local authorities in administering each round of grants. Other discretionary grants were also payable in other circumstances not related to liability for Non-Domestic rates.

In 2022/23 there was 1 payment (2021/22 1,701 payments).

### **Covid-19 Carers Payments grant**

There have been three schemes to provide additional payments to Social Care workers during the course of the pandemic. The first two schemes were accounted for in 2020/21. A third scheme was announced in March 2022 and was largely accounted for in 2021/22. The amounts accounted for in 2022/23 are the difference between the Welsh Government estimates of the scheme value and the actual amounts paid. The scheme was administered by the Council.

### **Covid-19 Statutory Sick Pay Support grant**

The statutory sick pay enhancement scheme supports social care workers who only get statutory sick pay when absent or are not eligible for SSP. It provides funding to allow employers to pay eligible workers at full pay if they cannot work due to Covid-19. The scheme ceased in 2022/23.

### **Covid-19 Freelancer grant**

This grant provided support to freelance workers in cultural and creative sectors. There were 434 payments of £2,500 to applicants during 2020/21. There was a small balance of £7,500 due back to Welsh Government in 2021/22. There are no further payments in 2022/23.

### **Covid-19 Business Restrictions, Lockdown Discretionary and Business Restrictions Extensions grant (all termed Discretionary grants).**

Those businesses that were forced to close or materially impacted by the restrictions in place during the various lockdowns and did not qualify for NDR Covid-19 Business Support grants, could apply to the various phased discretionary grants for support. Depending on eligibility criteria these grants were amounts of £1,500 or £2,000 for the firebreak lockdown discretionary grant and a flat £2,000 award for the other discretionary grants listed. The number of payments for 2021/22 were as follows:

Business Restrictions 484, Lockdown Discretionary 483, Business Restrictions Extension 557.

There were no further payments in 2022/23.

### **Covid-19 Self isolation payments**

Payments of £500 were issued on behalf of Welsh Government to people required to self isolate as a result of contracting Covid-19 or coming into contact with a person with Covid-19. Eligibility for these payments was expanded a number of times after the scheme was implemented and again, Welsh Government provided guidance documents to aid local authorities with their administration.

In 2022/23 there were a total of 2,374 payments (2021/22 6,829 payments).

### **Winter Fuel payments**

Payments of £100 (later increased to £200) were issued to people eligible for a payment under eligibility criteria determined by Welsh Government to help with the rising costs of fuel. Welsh Government provided guidance documents to aid local authorities with their administration.

No payments were made in 2022/23 (2021/22 24,700 payments).

### **Covid-19 Covid NDR Business grants**

Further NDR linked grant payments to support businesses with their immediate cash flow and to help them survive the economic consequences of additional restrictions necessary to control the spread of Covid-19 were made on behalf of Welsh Government. Welsh Government provided guidance documents to aid local authorities with their administration.

In 2022/23 there were no payments (2021/22 1,627 payments).

### **Covid-19 Freelancer 2 grant (CRF2)**

This grant provided support to freelance workers in cultural and creative sectors. There were 40 payments of £2,500 to applicants during 21/22. There were no further payments in 2022/23.

### **Covid-19 ERF Discretionary Fund grants**

Those businesses that were forced to close or materially impacted by the restrictions in place during the period and did not qualify for NDR Covid-19 Business Support grants or ERF funding from Welsh Government, could apply to the various phased discretionary grants for support. Depending on eligibility criteria these grants varied in award from £1k to £5k. The number of payments for 2021/22 was as follows:

ERF Discretionary Fund 176 payments, Discretionary July - August 26 payments, Discretionary December - February 298 payments including 2 which are being finalised and have been accounted for.

There were no further payments in 2022/23.

### **Covid-19 Unpaid Carers payments**

A one-off £500 payment was made available by Welsh Government (administered by Local Authorities) for unpaid carers receiving Carer's Allowance on 31st March 2022. Welsh Government provided guidance documents to aid local authorities with their administration. In 2022/23 3,449 payments were made.

## Notes to the Accounts

### **Bus Services Support grant**

This is an annual Welsh Government grant that Swansea Council administers on behalf of the South West Wales region. The grant has two main purposes:

To provide a subsidy to local bus and community transport operators through the Live Kilometre Support Grant (LKSG) and secondly to provide funding to the four local authorities to support local bus and community transport services in their areas through the Local Transport Services Grant (LTSG).

In 2022/23 there were approximately 206 financial transactions (2021/22 approximately 196 financial transactions).

### **Bus Emergency Scheme grant**

This is another grant that Swansea Council is administering on behalf of the South West Wales region. It provides additional funding to local bus operators to make up for the reduction in 'on bus' revenue as passenger numbers have not recovered post-Covid. Since August 2022, it has also been used to:

re-imburse local bus operator shortfalls in concessionary fares re-imburement post-Covid, and shortfalls in Live Kilometre Support Grant as a result of lesser kilometres being operated on local bus services post-Covid.

The 2022/23 grant led to 160 financial transactions (2021/22 175 financial transactions).

### **Town Centre Loans**

This repayable funding is offered for the purpose of reducing the number of vacant, underutilised and redundant sites and premises in town centres and to support the diversification of the town centres by encouraging more sustainable uses for empty sites and premises such as residential, leisure and for key services. Loan terms of up to seven years interest free can be offered and the Authority is tasked with recycling the funding three times prior to the fifteen year award term from the Welsh Government.

### **Welsh Government Owner Occupier Loans**

These are an interest free loan to carry out repairs and improvement to owner occupied properties, subject to an affordability test, repayable in monthly instalments up to a ten year period.

### **Welsh Government Landlord Loans**

These are an interest free loan to bring empty properties back into use or to carry repairs to existing rented properties for landlords, repayable in full in three years if intending to sell the property or five years if letting the property.

### **Substance Misuse Action Team Capital grants**

The Council acts as Banker to enable local organisations to access this Welsh Government scheme. The scheme awards grants to organisations who work in the Substance Misuse sector to improve their premises and IT equipment.

### Cost of Living payments

The Welsh Government set up a Cost-of-Living Support Scheme to be administered on its behalf by local authorities and it provided guidance to support the process. The scheme was split into mandatory and discretionary parts. £150 payments were made to eligible households under the main scheme. The Discretionary Scheme could then be used by each local authority to support households it considered to be in need of assistance with their living costs, including households eligible for support under the main scheme. Each local authority determined its use of discretionary support as it deemed appropriate to address known, and identified, local needs.

In 2022/23 127,848 payments were made.

### Fuel Support payments

Eligible households could claim a one-off £200 payment from their local authority to provide support towards paying their fuel costs. The payment was available to all eligible households however they paid for their fuel, whether that is, for example, on a pre-payment meter, by direct debit or by paying a bill quarterly and regardless of whether they are using on or off-grid fuel. Welsh Government provided guidance documents to aid local authorities with their administration.

In 2022/23 29,192 payments were made.

### Energy Bills Support Scheme (Alternative Funding) payments

The Energy Bills Support Scheme Alternative Funding (EBSS AF) was a one-off £400 non-repayable payment to eligible households who had not received the main EBSS payment automatically (such as park home residents) to help with their energy bills. LAs were responsible for distributing the EBSS AF payments to eligible applicants and guidance was provided by the Department for Energy and Industrial Strategy (BEIS) to support the process.

In 2022/23, 286 payments were made (the scheme continues in 23/24).

### Alternative Fuel Payments (Alternative Fund) payments

The Alternative Fuel Payment Alternative Fund (AFP AF) provided a payment of £200 for households that use alternative fuels – such as heating oil, biomass and liquefied petroleum gas (LPG) – as the main source of heating and had not received the main AFP to help with their energy bills as they did not have a direct relationship with an electricity supplier. LAs were provided with guidance by the Department for Energy Security and Net Zero to aid the administration of the scheme.

In 2022/23, 7 payments were made (the scheme continues in 23/24).

### Ukraine Initial Payments

Welsh Government has provided a £200 per person payment to refugees recently arrived from Ukraine. This is meant to support citizens with their initial housing costs as they transfer from hosted accommodation.

## Notes to the Accounts

### Ukraine Host Payments

The UK Government provides £350 per month for those who host Ukrainian refugees for a period of at least six months. These payments are administered by the Council and follow UK Government advice.

### 32. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

2021/22 £'000		2022/23 £'000
<b>601,973</b>	<b>Opening Capital Financing Requirement</b>	<b>628,973</b>
	<b>Capital investment</b>	
140,865	Property, Plant and Equipment	112,104
293	Heritage Assets	468
0	Investment Properties	2,691
359	Intangible Assets	226
6,264	Revenue Expenditure Funded from Capital under Statute	8,644
	<b>Sources of finance</b>	
-5,877	Capital receipts	-7,090
-65,737	Government grants and other contributions	-69,777
	Sums set aside from revenue:	
-32,260	Direct revenue contributions	-28,400
-16,907	MRP/loans fund principal	-18,030
<b>628,973</b>	<b>Closing Capital Financing Requirement</b>	<b>629,809</b>
	<b>Explanation of movements in year</b>	
31,490	Increase in underlying need to borrowing	2,206
614	Assets acquired under finance leases	40
-5,104	Other movements in year	-1,410
<b>27,000</b>	<b>Increase/decrease(-) in Capital Financing Requirement</b>	<b>836</b>

### 33. Termination Benefits

During 2022/23 the Authority incurred significant expenditure in terms of redundancy costs paid to leavers together with costs incurred in compensation payments to the Local Government Pension Fund in respect of early access pension costs.

In particular on 17th November 2011, in order to meet significant budget savings required for the financial year 2011/12 and onwards, the Cabinet authorised officers to seek expressions of interest for voluntary redundancy and/or early retirement from within selected employee groups of the Authority in accordance with the Authority's agreed ER/VR policy. The offer remains extant on a rolling basis.

Costs were incurred relating to redundancy payments and early access to pension costs totalling £1.782m (2021/22 £0.951m) for the year.

These costs include provision for costs for a limited number of employees whose service will be terminated in 2023/24 but who had been offered - and accepted - severance terms as at 31st March 2023.

All costs relating to termination benefits have been included as part of service definitions within the Comprehensive Income and Expenditure Statement.

The above costs include both teaching and non teaching staff.

### 34. Pension Schemes Accounted For As Defined Contribution Schemes

Teachers employed by the Authority are members of the Teachers' Pensions Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the Department for Education uses a notional fund as a basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

## Notes to the Accounts

The scheme has in excess of 12,000 participating employers and consequently the Authority is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total contributions into the Teachers' Pension Scheme during the year ending 31st March 2023, the Authority's own contributions equate to approximately 0.3%.

In 2022/23 the Authority paid £21m to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.7% of pensionable pay. The figures for 2021/22 were £19.7m and 23.7%. The March 2023 contributions of £1,773,975 were paid on the 15th April 2023. The contributions due to be paid in the next financial year are estimated to be £21.7m at an employer rate of 23.68%.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 35.

The Authority is not liable to the scheme for any other entities' obligations under the plan.

### 35. Defined Benefit Pension Schemes

#### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Authority participates in two post-employment schemes:

- The Local Government Pension Scheme (LGPS), administered locally by the City and County of Swansea - this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

## Notes to the Accounts

- Arrangements for the award of discretionary post-retirement benefits upon early retirement - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The City and County of Swansea pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of the City and County of Swansea. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the committee and the committee consist of the Director of Finance, Council members and independent investment advisers.

The principal risks to the Authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

### **Discretionary Post-retirement Benefits**

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

### **Transactions Relating to Post-employment Benefits**

The cost of retirement benefits in the reported cost of services is recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement.

## Notes to the Accounts

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2022/23 £m	2021/22 £m	2022/23 £m	2021/22 £m
<b>Comprehensive Income and Expenditure Statement</b>				
<b>Net Cost of Services:</b>				
Current service cost	88.57	96.14	0.00	0.00
Past service costs	0.50	0.51	0.00	0.00
<b>Financing and Investment Income and Expenditure</b>				
Net interest expense	16.22	17.70	2.31	1.94
<b>Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services</b>	<b>105.29</b>	<b>114.35</b>	<b>2.31</b>	<b>1.94</b>
<b>Other Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b>				
<b>Remeasurement of the net defined benefit liability comprising:</b>				
Return on plan assets	24.29	-137.09	0.00	0.00
Actuarial gains(-) and losses arising on changes in demographic assumptions	23.83	-22.59	-0.39	-1.22
Actuarial gains(-) and losses arising on changes in financial assumptions	-867.62	-154.24	-16.20	-2.45
Other	139.81	6.41	7.76	0.35
<b>Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b>	<b>-574.40</b>	<b>-193.16</b>	<b>-6.52</b>	<b>-1.38</b>
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code	-105.29	-114.35	-2.31	-1.94
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>				
Employers' contributions payable to the scheme	51.97	46.32		
Retirement benefits payable to pensioners			5.54	5.61

## Notes to the Accounts

### Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2022/23 £m	2021/22 £m	2022/23 £m	2021/22 £m
Present value of the defined benefit obligation	1,620.29	2,236.61	76.20	88.26
Fair value of plan assets	1,646.12	1,610.24	0.00	0.00
<b>Sub total</b>	<b>25.83</b>	<b>-626.37</b>	<b>-76.20</b>	<b>-88.26</b>
Unrecognised asset	25.83	0.00	0.00	0.00
<b>Net liability arising from defined benefit obligation</b>	<b>0.00</b>	<b>-626.37</b>	<b>-76.20</b>	<b>-88.26</b>

### Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2022/23 £m	2021/22 £m	2022/23 £m	2021/22 £m
Opening fair value of scheme assets	1,610.24	1,431.37	0.00	0.00
Interest income	43.71	30.19	0.00	0.00
Remeasurement gain/loss(-):				
The return on plan assets, excluding the amount included in the net interest expense	-24.29	137.09	0.00	0.00
Contributions from employer	51.97	46.32	5.54	5.61
Contributions from employees into the scheme	13.25	11.77	0.00	0.00
Benefits paid	-48.76	-46.50	-5.54	-5.61
<b>Closing fair value of scheme assets</b>	<b>1,646.12</b>	<b>1,610.24</b>	<b>0.00</b>	<b>0.00</b>

## Notes to the Accounts

### Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Discretionary Benefits Arrangements	
	2022/23 £m	2021/22 £m	2022/23 £m	2021/22 £m
Opening Balance at 1st April	2,236.61	2,297.22	88.26	95.25
Current service cost	88.57	96.14	0.00	0.00
Interest cost	59.93	47.89	2.31	1.94
Contributions from scheme participants	13.25	11.77	0.00	0.00
Remeasurement gains(-) and losses:				
Actuarial gains/losses arising from changes in demographic assumptions	23.83	-22.59	-0.39	-1.22
Actuarial gains/losses arising from changes in financial assumptions	-867.62	-154.24	-16.20	-2.45
Other	113.98	6.41	7.76	0.35
Past service cost	0.50	0.51	0.00	0.00
Benefits paid	-48.76	-46.50	-5.54	-5.61
<b>Closing balance at 31st March</b>	<b>1,620.29</b>	<b>2,236.61</b>	<b>76.20</b>	<b>88.26</b>

### Local Government Pension Scheme assets comprised:

	Fair value of scheme assets	
	2022/23 £'000	2021/22 £'000
Cash and cash equivalents	15,964	31,832
	<b>15,964</b>	<b>31,832</b>
Pooled Equity Investment Vehicles		
- UK	0	0
- Global *	1,849,836	2,079,114
	<b>1,849,836</b>	<b>2,079,114</b>
Property	100,028	109,377
	<b>100,028</b>	<b>109,377</b>

## Notes to the Accounts

	Fair value of scheme assets	
	2022/23 £'000	2021/22 £'000
Fixed Interest:		
- Fixed Interest	313,442	241,705
- Index-Linked	27,681	37,745
	<b>341,123</b>	<b>279,450</b>
Hedge Funds	61,211	60,857
	<b>61,211</b>	<b>60,857</b>
Private Equity	218,995	197,918
	<b>218,995</b>	<b>197,918</b>
Infrastructure	107,188	86,613
	<b>107,188</b>	<b>86,613</b>
Private Debt	70,721	56,248
	<b>70,721</b>	<b>56,248</b>
Residential Housing	22,659	18,192
	<b>22,659</b>	<b>18,192</b>
Timberland & Farmland	136	133
	<b>136</b>	<b>133</b>
Trade Finance	102,159	0
	<b>102,159</b>	<b>0</b>
Derivatives	11,491	1,632
	<b>11,491</b>	<b>1,632</b>
Cash Funds	0	0
	<b>0</b>	<b>0</b>
Cash - Dividends Due	3	301
	<b>3</b>	<b>301</b>
Net Current Assets	4,244	2,565
	<b>4,244</b>	<b>2,565</b>
<b>Total Assets</b>	<b>2,905,758</b>	<b>2,924,232</b>

\* Note - The three segregated equity funds with JP Morgan, Aberdeen and Schroders UK were transitioned in January 2019 to the Wales Pension Partnership Global Opportunities Fund, a Pooled Equity Investment Vehicle.

## Notes to the Accounts

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Aon Hewitt Limited, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 31st March 2022.

The significant assumptions used by the Actuary have been:

	Local Government Pension Scheme		Discretionary Benefits	
	2022/23	2021/22	2022/23	2021/22
Mortality assumptions:				
Longevity at 65 for current pensioners: (years)				
- Men	22.2	22.1	22.2	22.1
- Women	24.7	24.2	24.7	24.2
Longevity at 65 for future pensioners: (years)				
- Men	22.9	23.2		
- Women	25.8	25.7		
Rate of inflation %	2.7	3.0	2.7	3.0
Rate of increase in salaries %	4.2	4.5		
Rate of increase in pensions %	2.7	3.0	2.7	3.0
Rate for discounting scheme liabilities %	4.7	2.7	4.7	2.7

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses on the next page have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

## Notes to the Accounts

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in Assumption £m	Decrease in Assumption £m
Longevity (increase or decrease in 1 year)	1,576.54	1,664.04
Rate of increase in salaries (increase or decrease by 0.1%)	1,625.15	1,615.43
Rate of increase in pensions (increase or decrease by 0.1%)	1,644.59	1,597.61
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	1,592.75	1,649.46

### Asset and Liability Matching (ALM) Strategy

The pensions committee of the City and County of Swansea has agreed to an asset and liability matching strategy (ALM) that matches, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. The fund has matched assets to the pensions' obligations by investing in long-term fixed interest securities and index linked gilt edged investment with maturities that match the benefits payments as they fall due. This is balanced with a need to maintain the liquidity of the fund to ensure that it is able to make current payments.

As is required by the pensions and investment regulations the suitability of various types of investment has been considered, as has the need to diversify investments to reduce the risk of being invested in too narrow a range. A large proportion of the assets relate to equities (70.8% of scheme assets) and bonds (0.9%). These percentages are materially the same as the comparative year. The scheme also invests in properties as a part of the diversification of the scheme's investments. There is a limited use of derivatives to manage the bond risk for the shorter-term instruments. The ALM strategy is monitored annually or more frequently if necessary.

### Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Authority has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 25 years. Funding levels are monitored on an annual basis. The next triennial valuation is as at 31st March 2025.

## Notes to the Accounts

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31st March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Authority expects to pay £46.25m contributions to the scheme in 2023/24.

The weighted average duration of the defined benefit obligation for scheme members is 17.5 years (2021/22 20.8 years).

### 36. Contingent Liabilities

The Authority has identified a number of contingent future liabilities arising from current and past activities.

Nature of Liability	Potential Financial Effect  £'000	Comment	Timing
Personal Social Services	Unknown	Relates to potential negligence claims relating to those cared for by the Council or its contractors. The Authority is not currently aware of any major claims although court ruling against UK government covid discharge policies may increase the future risk of claims.	Unknown
Infrastructure and retaining walls	Unknown	There are potential claims regarding infrastructure and retaining walls which may be taken against the Authority - such claims will be rigorously defended through the Authority's insurers and any successful claims will be met from future capital or revenue funding.	Unknown
Retention or Clawback on Grant and Contract Claims	Unknown	The Council undertakes a range of activities under which payment is made specifically on evidenced performance over an extended period. Full receipt is not guaranteed until the end of the grant or contract period. There is potential risk that grant clawback may arise if not all grant terms and conditions are fulfilled.	Unknown

## Notes to the Accounts

Nature of Liability	Potential Financial Effect £'000	Comment	Timing
Landlord / Tenant Liability Claims	Unknown	There is potential risk around lease/HRA properties where there are disputes as to whether it is a tenant or landlord property maintenance obligation.	Unknown
Flooding	Unknown	There are potential claims regarding flooding which may be taken against the Authority - such claims will be rigorously defended through the Authority's insurers and any successful claims will be met from future capital or revenue funding.	Unknown
Legal and Insurance related matters	Unknown	The Council is regularly challenged on a range of issues that are either subject to litigation or insurance claims. The Council at all times will vigorously defend such claims, and in cases where claims are identified, the result can be anticipated and the potential financial effect evaluated then adequate provision is made with the Accounts for any such liabilities. There remains the possibility however of future claims arising as a result of past actions that are either unknown at the Balance Sheet date or where the outcome is so unpredictable in terms of outcome or financial liability that no reliable estimate of liability can be made.	Unknown
Client care costs	Circa £1-£5m	The interface between local authority social care, and to a much lesser extent some specialist education provision, and local health boards and other local authorities is a complex one involving discussion and decisions on lead responsibility for payment of client care costs, and in some cases appropriate sharing of costs.	Ongoing
New equal pay claims	Unknown	In light of recent well publicised developments and litigation ongoing in other Councils there is a potential for further (as yet unknown) claims in respect of equal pay claims and in respect of equal pay claims which are not provided for in these accounts.	2023/24 onwards

## Notes to the Accounts

Nature of Liability	Potential Financial Effect £'000	Comment	Timing
City Deal	Circa £5-£10m	The Council has progressed a range of regeneration and redevelopment schemes within the City Centre using a mix of its own funds and Welsh Government support and significant City Deal monies have now started to arrive. There is however a residual risk that if the required private sector funding is not delivered there is a small risk of grant clawback if the overall outcomes are not achieved. This risk is partly minimised by the fact that funding agreements are now in place between the Council and the two universities for their element of the City Deal delivery and direct control will be retained for the regional aspects of the City Deal carried out in Swansea.	2023/24 and beyond
WEFO grant	Circa £6m	In 2017, the Council was awarded a grant of £4.5m split between capital and revenue. This amount was subsequently increased to £6m in total. As at year end 2022/23 some of the grant conditions had not been met although the associated projects had advanced and incurred significant expenditure. Due to some of the expenditure possibly not meeting the grant terms, there is a possibility that some of the grant might have to be paid back. At present there is ongoing discussions with the grant awarder to resolve this. Once these discussions are concluded the next steps will be clear and this contingent liability can then be removed. As yet the exact amount that could be paid back and timing of when payment would be made are uncertain.	Unknown

### 37. Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been grouped into nine valuation bands using 1st April 2003 values for this specific purpose. Charges are calculated by taking the amount of income required for the Council, South Wales Police Authority and community councils for the forthcoming year and dividing the amount by the Council Tax base.

The Council Tax base is the number of properties in each band adjusted by a multiplier to convert the number to band 'D' equivalent and adjusted for discounts. The base was 93,114 in 2022/2023 (94,051 in 2021/2022).

## Notes to the Accounts

Council Tax bills are based on multipliers for bands A to I. The following table shows the multiplier applicable to each band together with the equivalent number of Band 'D' properties within each band. In addition there is one lower band (A\*) designed to offer the appropriate discount in respect of disabled dwellings where legislation allows a reduction in banding to that one below the band in which the property is actually valued.

The band 'D' numbers shown have been adjusted for an assumed collection rate of 96.5% (97% in 2021/22) to arrive at the Council Tax base for the year.

Band	A*	A	B	C	D	E	F	G	H	I
Multiplier	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9
Band 'D' Number	19	9,450	18,845	19,103	14,734	14,037	10,797	6,118	2,275	1,114

Analysis of the net proceeds from Council Tax:

2021/22 £'000		2022/23 £'000
165,026	Council tax collectable	168,099
-4,157	Less:- Provision for non payment of Council Tax	-2,097
-23,138	Less:- Council Tax Support Scheme	-22,577
<b>137,731</b>	<b>Net proceeds from Council Tax</b>	<b>143,425</b>

Application of Council Tax proceeds:

2021/22 £'000		2022/23 £'000
164,600	City & County of Swansea precept	164,273
1,640	Community Council precept	1,697
<b>166,240</b>	<b>Council Tax requirement</b>	<b>165,970</b>
-23,138	Less:- Council Tax Support Scheme	-22,577
-5,371	Transfer to reserves (Surplus/Deficit)	32
<b>137,731</b>	<b>Net application of proceeds</b>	<b>143,425</b>

### 38. Non-Domestic Rates (NDR)

NDR is organised on a national basis. The Welsh Government specifies an amount of the rate per pound of rateable value which for 2022/23 was 0.535p (0.535p in 2021/22) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NDR Pool administered by the Welsh Government. The Welsh Government redistributes the sums payable back to local authorities on the basis of a fixed amount per head of population. The rateable value for 2022/23 was £179.055m (2021/22 £184.554m).

### 39. Nature and extent of risks arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks, including:

- credit risk - the possibility that other parties might fail to pay amounts due to the Authority.
- liquidity risk - the possibility that the Authority might not have funds available to meet its commitments to make payments.
- market risk - the possibility that financial loss might rise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the Annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

#### Credit Risk

Credit risk arises from deposits with banks, building societies and other local authorities as well as credit exposures to the Authority's customers.

The risk is minimised through the Annual Investment Strategy which outlines the minimum credit criteria required for the Authority. The full details of the credit criteria are outlined in the previously published Treasury Management Strategy report available on the Council's website.

#### Credit Risk Management Practices

The Authority's credit risk management practices are set out in the Annual Treasury Management Investment Strategy presented to Council in March 2023.

## Notes to the Accounts

### Amounts Arising from Expected Credit Losses

The changes in the loss allowance during the year are as follows:

#### Loss allowance by Asset Class

Asset Class (amortised cost)	12-month expected credit losses £'000	Lifetime expected credit losses – not credit impaired £'000	Lifetime expected credit losses – credit impaired £'000	Lifetime expected credit losses – simplified approach £'000	Purchased or originated credit impaired financial assets £'000	£ Total £'000
<b>Opening balance as at 1 April 2022</b>	0	0	0	7,730	0	7,730
Transfers:						
• Individual financial assets transferred to 12-month expected credit losses	0	0	0	0	0	0
• Individual financial assets transferred to lifetime expected credit losses	0	0	0	0	0	0
• Individual financial assets transferred to lifetime expected credit losses credit impaired	0	0	0	0	0	0
New financial assets originated or purchased	0	0	0	0	0	0
Amounts written off	0	0	0	-607	0	-607
Financial assets that have been derecognised	0	0	0	-1,633	0	-1,633
Changes due to modifications that did not result in derecognition	0	0	0	0	0	0
Changes in models/risk parameters	0	0	0	0	0	0
Other changes	0	0	0	0	0	0
<b>Balance as at 31 March 2023</b>	0	0	0	5,490	0	5,490

## Notes to the Accounts

### Loss allowance by Asset Class - Comparative year information

Asset Class (amortised cost)	12-month expected credit losses £'000	Lifetime expected credit losses – not credit impaired £'000	Lifetime expected credit losses – credit impaired £'000	Lifetime expected credit losses – simplified approach £'000	Purchased or originated credit impaired financial assets £'000	Total £'000
<b>Opening balance as at 1 April 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,278</b>	<b>0</b>	<b>7,278</b>
Transfers:						
• Individual financial assets transferred to 12-month expected credit losses	0	0	0	0	0	0
• Individual financial assets transferred to lifetime expected credit losses	0	0	0	0	0	0
• Individual financial assets transferred to lifetime expected credit losses credit impaired	0	0	0	0	0	0
New financial assets originated or purchased	0	0	0	621	0	621
Amounts written off	0	0	0	-169	0	-169
Financial assets that have been derecognised	0	0	0	0	0	0
Changes due to modifications that did not result in derecognition	0	0	0	0	0	0
Changes in models/risk parameters	0	0	0	0	0	0
Other changes	0	0	0	0	0	0
<b>Balance as at 31 March 2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,730</b>	<b>0</b>	<b>7,730</b>

## Notes to the Accounts

### Credit Risk Exposure

The Authority has the following exposure to credit risk at 31 March 2023:

	Credit risk rating	Gross carrying amount £'000
12-month expected credit losses	PPP	0
	PP	0
	P	0
Significant increase in credit risk since initial recognition	QQQ	0
	QQ	0
	Q	0
Credit-impaired at 31 March	RRR	0
	RR	0
	R	0
Simplified approach	SSS	0
	SS	0
	S	0

### Liquidity Risk

The Authority has a cashflow management system to ensure cash is available when needed. If unexpected movements happen, the Authority has ready access to the money markets and the Public Works Loan Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk may be bound to replenish a proportion of its borrowings at times of unfavourable interest rates. The Authority sets limits on the proportion of its fixed borrowing during specific periods and seeks to ensure an even maturity profile through a combination of planning when to take new loans and where economic when to make early repayments.

The maturity structure of financial liabilities at nominal value is as follows :

On 31 March 2022 £'000	Loans outstanding	On 31 March 2023 £'000
90,202	Less than 1 year	71,377
508	Between 1 and 2 years	5,508
20,523	Between 2 and 5 years	34,523
62,807	Between 5 and 10 years	55,688
603,634	More than 10 years	596,269
<b>777,674</b>	<b>Total</b>	<b>763,365</b>

All trade payables are included in less than one year.

## Notes to the Accounts

### Market Risk

#### Interest rate risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. A rise in interest rates would have the following effects:

- borrowings at variable rates - the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates - the fair value of the liabilities borrowings will fall
- investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates - the fair value of the assets will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund balance.

The Authority has a number of strategies for managing interest rate risk. The policy is to have up to a maximum of 40% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to inform budget monitoring during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31 March 2023, if interest rates had been 1% higher than market rate with all other variables held constant, the financial effect would be:

	2022/23 £'000
Increase in interest payable on variable rate borrowings	580
Increase in interest receivable on variable rate investments	0
Increase in government grant receivable for financing costs	233
<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>813</b>
<b>Share of overall impact debited to the Housing Revenue Account</b>	<b>145</b>
Decrease in fair value of fixed rate investment assets	0
<b>Impact on Other Comprehensive Income and Expenditure</b>	<b>0</b>

## Notes to the Accounts

	2022/23 £'000
Decrease in fair value of fixed rate borrowing liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive I&E)	-77,452

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

### Price Risk

The Authority does not generally invest in traditional equity shares.

### Foreign Exchange Risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

## 40. Leasing

### Council as Lessor

#### Operating Leases

The Council was committed as at 31st March 2023 to receive income of £289,169 million (£284,851 million as at 31st March 2022) under operating leases for land & buildings comprising the following elements:

	31st March 2022 £'000	31st March 2023 £'000
<b>Minimum Income</b>		
Not later than one year	5,428	5,902
Later than one year and not later than five years	18,682	19,035
Later than five years	260,741	264,232
	<b>284,851</b>	<b>289,169</b>

## Notes to the Accounts

### 41. Impairment Losses

During 2022/23 the Authority recognised impairment charges of £11.340m (2021/22 £1.631m) within the Comprehensive Income & Expenditure Statement. This was attributable to non enhancing expenditure.

	2021/22		2021/22		2022/23		2022/23
	Charged to / (Reversed from) Revaluation Reserve £'000		Charged to / (Reversed from) Service Line £'000		Charged to / (Reversed from) Revaluation Reserve £'000		Charged to / (Reversed from) Service Line £'000
	0		0	Council Dwellings	12,284		10,295
	0		924	Other Land & Buildings	3,895		630
	0		196	Vehicles, Plant, Furniture & Equipment	0		0
	0		93	Community Assets	0		0
	0		23	Surplus Assets	47		323
	0		0	Assets Under Construction	0		0
	0		234	Infrastructure Assets	0		0
	0		80	Intangible Assets	0		31
	0		0	Investment Properties	0		0
	0		81	Heritage Assets	0		61
	<b>0</b>		<b>1,631</b>		<b>16,226</b>		<b>11,340</b>

## *Housing Revenue Account Income and Expenditure Statement*

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

2021/22 £'000		Note	2022/23 £'000
15,466	Repairs and maintenance		19,351
16,476	Supervision and management		16,188
1,125	Rent, rates, taxes and other charges		1,065
5,541	Depreciation and impairment of non-current assets	3	31,788
87	Debt management costs		92
<b>38,695</b>	<b>Total Expenditure</b>		<b>68,484</b>
-65,757	Dwelling rents		-68,251
-110	Non-dwelling rents		-114
-3,170	Charges for services and facilities		-3,302
-1,155	Contributions towards expenditure		-1,353
<b>-70,192</b>	<b>Total Income</b>		<b>-73,020</b>
<b>-31,497</b>	<b>Net cost of HRA services as included in the Comprehensive Income and Expenditure Statement</b>		<b>-4,536</b>
867	HRA services' share of Corporate and Democratic Core		852
<b>-30,630</b>	<b>Net cost for HRA services</b>		<b>-3,684</b>
	<b>HRA share of the Operating Income and Expenditure included in the Comprehensive Income and Expenditure Statement:</b>		
6,864	Interest payable and similar charges		6,344
-61	Interest and investment income		-434
852	Impairment Losses		414
982	Net interest on the net defined benefit liability/asset(-)		926
-10,357	Capital grants and contributions receivable		-18,157
<b>-32,350</b>	<b>Surplus(-)/Deficit for the year on HRA services</b>		<b>-14,591</b>

## ***Movement on the Housing Revenue Account Statement***

2021/22 £'000		2022/23 £'000
6,244	Balance on the HRA at the end of the previous year	5,239
32,350	Surplus or deficit(-) for the year on the HRA Income and Expenditure Statement	14,591
-33,355	Adjustments between accounting basis and funding basis under statute	-9,422
<b>-1,005</b>	<b>Net decrease before transfers to or from reserves</b>	<b>5,169</b>
0	Transfers to/from(-) earmarked reserves	0
<b>-1,005</b>	<b>Increase or decrease(-) in the year on the HRA</b>	<b>5,169</b>
<b>5,239</b>	<b>Balance on the HRA at the end of the current year</b>	<b>10,408</b>

### Adjustments between accounting basis and funding basis under statute

#### Adjustments to Revenue Resources

Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:

3,278	Pension costs (transferred to (or from) the Pensions Reserve)	2,570
0	Financial instruments (transferred to the Financial Instruments Adjustment Account)	0
-35	Holiday pay (transferred to the Accumulated Absences Reserve)	-117
-4,817	Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	13,631
<b>-1,574</b>	<b>Total Adjustments to Revenue Resources</b>	<b>16,084</b>

#### Adjustments between Revenue and Capital Resources

-3,657	Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	-3,715
-28,124	Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-21,791
<b>-31,781</b>	<b>Total Adjustments between Revenue and Capital Resources</b>	<b>-25,506</b>

<b>-33,355</b>	<b>Total Adjustments</b>	<b>-9,422</b>
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## Notes to the Housing Revenue Account

### 1. Housing Stock

As at 31st March 2023 the Authority owned a total of 13,723 properties, made up of different types of dwelling including detached houses, semi-detached houses, bungalows, low level flats, high rise accommodation and sheltered accommodation.

The change in stock numbers can be summarised as follows:

31/03/2022		31/03/2023
Units		Units
13,577	Stock at 1 <sup>st</sup> April	13,637
55	Additions (operational dwellings)	86
5	Additions (non-operational dwellings)	0
<b>13,637</b>	<b>Stock at 31<sup>st</sup> March</b>	<b>13,723</b>

### 2. Capital expenditure

During 2022/23 £39.948m (2021/22 £44.777m) was spent on HRA Properties.

This was financed as follows:-

2021/22		2022/23
£'000		£'000
9,271	Grants – Major Repairs Allowance	9,283
2,282	Grants - Other	8,874
0	Capital Contributions	0
28,124	Revenue and Balances	21,791
5,100	Borrowing	0
<b>44,777</b>	<b>Total</b>	<b>39,948</b>

The Major Repairs Allowance was used in full in 2022/23 and 2021/22.

## Notes to the Housing Revenue Account

### 3. Depreciation charges and impairment

The total charge for depreciation and impairment made to the HRA for 2022/23 amounted to £31.788m (2021/22 £5.541m) and is analysed as follows:-

2021/22 £'000		2022/23 £'000
	Depreciation on operational assets	
7,176	- dwellings	9,243
36	- other property	32
94	Depreciation on non-operational assets	27
	Revaluation Gains (-) and Losses on operational assets	
-2,381	- dwellings	12,188
25	- other property	0
555	Revaluation Losses on non-operational assets	3
	Impairment	
0	- dwellings	10,295
36	- other property	0
<b>5,541</b>	<b>Total</b>	<b>31,788</b>

The depreciation charge in respect of HRA assets is not an actual charge against the HRA Balance. It is reversed out in the Movement on the HRA Statement, and replaced with HRA Minimum Revenue Provision specified in the Item 8 Determination, via a transfer to or from the Capital Adjustment Account.

### 1. Scope of Responsibility

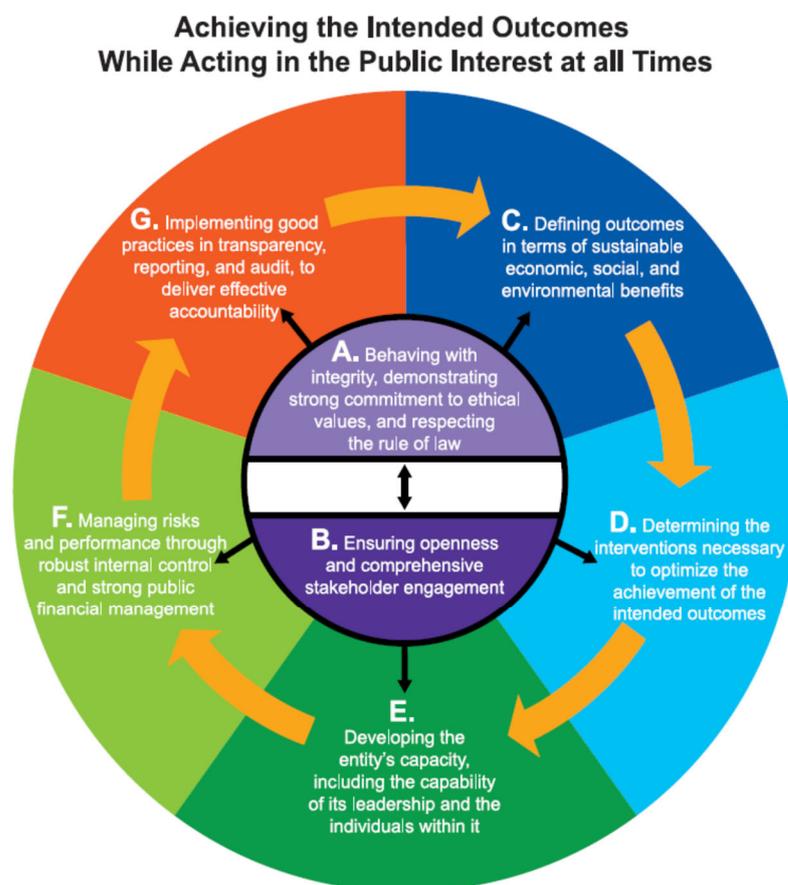
- 1.1 The City and County of Swansea is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the 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 2023 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, although the impact from the pandemic had lessened during the course of 2022/23. 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 Corporate Transformation Plan to modernise and transform the council to meet the longer term challenges and ensure sustainable provision of services.
- There is public and stakeholder engagement.
- Council has passed a motion on 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.
- Corporate Transformation Plan.
- 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, Partneriaeth.

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

## Principle F

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

#### Sub Principles:

#### Managing risk

#### Managing performance

#### Robust internal control

#### Managing data

#### Strong public financial management

#### 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)

- 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.

- CIA provides independent assurance on the adequacy of internal control through the IA plan approved by the Governance & Audit Committee.
- The Governance and Audit Committee provides independent assurance of the adequacy of the risk management framework, the internal control environment and the performance assessment of the Council.
- 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.

- 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.

- 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.

Internal Assurance

External Assurance

Annual Governance Statement

Council/  
Cabinet/  
Committee

Internal Audit

External audit

External Regulators/  
Inspections

Monitoring  
officer/S151  
officer

Statutory  
Inspections

CMT -SMAS

Governance &  
Audit  
Committee

Scrutiny

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

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

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

5.3 The assurance statements summarised by 9 categories showed overall in 2022/23 that there were no categories that were deemed as being “Not in place” and 1 (1.4%) with “Limited Application” (Performance Measurement & Management - Performance Reviews). A small number 8 (11.4%) of categories were regarded as showing “Mixed Application”. These categories were: Compliance Improvement (3); Planning and Decision Making - Service Planning (1); Planning and Decision Making - Future Generations & Equality (1); Performance Measurement & Management (1); Performance Measurement & Management - Performance Reviews (3). These will be captured in the significant governance risks for 2022/23 where relevant.

However, 39 (55.7%) demonstrated “Strong Application” and 22 (31.4%) were described as “Embedded.”

- 5.5 The Council established an Annual Governance Group for the purpose of challenging the SMASs and assisting and overseeing the development of the Annual Governance Statement. The Group is chaired by the Interim Director of Corporate Services 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 Annual Governance Group met on 15<sup>th</sup> March 2023 to review the draft SMAS submitted by each Director. CMT reviewed the draft SMAS and the findings from the Annual Governance Group on 29<sup>th</sup> March. The Annual Governance Group reviewed the revised SMAS and the draft Annual Governance Statement on 19<sup>th</sup> April 2023. The Significant Governance Issues for 2023/24 as identified by CMT after reviewing the draft Annual Governance Statement on 26<sup>th</sup> April 2023 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 During 2022/2023 the Monitoring Officer was notified of 12 complaints relating to members conduct by the PSOW. The PSOW decided not to investigate 11 of those complaints. 1 complaint is being investigated and is still 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 brought in new duties for Standards Committees and Group Leaders in Wales from May 2022. The Committee considered changes to their Terms of Reference on 9 March 2022 so as to comply with the legislation. Council approved the changes to the terms of reference on 24 May 2022.
- 6.4 The Chair presented the Standards Committee Annual Report 2021/22 to Council on 7 July 2022. The Report reflected the Committee’s view that generally the conduct of members was high..
- 6.5 In February and March 2023 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 2022/23
- 6.7 Members and co-opted members are required to register their personal interests in any business of the authority and to comply with the rules set out in the Members Code of Conduct. Members must also comply with the rules around Gifts and Hospitality.
- 6.8 All staff are required to disclose any personal interests which actually or potentially conflict with their duties to the council and to register any secondary employment.
- 6.9 Substantial work on the Council Constitution has been progressed with some major amendments being made at the Annual Meeting of Council on 24 May 2022 following the implementation of the Local Government and Elections (Wales) Act 2021. These included a Multi-Location Meeting Policy, a Petition Procedure and an index to the Constitution. Further constitutional changes will be progressed during 2023/24.

### 7. The S151 Officer

- 7.1 Quarterly **Financial Monitoring Reports** were presented to Cabinet throughout 2022/23. The third quarter report identified a net £8.995m shortfall in service revenue budgets, almost entirely in relation to the recently accepted 2022/23 pay award together with anticipated costs/loss of income as a result of COVID19 which when combined with a forecast £2.0m shortfall in Council Tax collection leads to a total shortfall of £10.995m. To date the amount actually claimed in relation to COVID related additional costs/loss of income is £9.3m. It is assumed that all the TTP costs will also be recovered and for 2022/23 some additional grant is £3.8m. It is also possible that Council tax losses, or part of them at least, will be met by future WG grant support, but this is yet to be assured. In addition as identified above further mitigation is anticipated from the Apprenticeship/Inflation provision of £3.13m and Contingency fund of £5.457m. Taking account all of these mitigations and including the shortfall in Council Tax collection this results in a net forecast underspend for the council of £1.345m (after contingency and other reserve draws). Ongoing uncertainty over NDR receipts (after a succession of complicated interim relief schemes may likely need to utilise this residual under spend after reserve draws).
- 7.1.1 The current indication is that, for 2022/23, and for 2023/24 there needs to be continued targeted mitigating action and delivery of savings proposals to help reduce the overall overspend or likely future overspends. It looks inevitable major some significant draws from contingency and earmarked reserves will be needed to achieve a fully balanced budget for the year but this was somewhat anticipated throughout the year. Any inroads to net spending will reduce the necessary draw from reserves and preserve the amount of reserves available to carry into 2023/24 and the anticipated need for a repeat

of the mitigation strategy given our biggest cost driver, local government and teacher pay, remains far from resolved, agreed or fully funded.

- 7.2 A verbal **Mid Term Budget Statement 2022/23** was presented to Council in December 2022 given the substantially delayed settlement. The written report on the **Review of Reserves** was presented to Council on 06/10/22, 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 continued to be permanently much enhanced and preferably routinely 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 02/03/23. 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. Future capital spending plans of up to a further £50m are nominal only at present and require financing from capital borrowing and revenue headroom to be yet created with only a temporary and interim reserve funding solution. These plans are likely to still be affected by ongoing ripple effects of COVID-19 and much wider economic aftershocks. 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 COVID-19 and the economic outlook.
- 7.2.3 The impact will be very financially material on the 2022/23 accounts but the prioritisation of the response to COVID-19 and wider economic crises may have impaired our ability to fully prepare the accounts to our normally exceptionally high standards (and timeliness) in line with accounting standards. Any necessary deviation caused will be disclosed separately throughout these accounts.

- 7.3 The **Medium Term Financial Plan 2024/25 – 2026/27** was approved by Council on 02/03/2023. 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 2023.** Audit Wales provided their opinion on the financial statements which was an unqualified opinion. Their report outlined their continuing challenges in delivering the audit within their original timetable and deadlines resulting in the accounts not being formally approved until March 2023. Their summary recognised 3 immaterial uncorrected misstatements.
- 7.5.1 The Auditor General certified that the Council had met its remaining Local Government (Wales) Measure 2009 duties for the financial year 2021-22, as saved by an order made under the Local Government and Elections (Wales) Act 2021.
- 7.5.2 Audit Wales reviewed the arrangements the Council has put in place to secure value for money in the use of its resources. Their work was focussed on the Council's arrangements on implementing the Local Government and Elections Act (Wales) 2021, carbon reduction plans and the financial position; the outcome from this work were reported to Governance & Audit Committee on 27<sup>th</sup> September 2022, 9<sup>th</sup> February 2023 and 8<sup>th</sup> March 2023 respectively. Audit Wales also carried out studies across the local government sector to make recommendations for improving value for money.
- 7.6 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 to produce:
- Investment Strategy Statement.

- Governance Compliance 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.

7.6.1 In 2022/23, the SBPHA reviewed and implemented a revised model of service delivery.

### 8. Chief Auditors Opinion

8.1 System of internal control are 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 As a result, 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 Internal Audit Section awards an assurance level for all audits undertaken.

8.4 The table below provides a summary of the assurance levels awarded to the audits completed in 2022/23:

<b>Audit Assurance Results 2022/23</b>		
Total Number of Audits Finalised	73	
<b>Assurance Level</b>	<b>Number</b>	<b>%</b>
High Assurance	27	37
Substantial Assurance	40	55
Moderate Assurance	6	8

8.5 As can be seen in the table above, the outcome of 67 of the 73 audits completed (92%) was positive with the audits being awarded either a High or Substantial assurance level.

8.6 Six audits received a Moderate level of assurance in the year. A summary of the key issues that result in Moderate assurance ratings being awarded are presented to the Governance & Audit Committee as part of the Chief Auditor's Quarterly Monitoring Reports, together with the outcome of the follow-up reviews undertaken to assure the Committee that action has been taken by management to address the issues identified.

8.7 In total there are 14 audits which are classed as Fundamental audits. The Fundamental audits are the core financial 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

## Annual Governance Statement 2022/23

2022/23, 10 of the 14 Fundamental audits were awarded a High level of assurance and 3 were awarded a Substantial level of assurance (Accounts Payable, Business Rates and Employee Services).

- 8.8 The Fundamental Accounts Receivable audit was awarded a Moderate assurance level in 2022/23, as has also been the case in the previous four financial years. The Governance & Audit Committee has received several updates from the relevant managers within the service 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 2023/24 as required.
- 8.9 It is disappointing that the Accounts Receivable audit received a Moderate assurance rating once again in 2022/23. As detailed in updates provided to the Governance & Audit Committee from the service management, 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 continued to be the case in 2022/23 and going into 2023/24.
- 8.10 Despite this, as stated previously it should be noted that of the 14 fundamental system audits, 10 have a High assurance level and 3 have a Substantial assurance level. In addition, the results of the work undertaken in 2022/23 shows that 92% of all audits completed in year were awarded either a High or Substantial assurance level. This provides reasonable assurance that the systems of internal control are operating effectively across the Council.
- 8.11 The Internal Audit Team has continued to operate in a very challenging environment throughout 2022/23. Approximately 500 days were lost to sickness absence and vacancies. As a result, approximately 35% of the original 2022/23 Audit Plan had to be deferred. However, I wish to express my gratitude the Internal Audit Team who have worked tirelessly throughout the year to complete as much audit work as possible.
- 8.12 The Audit Plan for 2022/23 contained 131 separate audit activities. As at 31 March 2023, 80 activities (61%) had been completed, with one additional activity (1%) substantially complete with a draft report issued. As a result, 81 activities had been completed to at least draft report stage (62%). An additional 4 activities were in progress at year end (3%). As a result, approximately 65% of the audit activities included in the 2022/23 Audit Plan had either completed or were in progress at year end. The team also successfully completed all of the Fundamental audits. This is a positive result given the resources available in the Team during the year. It is also pleasing to note the overall positive outcomes of the work that has been completed in year as highlighted above.
- 8.13 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 continued to improve the monitoring and control of risks. 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.

- 8.14 At the time of writing this opinion, it is unclear as to the scale of additional spending the Council faces, from persistent relatively high inflation across both revenue and capital and demands on our services post pandemic whilst also in the midst of a cost of living crisis. The Director of Finance & Section 151 Officer has advised that his view is that there is adequate assurance of sufficient budget cover for 2023/24, but the future budget outlook remains extremely challenging in real terms. In March 2023, the Leader of the Council set out the Council's intention to continue with utilising the residual part of the locally funded Covid-19 Economic Recovery Fund during 2023/24. This will in part may mitigate the known certainty of the expected significantly reduced real terms Government funding 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 seem inevitable. However, this is pending formal certification of the final outturn and statement of accounts by the Section 151 Officer and Council.
- 8.15 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 move out of the pandemic.
- 8.16 Given the completion rate of the 2022/23 Audit Plan noted previously, and the fact that the Internal Audit Team has completed all of the planned Fundamental audits in year, the Chief Auditor feels that no impairment to the Chief Auditor's opinion 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.
- 8.17 In addition, for the reasons set out previously, the Chief Auditor is of the opinion that governance arrangements across the Council have proved to be robust and resilient throughout the continuing period of challenge and change that the Council has faced over the past year in the transition out of the pandemic.

8.18

### Chief Auditors Opinion for 2022/23

***Based on the programme of audit work undertaken in 2022/23, 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 2022/23 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 I am pleased to present this report prepared by the Chief Auditor and Democratic Services that reflects on the work of the Governance & Audit Committee. The report provides an overview of the Governance & Audit Committee's work in the municipal year 2022/23. On 31<sup>st</sup> May 2022 the Governance & Audit Committee considered the election of Chair for 2022/23 Municipal Year where it was resolved that Paula O'Connor be elected Chair. At the same meeting Councillor P R Hood-Williams was elected Vice-Chair for the 2022/23 Municipal Year.
- 9.2 The full Council agreed that the Governance & Audit Committee would be set at 15 members with one third of those being Lay Members to comply with the requirements of the Local Government and Election (Wales) Act. This resulted in the Council recruiting a further three Lay Members. By May 2022 an additional two new Lay Members were successfully recruited – Mr Phillip Sharman and Mr Gordon Anderson. In March 2023 the Council were successful in appointing the fifth Lay Member Mr David Roberts who assumed his position in April 2023 thus being fully compliant with legislative requirements.
- 9.3 In addition, Cllr Lesley Walton was elected by the Governance & Audit Committee to be the Representative on the Governance Group. This Group ensures that the Annual Governance Statement is complete and accurate and is in harmony with the work of the Governance & Audit Committee. The Annual Governance Statement was presented together with this Annual Report of the Governance & Audit Committee at the May 2023 meeting.
- 9.4 A formal Training Programme has been in place throughout the year to ensure the Committee Members understand their roles and responsibilities. This also provides a clear understanding of the roles of Performance and Scrutiny.
- 9.5 The Local Government and Election (Wales) Act requires careful coordination between Governance & Audit Committee and the Scrutiny Committee. To aide this, the Work Programme of both Committees are appended to every meeting of the Governance & Audit Committee.

- 9.6 In addition, the Chair of Scrutiny attends the Governance & Audit Committee to present the Annual report. Similarly, the Council's Performance Report was brought to the attention of the Governance & Audit Committee on 14<sup>th</sup> December 2022 by Cllr Chris Holley, Chair of the Service Improvement & Finance Scrutiny Panel in order to give assurance to the Committee that it had been subject to review and challenge by the Panel.
- 9.7 The Chair has assured the Council that every effort will be made to gain maximum effectiveness in the work of scrutiny and audit in order to avoid stepping outside of the remits of their terms of reference. More recently, on 14<sup>th</sup> March 2023 the Chair attended the Scrutiny Programme Committee to discuss Governance & Audit Committee and Scrutiny relationships to reinforce and clarify those responsibilities. The terms of reference are reviewed annually in conjunction with the Monitoring Officer to ensure that they reflect the most up to date legislation. The Committee terms of reference forms part of each Agenda as an aide to ensure that Members are sighted of its role.
- 9.8 The Chair would note that the South West Wales Corporate Joint Committee was established early 2022 to meet the requirements of Part 5 of the Local Governance and Elections (Wales) Act 2021. Further insight was given to Members as to the current status and progress of the CJC at the September 2021 Governance & Audit Committee and then in December 2021 the Governance & Audit Committee were informed of progress and next steps being taken in establishing a formal governance framework. At that time, it was envisaged that the status and progress of the work of the CJC would be brought back to the Governance & Audit Committee during the early part of 2022 when consideration would be given to any further changes to Terms of Reference of the Governance & Audit Committee. In March 2023 the Committee received a report on the Governance and Assurance Arrangements of Swansea Council's Strategic Partnerships. One of the Partnerships was the South West Wales Corporate Joint Committee. The Chair confirms that the Governance and Audit Sub Committee of this Partnership met on 11 November 2022 to agree Terms of Reference, but no further meetings have taken place since this date. Recent notification indicated that a meeting in July 2023 was being arranged but this meeting was stood down on the basis that, at this particular time, there were no matters which require consideration by the Governance and Audit Sub Committee. As a result, the Terms of Reference for the Council's Governance & Audit Committee will need to be kept under review.
- 9.9 The Governance & Audit Committee have continued to express concern around the absence of the Workforce Strategy and the challenges placed on resources. 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. The Strategy was launched during 2022.

- 9.10 Subsequently, a key report was presented to the Committee on 17<sup>th</sup> November 2022 informing the Committee of the Council's Transformation Goals and Strategy. This report noted that the first two phases of Achieving Better Together strategy and goals ended in May 2022 with the development of the council workforce strategy amongst other activities. However, to deal with the challenges ahead the Council declares that "between 2022 and 2027 the Council will deliver at least the same if not better outcomes for our population and improve our efficiency by making significant changes to the way we work and how our services are designed and delivered". The Governance & Audit Committee will receive future updates.
- 9.11 The Committee noted that a number of key staff changes took place during the year including the departure of the Chief Executive and the Deputy Chief Executive/Director of Corporate Services. As a result, Interim arrangements were put in place, but this did not impact on the access that the Chair had to Senior Officers. The Chair has continued to speak regularly to the new Chief Executive and Director of Corporate Services.
- 9.12 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, and there is economic, efficient, and effective use of resources and effective governance. The Director of Corporate Services has been reviewing the risk management system with the aim of enhancing the current reporting to the Committee.
- 9.14 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.
- 9.15 In March 2022 the Chief Internal Auditor presented the Draft Internal Audit Plan for 2022/23 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 continued to seek further understanding of the scope of the reviews during 2022/23.
- 9.16 The Committee received the 2022/23 Internal Audit Plan and Charter on 8th March 2022 and has received reports regularly during the year from the Chief Internal Auditor. The Chief Internal Auditor explained the staff resource pressures throughout the year and also advised that at the year-end 62% of the plan would be completed which would be sufficient to provide the Head of Internal Audit Opinion. The Chair has expressed her gratitude to the Chief

Auditor and his Team in progressing with the plan during a period of unplanned staff absences. During 2022/23 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. The final Chief Internal Auditor opinion was presented to the Audit Committee in May 2023.

- 9.17 Audit Wales presented their 2022 Audit Plan to the Governance & Audit Committee on 15th June 2022, and has provided the Committee with regular updates to their work. Their Quarterly update to 30 September 2022 was presented to the December 2022 Committee meeting. Also, the update to 31 December 2022 was presented to the March 2023 Committee meeting. Audit Wales have encountered staffing pressures throughout the year and have kept the Committee and full Council abreast of the situation.
- 9.18 The Committee has repeatedly checked progress with the development of the tracker to give focus to completion of external audit recommendations. Until this tracker is fully developed and put into place the Scrutiny Committee has a role in challenging non implementation of Audit Wales recommendations as well as the Governance & Audit Committee. The Council has also implemented a system whereby they are able to track who was allocated Audit Wales reports for actioning recommendations.
- 9.19 On 13 July 2022 the Committee received the 202/23 Fraud Function Annual Plan. The 2021/22 Anti-Fraud Annual Report was received at the same meeting. In December 2022 the Corporate Counter Fraud Function presented their mid-year update report on progress against the plan. This report identified the Teams limited resources that impacts on their ability to be proactive in certain areas albeit the National Fraud Initiative work is considered proactive.
- 9.20 The Council has continued to face significant challenges during 2022/23. However, Audit Wales has confirmed at the March 2023 meeting that they intend to issue an unqualified opinion on the 2021/22 accounts.
- 9.21 Looking ahead to 2023/24 the Governance & Audit Committee's membership and responsibilities will need to be kept under review to ensure that a Training Programme continues to be in place that reflects the needs of new Councillors and Lay Members. Governance & Audit Committee Members completed an assessment of performance in March 2023 and the outcome of this self-assessment will be considered at the May 2023 meeting. If the self-assessment identifies any additional Member needs, this will be added to the Training Programme.
- 9.22 The Committee's concerns expressed during the 2022/23 Municipal year will be appropriately reflected in the Annual Governance Statement and will include performance against the Transformation Strategy, and the further

improvements required to embed the risk management arrangements and enhanced reporting of risk. In addition, for those Moderate or Limited Assurance Internal Audit reports issued during the year the Committee will seek further updates to ensure all internal audit recommendations have been actioned. Also, the Significant Governance issues noted in the Annual Governance Statement will be considered by the Committee and will include Workforce capacity and capabilities (including Agency use and Sickness), Performance Management review, ICT Disaster Recovery and Procurement.

### **EXTERNAL SOURCES OF ASSURANCE**

#### **10. External Auditors**

- 10.1 Audit Wales provided their opinion on the financial statements which was an unqualified opinion. Their report outlined their continuing challenges in delivering the audit within their original timetable and deadlines resulting in the accounts not being formally approved until March 2023. Their summary recognised 3 immaterial uncorrected misstatements. The Auditor General certified that the Council had met its remaining Local Government (Wales) Measure 2009 duties for the financial year 2021-22, as saved by an order made under the Local Government and Elections (Wales) Act 2021.
- 10.2 Audit Wales reviewed the arrangements the Council has put in place to secure value for money in the use of its resources. Their work was focussed on the Council's arrangements on implementing the Local Government and Elections Act (Wales) 2021, carbon reduction plans and the financial position; the outcome from this work were reported to Governance & Audit Committee on 27<sup>th</sup> September 2022, 9<sup>th</sup> February 2023 and 8<sup>th</sup> March 2023 respectively. Audit Wales also carried out studies across the local government sector to make recommendations for improving value for money.
- 10.3 Audit Wales on behalf of the Auditor General for Wales presented the **Audit of Financial Statements Report 2021/22** to Governance & Audit Committee on 8/3/23 and to Council on 30/03/23. The report highlighted any significant issues to those charged with governance that needed to be considered prior to the approval of the financial statements. The Auditor General issued an unqualified audit report for the financial statements. 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 16/11/22), 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 Audit Wales, Estyn and CiW recently provided feedback to the Council through a Joint Regulators Assurance and Risk Assessment 2022-23 workshop, which delivered to CMT on 11<sup>th</sup> January 2023.
- 11.2 At the workshop, Estyn outlined the following assurances on the Council:

- Swansea's education directorate has an ambitious aspiration for all its children and young people.
- Officers work collaboratively and productively with other services and external organisations on many levels.
- The director and officers promote and support a strong and effective culture of self-improvement amongst Swansea schools.
- Learner well-being and welfare is a priority. A wide range of support and interventions for pupils with behavioural and emotional difficulties ensures that learners succeed and remain in education.
- The number of pupils progressing to Year 11 and remaining in school until the end of the academic year is consistently higher than national averages.
- The directorate has a strong culture of self-reflection and they produce swift and precise improvement plans when appropriate.
- There are well-established monitoring and quality assurance processes in place

### 11.3 Estyn identified what they perceived as risks:

- Concerns over future budgets and the ability to deliver services effectively across the authority and fulfil proposed capital spending plans.
- The new regional partnership arrangement 'Partneriaeth' is at an early stage of implementation and is too soon to judge its effectiveness.
- Two recommendations from local government inspection: review post-16 provision to ensure that it meets the needs of all learners; strengthen Welsh-medium provision across all ages and areas of the local authority

### 11.4 CiW described the following overarching assurances on the Council:

- Corporate understanding of & support for post –pandemic position.
- Innovative approach to service delivery and planning.
- Stable, experienced senior management team.
- Workforce strategy / planning.
- Quality assurance becoming more embedded.

### 11.5 CiW outlined the following assurances on childrens social care services:

- Demonstrable compliance in meeting statutory duties, despite ongoing / significant pressures.
- Stable / decreasing CLA population.
- Robust and comprehensive PFM reports.
- Enhanced multi-agency / partnership working.

### 11.6 The following risks were described by CiW concerning childrens social services:

- Managing increasing scope & complexity of demand.
- Significant, ongoing recruitment & retention challenges.

- Recent use of emergency placements, due to lack of availability.

11.7 CiW outlined the following assurances on adults social care services:

- Re-structuring led to improvement in some key areas of service delivery, including Safeguarding & DoL's teams.
- Strengthened integration / positive relationships with health colleagues.
- Supplementing resource via managed team to help address assessment and reviews.

11.8 The following risks were described by CiW concerning adults social services:

- Ongoing fragile position of Domiciliary Care provider market –growing waiting lists / shrinking capacity.
- Ongoing pressures due to demand in the system.
- Delays in assessments.

11.9 CiW outlined their planned future work for 2022/23 as follows:

- Continue to test and evaluate their revised approach, including assurance checks, improvement checks and PEI's (in conjunction with LAAG and other interested parties).
- Continuous programme of activity from April 2023 –it is anticipated that all 22 Local authorities will have some activity whether that be an assurance check, a performance evaluation inspection and / or involvement in a national thematic review.
- Continue with programme of formal meetings with Heads of Service and also the annual meeting with the Director of Social Services
- National thematic review - to be confirmed.

11.10 Audit Wales listed the following assurances on the Council:

- Stable political landscape with continuity of leadership.
- Council is refreshing much of its corporate framework, including its Corporate Strategy and performance management arrangements to ensure they are aligned to deliver its ambitions, within the constraints of its developing MTFS.
- Council has high levels of reserves which it is using (estimated £30m for 23/24) to help with its financial sustainability over the short to medium term.
- Has historically had a low cost of borrowing on capital that is now being used to deliver its ambitious regeneration priorities.
- Pension Fund has performed well over the last few years.
- Reviewed achieving better together programme and have developed a refreshed Transformation Programme.

- The Council is reviewing its risk management arrangements and has recently reviewed its Corporate Risk Register and identified a number of new corporate risks, such as: homelessness and cost of living
- The Council has a strong grasp of the scale and complexity of the challenge to achieve net zero by 2030 and has ambitions for the county of Swansea to become net zero by 2050.

11.11 The following emerging risks were described by Audit Wales concerning the Council:

- Positive financial settlement for 2023/24 (£31m uplift). However, future financial pressures remain a risk with a saving target of £25m for 2023/24 and significant saving targets for 2024/25 –2026/27.
- High levels of school reserves which will be reduced in 2023/24 as schools have to find savings of £2.9m and also need to cover this year's pay award–potential risk for 2024/25.
- Net Zero plans are not fully costed and do not identify the funding and resources required to deliver all the identified activity.
- Sustainability of some strategic private sector delivery partners such as those in Leisure.
- Challenges in relation to recruitment and retention in particular sectors such as care and senior posts in education.
- Budget proposals principle is minimal compulsory redundancy – although not ruled out in services areas where the greatest savings are required, potential risk around service delivery.
- Significant historical delays in delivering the new ERP solution Oracle Fusion current system will be unsupported from June 2023.
- Ambitious local and regional economic regeneration plans, however the sustainability of private sector support for this remains a risk in the current economic climate.
- Concerns over the progress being made on some of the largest Swansea Bay City deal projects such as “homes as power stations” of particular significance given the cost of living crisis.
- Recently established Corporate Delivery Committees to support Policy development, however some concerns over duplication with Scrutiny.
- Impact on Transformation Programme of current financial crisis.
- Track record - delivering financial savings, delivering on significant projects such as IT; how is the Council assuring itself that it can prioritise and deliver?

11.12 An exercise mapping the Councils corporate risks to those identified by the Audit Wales will be undertaken in the early part of 2023/24 but there appears to be coherence between them. Note that corporate risks in and of themselves are not necessarily governance issues. There can be a distinction between corporate risks, which are mostly dealt with as performance matters, and the process around the management of risks, which is a question for governance.

11.13 Swansea's Director of Social Services' Annual Report 2021/22 was presented to full Council in October 2022. The report is an opportunity to show how well

Swansea is meeting the new statutory requirements under the Social Services and Well-being (Wales) Act 2014, and how we are applying the five ways of working within the Well-being of Future Generations (Wales) Act 2015. The report has to evaluate the local authority's improvement journey to 2021/22, performance within the six National Quality Standards and contributing the wellbeing outcomes for the citizens of Swansea.

11.14 In December 2021, CiW published a National Overview Report of Assurance Checks with Children's and Adult Social Services. This report gives the key finding from the 19 assurance checks carried out across Wales between September 2020 and July 2021, and sets out the future challenges for social services. Future challenges identified within this report can be summarised as:

- Unprecedented increase in demand for social care.
- Partnership working.
- Recruitment and retention.
- Fragility within domiciliary support services.
- Placement insufficiency within the childcare sector.
- Advocacy.
- Support for Carers.
- Grant funding.

11.15 Care Inspectorate Wales (CiW) hold an annual performance review meetings with each local authority social services. Senior management, cabinet members and senior managers are invited to the meeting to share in feedback from recent inspection activity and to discuss progress against the statutory requirements, improvement priorities and against performance measures. Minutes noting the outcome of the meeting are then sent to the Director of Social Services; the most recent meeting notes are dated 16<sup>th</sup> December 2021.

11.16 CIW informed the Director that this meeting marked the end of the 'testing and reviewing' phase of their revised approach. There will be further engagement, in due course, as they move into our consultation phase. Their aim is that a revised approach to performance review of statutory social services (including any revisions to our published code of practice) will be fully implemented for April 2023. The Chief Inspectors recent report set out the context and national themes, CiW have identified to date: [221020-annual-Report-2021-22-EN.pdf \(careinspectorate.wales\)](#)

- Unprecedented increase in demand for care and support has created significant pressure on services.
- Partnership working and a whole system approach has never been more critical if we are to ensure people receive the care and support they require.
- Recruitment and retention of social care workers remains far from sufficient.
- There is fragility within domiciliary support services.

11.17 The meeting covered four areas: People, Wellbeing, Prevention and Partnerships. Generally positive examples shared in all areas, and some

- observations for follow up: Key challenges are captured in service improvement plans and ongoing work is being done to align this with the refreshed corporate recovery plan.
- 11.18 The meeting identified that Swansea Social Services challenges are captured in service improvement plans and ongoing work is being done to align this with the refreshed corporate plan. The Directors report this year will reflect more on general issues and not so much on impact of COVID. Swansea has a targeted recruitment strategy for addressing gaps and looking longer term. The amount of legal resource required has been a particular area of challenge (DoLS). Prevention and early help are significantly dependent on grant funding and if they were removed it would pose a significant risk to the provision of preventative work. Partnerships RPB agenda focused on 'big system change', which can make the work harder to measure progress.
- 11.19 CiW's new approach to assurance and review places the voice of the citizen at the centre, and inspectors gather intelligence on performance from a range of sources ahead of the annual review meeting. Regular meetings are held with Heads of Service, and monthly performance reports are made available. Review work for the year ahead includes: child protection (rapid review), public law outline (joint thematic review), Community Mental health national, alongside Council specific reviews. The latest Annual Meeting with CiW was held on 31<sup>st</sup> January 2023, with notes yet to be made available.
- 11.20 CiW has also recently published two national reports: 'Let me flourish' -a national review of early help, care and support and transition for disabled children in Wales (Nov.2021). The report sets out several actions for local authorities including:
- Obtaining and hearing the voice of each disabled children
  - Working with parent-carers
  - Taking a rights-based approach
- 11.21 More recently published, a national review of the use of Deprivation of Liberty Safeguards (DoLS) in Wales 2021-22 (Feb.2023). The report notes that Swansea continues to report the highest number of DoLS applications in Wales, but numbers have fallen in 2021-22 when compared to previous years.
- 11.22 The Welsh Government are working on the regulations and guidance for the implementation of the new Liberty Protection Safeguards (LPS) set to replace DoLS, following recent consultation, with a date yet to be set.
- 11.23 Estyn conducted an inspection of Local Government Inspection Services in June 2022 and published its findings in September 2022. The inspection report noted many strengths and features of Swansea's education services and that officers work collaboratively and productively with other local authority services and external organisations on many levels. Two case studies were requested, one in relation to strong support for school improvement and quality of support in mainstream schools for pupils at risk of disengagement. Two recommendations were made, one to strengthen Welsh-

medium provision across all ages and areas of the local authority, and one to review post-16 provision to ensure that it meets the needs of all learners. Audit Wales led the financial element of the inspection and noted that the authority had prioritised funding for education and worked well with schools through the Schools Budget Forum.

- 11.24 The Local Authority has made effective progress in revising its additional learning needs (ALN) strategy – this was a finding of the Estyn inspection, where ‘How well does the local authority support schools and providers to implement the ALNET Act 2018’ was a local inspection question. Whilst positive progress has been made, it remains too early to fully measure the impact on a wide scale, as the transfer from the SEN system to ALN system continues in a phased approach.
- 11.25 A wholesale review of specialist provision for learners with ALN has begun, however further work is required to conclude this review and implement changes.
- 11.26 Inspection outcomes had been strong in both primary and secondary schools prior to the pandemic. School inspections resumed in 2022 and the use of outcome judgements are no longer in place. Between April 2022 and 1 March 2023, 16 schools were inspected, with 11 of those reports published. Of the 11 reports published, nine schools have no follow-up, one school is in an Estyn Review category, and one school is in a Special Measures category. Schools that are in an Estyn category receive support from the School Improvement Team. Five schools have been invited to submit case studies of effective practice.
- 11.27 There has been a third tier restructure of the Education Senior Leadership Team, which followed the previous second tier review that resulted in a structure of three Head of Service posts.
- 11.28 The Council continues to take appropriate steps to ensure that the new regional partnership with two other local authorities, Partneriaeth, results in an offer that better suits the needs of schools in Swansea; this is still developing.
- 11.29 School reserves continue to be high, although are decreasing. A delivery plan to realise the aims of the 10-year Welsh in Education Strategic Plan has been agreed by Welsh Government, however the needs of learners and local requirements will need to be kept under review.

### **CORE EVIDENCE**

#### **12. Council & Cabinet**

- 12.1 The following provide assurance based on reports covering 2022/23. In some instances reports from 2021/22 are reflected in the Annual Governance Statement as the reports for 2022/23 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 19<sup>th</sup> March 2019 and was refreshed again and approved by Cabinet on 19<sup>th</sup> March 2020. The five year Corporate Plan was rolled forward into 2021/22 and was refreshed and rolled forward for a further year into 2022/23 until after the local government elections. A new 5-year Corporate Plan has been produced for the 2023/28 period, which was adopted at Council on 30<sup>th</sup> March 2023. The Corporate Plan sets out the Council's values and principles underpinning the delivery of its six well-being objectives and sets out how the Council will monitor progress through quarterly and annual performance monitoring reports and the Annual Review of Performance, which is the Council's annual self-assessment and well-being report.
- 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 2021/22 was presented to Cabinet on 21<sup>st</sup> July 2022. The report showed that 20 out of 40 (50%) 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 2021/22 was approved at Council on 2<sup>nd</sup> March 2023. The Annual Review of Performance 2021/22 meets the statutory requirements to publish an annual self-assessment report and annual well-being report under Part 6 of the Local Government & Elections Act (Wales) 2021 and Well-being of Future Generations (Wales) Act 2015 respectively. 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 the Council is effectively delivering its functions; that there is a strong application and effective use of resources, although more mixed around workforce planning and performance management, and; a strong application and effectiveness of governance, although more mixed around vision, strategy and performance.
- 12.4.1 The Service Improvement and Finance Scrutiny Performance Panel and the Governance & Audit Committee met to discuss the Annual Review of Performance 2021/22 on 8th November 2022 and 14th December 2022 respectively. The Governance & Audit Committee proposed the following, which have been implemented or, where relevant, will be implemented in the 2022/23 Review:
- Consider the methods and methodologies for 2022/23 in parts 1, 2 and 3. This will be addressed in the 2022/23 assessment.
  - Linking the performance and risk assessments for 2022/23. This will be addressed in the 2022/23 assessment.

- Recognizing improvements that would need to be articulated within the report around stronger analysis. This has been acknowledged within the Review and will be addressed as an ongoing area for improvement starting in 2022/23.
- Correlation between parts 1, 2 and 3, ensuring they are all in harmony prior to the report being presented to Council and if they are not in harmony, outlining the reasons why. The different parts of the assessment are congruent and there is some cross-over between them, although with differing emphasis.
- Ensuring the report is proof read prior to being presented to Council. This has been completed.
- Improving the links between consultation engagement / stakeholder reference. This will be addressed in the 2022/23 assessment.

- 12.5 The Annual Complaints Report 2021/22 was presented to the Service Improvement and Finance Scrutiny Performance Panel Committee on the 14<sup>th</sup> March 2023. In addition, the Ombudsman's annual report was presented to Cabinet in September 2022. The Annual Complaints Report reflects the continued emphasis on prompt resolution of complaints and includes compliments about services. Some Ombudsman complaints can carry across different financial years. 76 Ombudsman complaints were closed in 2021-22, ten of which received intervention including: six early resolution / voluntary settlement and four which were upheld. There were 73 Ombudsman complaints in 2020-21, nine of which received early intervention including: five early resolution / voluntary settlement and four which were upheld. There were no s16 Public Interest reports during the year.
- 12.6 The Governance & Audit Committee Annual Report 2021/22 was presented to Council on 1<sup>st</sup> September 2022 and outlined the assurance the Committee had gained over control, risk management and governance from various sources over the course of 2021/22. 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 Annual Equality Review 2021/22 was reported to Cabinet on 17<sup>th</sup> November 2022, 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 Council has continued to be make improvements on implementing the Welsh Language Standards during the year despite the pandemic, with the priority being on Service Delivery Standards as they are greatest in number and are the most visible to the public. Service delivery Standards have been maintained and there was a significant increase in Welsh language calls due to TTP and Swansea Council managing the pan-Wales, Welsh Vaccine Certification Service (WVCS) telephone service. Work continues to develop a new system for the public to complain to the Council, including around compliance with the Welsh Language Standards. The Welsh Language Standards have strengthened the provision of bilingual services in Health and

Social Care, and across the Council as a whole. As part of the 'More than Just Words' active offer the Council has extended the offer to social care staff to learn Welsh through work. There have been over 2,156,156 total page views on Staffnet in 2021-2022; 19,003 of these were related to Welsh. The Microsoft Teams virtual 'Cwtsh- Ysgrifennu yn Cymraeg' was available throughout the year for Officers to use virtually. Six Welsh Language complaints were received directly to the Council during the reporting period April 2021 – March 2022. The report concludes that Welsh Language Standards and the promotion of the Welsh language continues to be a priority for Swansea Council through providing additional Welsh lessons and through activities such as 'Cwtsh- Ysgrifennu yn Cymraeg' virtual space and the promotion of Welsh Language Rights Day. The new Standards Officer is now in post to liaise with the Welsh Language Commissioner. Implementation of the Welsh Language Standards on a day-to-day basis is run corporately through the Standards Officer via Heads of Service. Impact on the Welsh Language is now fully embedded in the Councils Integrated Impact Assessment (IIA).

- 12.9 There were a number of key reports presented to Cabinet/Council during 2022/23 including reports relating to Net Zero 2030, UK Prosperity Fund, Digital Strategy, regeneration and capital works amongst others.
- 12.10 The second phase of the Achieving Better Together Programme concluded in May 2022. In November the Cabinet approved a report on the council's transformation strategy and goals and agreed to the development of a new corporate transformation plan. The development and implementation of that plan, which is scheduled for approval by Cabinet in April 2023, will be overseen by a Transformation Delivery Board, chaired by the Cabinet Member for Service Transformation and reporting to Cabinet / CMT three times a year. A formal report on progress against the Corporate Transformation Plan will be presented to Cabinet in April of each year.

### 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 activity, 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 policy, service 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 topics of focus and 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 examining the issue of Anti-Social Behaviour, with the key question: How can the Council ensure that it is working with its partners to appropriately and effectively tackle Anti-Social Behaviour in Swansea? 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, and Climate Change & Nature, 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: Road Safety and Co-production, and others are planned including a look at Customer Contact. 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 2021/22** was presented to Council on 1<sup>st</sup> September 2022. The report reflected on the final year of the 2017-2022 Council term and work carried out, showed how Scrutiny had made a difference and supported continuous improvement for the Scrutiny function. .
- 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 2022 and the Committee also heard from the Chair of the Governance & Audit Committee, at the Scrutiny Programme Committee in March 2023. 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.
- 13.6 The **Standards Committee** met on 8 occasions during 2022/23 and the **Standards Committee Annual Report 2021/22** was presented to Council on 7 July 2022. 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 their new terms of reference. During 2022-2023 the Committee met with the Leader and all political group leaders to discuss with them how they intend to discharge their new duties to ensure the highest ethical standards within their group. Further informal discussions between the Group Leaders, Chair and Vice Chair of the Standards Committee are planned for 2023-2024.

- 13.7 The **Governance & Audit Committee** met on 11 occasions during 2022/23 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 five 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 The Local Pension Board was established in 2015/16, 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 on 4 occasions during 2022/23.
- 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 co-opted members. The Committee met on 4 occasions during 2022/23, and dealt with all issues relating to 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.
- 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 twice during 2022/23 and considered the Timing of Council Meetings survey, reviewed the Councillor Training & Induction Programme 2022, Democratic Services Annual Report 21/22, Councillors Annual Reports and the Draft Independent Remuneration Panel for Wales (IRPW Annual Report 2023/24).

- 13.11 The purpose of the **Corporate Delivery Committees (CDCs)** is to drive the development of policy for consideration and adoption by Cabinet and or Council as appropriate. CDCs are aligned to the Council's function of developing policy and are linked to the corporate objectives. Both CDCs and Scrutiny are open to all non-executive Councillors, in developing policy then reviewing its effectiveness.
- 13.12 The CDCs are chaired by a Councillor and, along with the Chair, membership consists of twelve elected Members. There were five Committees meeting in 2022/23: listed here with examples of both completed work and that in progress:
- **Climate Change** – Nature Recovery Plan, Waste Strategy, Renewable Energy, Sustainable Food Policy and Sustainable Products
  - **Economy & Infrastructure** – Residents Rewards App, Tawe Riverside Corridor Strategy & Levelling Up, Local Economic Delivery Plan, Swansea Bay Strategy and Draft Economic Development Strategy Framework.
  - **Education & Skills** – Strengthening School Leaders, Attendance & Inclusion, Strengthened and Effective School Governance.
  - **Organisational Transformation** –Transformation, Reward & Recognition of staff, Agile Working, Recruitment & Selection, Co-production and Illumination Policy.
  - **Safeguarding People & Tackling Poverty** – Swansea Council Volunteering Strategy / Policy, Corporate Debt Policy, Local Area Co-ordination Best Practice Policy / Guide and Social Services Workforce Programme.

## Annual Governance Statement 2022/23

### Significant Governance Issues

The following table identifies issues that had been identified in 2021/22 during the review of effectiveness, together with the proposed actions to be taken during 2022/23 to address the issues.

<b>Significant Governance Issue linked to Framework</b>	<b>Action to be taken 2021/22</b>	<b>Update</b>	<b>Status</b>	<b>Action to be taken 2022/23</b>
Lack of workforce capacity, capability and resilience and relying on staff goodwill.	<ul style="list-style-type: none"> <li>Workforce Strategy approved. Action Plan to be adopted in each service area and the groups to be established to lead and monitor actions. End August 2022.</li> </ul>	<ul style="list-style-type: none"> <li>The Workforce Strategy was approved by Cabinet in October 2022.</li> <li>Workforce delivery groups were established to lead and monitor actions, but these will now report through to the Workforce and OD Transformation Programme Board</li> </ul>	<ul style="list-style-type: none"> <li>In progress</li> </ul>	<ul style="list-style-type: none"> <li>Workforce delivery groups lead and monitor actions and report through to the Workforce and OD Transformation Programme Board.</li> <li>Implement the control measures to mitigate the Corporate risk on workforce recruitment and retention.</li> <li>Help cater for effective demand management through robust service planning.</li> </ul>
Performance Reviews, i.e. appraisals system / induction training not fit for purpose.	<ul style="list-style-type: none"> <li>Continue to develop a new appraisal solution to be delivered digitally through the new Oracle Cloud</li> </ul>	<ul style="list-style-type: none"> <li>The 'Goals and Performance' module in Oracle Fusion is ready to launch in April 2023 upon go-live of the full system.</li> </ul>	<ul style="list-style-type: none"> <li>Arrangements in place from April 2023</li> </ul>	<ul style="list-style-type: none"> <li>Launch 'Goals and Performance' module in Oracle Fusion in April 2023 upon go-live of the full system.</li> </ul>

## Annual Governance Statement 2022/23

	<p>solution in October 2022.</p> <ul style="list-style-type: none"> <li>Develop Corporate Induction training for delivery in 2022.</li> </ul>	<ul style="list-style-type: none"> <li>The 'Learn' module in Oracle Fusion is ready to launch in April 2023 upon go-live of the full system and will include a revised mandatory training offer for induction purposes.</li> </ul>		<ul style="list-style-type: none"> <li>Launch 'Learn' module in Oracle Fusion in April 2023 upon go-live of the full system; include a revised mandatory training offer for induction purposes.</li> <li>Review mandatory training requirements to release frontline staff from some of the mandatory training; for example, Display Screen Equipment for staff that do not use a computer.</li> </ul>
ICT Disaster recovery.	<ul style="list-style-type: none"> <li>Resolve through the move to cloud services, particularly Oracle Cloud in October 2022.</li> <li>National performance issues with WCCIS being addressed nationally through a review of continued viability and a local / regional options appraisal being undertaken in</li> </ul>	<ul style="list-style-type: none"> <li>Oracle Cloud going live April 2023. Strategy for cloud and new data centre agreed and in implementation.</li> <li>National performance issues with the Welsh Community Care System (WCCIS) now stabilised. Options appraisal and subsequent action plan completed by Health.</li> <li>Migration of corporate system to Azure started.</li> </ul>	<ul style="list-style-type: none"> <li>In progress</li> </ul>	<ul style="list-style-type: none"> <li>Oracle Cloud going live April 2023.</li> <li>Complete migration of corporate system to Azure.</li> </ul>

## Annual Governance Statement 2022/23

	partnership with Health.	<ul style="list-style-type: none"> <li>• Training on Disaster Recovery response held with 3<sup>rd</sup> party, Digital Services and Emergency Planning.</li> </ul>		
Procurement – Governance around Contracts.	<ul style="list-style-type: none"> <li>• Internal Audit to undertake a review in 2022 on the operation of contracts within CPR and the UK PCR.</li> <li>• 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.</li> <li>• Review the process from sign-off to Contract issued to ensure any risk is removed.</li> <li>• Review Governance arrangements for involvement by</li> </ul>	<ul style="list-style-type: none"> <li>• The Funding and Information Team in the Education directorate have led on a review of the Accounting Instructions for Schools and also the School Procurement Guide.</li> <li>• Training on procurement has been provided to all schools on Teams.</li> <li>• Financial training continues to be provided to school leadership staff, governors and admin officers, which includes a section on contracts.</li> <li>• Training is also offered termly on IR35 (HMRC contracting rules for employees). Similar training has also been provided to EDSLTL.</li> <li>• Following the internal audit review undertaken, a schedule of</li> </ul>	<ul style="list-style-type: none"> <li>• In progress.</li> </ul>	<ul style="list-style-type: none"> <li>• Reinforce and rollout the recommendations outlined in the Chief Auditors Procurement Memo approved on the 25/11/22.</li> </ul>

## Annual Governance Statement 2022/23

	commercial services.	recommendations was recommended for implementation in memo from the Chief Auditor which was approved by the S 151 Officer and Head of Commercial Services in 25/11/22.		
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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 **2023/24** to address the issues.

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. **We will review progress during the course of the year at Corporate Management Team / Leadership Team and will monitor their implementation and operation as part of our next six monthly and annual review.**

Signed ..... Chief Executive

Date .....

Signed..... Leader

Date .....

## ***Glossary of Terms***

We appreciate that the Statement of Accounts as presented contains a number of technical terms which may be unfamiliar to the lay reader. Wherever possible we have sought to minimise the use of technical terms but in some instances this has not been possible. The following section attempts to explain the meaning of some of those technical terms that are used in the Statements.

### **Accrual**

Sums due to the Authority or payable to external organisations in the financial year irrespective of whether the cash has been received or paid.

### **Actuary**

An actuary is a person who works out insurance and pension premiums, taking into account factors such as life expectancy.

### **Agency Services**

Agency services are services provided for us by an outside organisation.

### **Amortised Cost**

Amortised costs are used to spread the financial impact of depreciation or using an equivalent interest rate or the effect of a premium or discount over a number of years on the income and expenditure account.

### **Associate**

An associate is an entity other than a subsidiary or joint venture in which the reporting authority has a participating interest and over whose operating and financial policies the reporting authority is able to exercise significant influence.

### **Audit**

An audit is an independent examination of our activities.

### **Balance Sheet**

This is a statement of our assets and liabilities at the date of the balance sheet.

### **Budget**

A budget is a spending plan, usually for the following financial year.

### **Capital Adjustment Account**

This Account represents timing differences between the amount of the historical cost of fixed assets that has been consumed by depreciation, impairment and disposals, and the amount that has been set aside to finance capital expenditure.

### **Capital Expenditure**

Capital expenditure is spending on fixed assets. These are assets which will be used for several years to provide services such as buildings, equipment and vehicles.

## *Glossary of Terms*

### **Capital Receipts**

Capital receipts are proceeds from the sale of fixed assets such as land or buildings.

### **Cash Equivalents**

Cash Equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **Cash flow Statement**

This is a statement that summarises the movement in cash during the year.

### **Consolidated Balance Sheet**

This balance sheet combines the assets, liabilities and other balances of all our departments, at our year end date.

### **Corporate and Democratic Costs**

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The costs of these activities are thus over and above those which would be incurred by a series of independent, single-purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

### **Credit Risk**

This is the risk of loss due to a debtors inability to make interest or principal repayments on a loan/investment.

### **Creditor**

A creditor is someone we owed money to at the date of the balance sheet for work done, goods received or services rendered.

### **Current Assets**

These are short-term assets which are available for us to use in the following accounting year.

### **Current Liabilities**

These are short-term liabilities which are due for payment by us in the following accounting year.

### **Debtor**

A debtor is someone who owed money to us at the date of the balance sheet.

### **Depreciation**

Depreciation is the theoretical loss in value of assets, which we record, in our annual accounts.

## *Glossary of Terms*

### **Earmarked Reserves**

These are reserves we have set aside for a specific purpose.

### **Financial Year**

This is the accounting period. For local authorities it starts on 1<sup>st</sup> April and finishes on 31<sup>st</sup> March in the following year.

### **Finance Leases**

When we use finance leases, we take on most of the risks (and rewards) of owning the assets.

### **Fixed Asset**

These are long-term assets we use (usually for more than one year).

### **Gilt Edged Stocks**

These are investments in government or local authority stocks. They are regarded as risk-free.

### **Government Grants**

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in form of cash or transfers of assets to an Authority in return for past or future compliance with certain conditions relating to the activities of the Authority.

### **Housing Revenue Account**

This account contains all our housing income and spending.

### **Investments**

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

### **Joint Venture**

A joint venture is an entity in which the reporting authority has an interest on a long-term basis and is jointly controlled by the reporting authority and one or more other entities under a contractual or other binding arrangement.

### **Leasing**

This is a method of financing capital expenditure by paying the owner to use property or equipment for a number of years.

## Glossary of Terms

### **Liability**

A liability is an amount payable at some time in the future.

### **Liquidity Risk**

This is the risk that investments cannot be readily turned into cash or realised because there is no ready market for the instrument or there are restrictive clauses in the agreement.

### **Minimum Revenue Provision (MRP)**

This is the amount we have to set aside to repay loans.

### **Non-Domestic Rates (NDR)**

The NDR, or Business Rate, is the charge occupiers of business premises pay to finance part of local authority spending. The NDR is set by Government and is a percentage of the rateable values. The percentage is the same throughout Wales. The total collected is split between individual authorities in proportion to their adult populations.

### **Net Realisable Value**

The selling price of the asset, reduced by the relevant cost of selling it.

### **Non Distributable Costs**

These are costs that relate to past activity costs, such as the cost of redundant assets or information technology, or past service pension that cannot be allocated to services.

### **Operating leases**

These are leases where risks (and rewards) of ownership of the asset remain with the owner.

### **Precepts**

This is the amount we pay to a non-billing authority (for example a community council) so that it can cover its expenses (after allowing for its income).

### **Provision**

A provision is an amount we set aside in our accounts for expected liabilities which we cannot measure accurately.

### **Public Works Loan Board (PWLB)**

This is a Government agency which provides longer-term loans to local authorities. It charges interest rates only slightly higher than those at which Government itself can borrow.

### **Related party transactions**

These are the transfer of assets or liabilities or the performance of services by, to or for a related party no matter whether a charge is made.

## **Glossary of Terms**

### **Reserves**

These are sums set aside to meet future expenditure. They may be earmarked to fund specific expenditure or be held as general reserves to fund non specific future expenditure.

### **Revaluation Reserve**

This reserve represents the difference between the revalued amount of fixed assets in the Balance Sheet and their depreciated historical cost.

### **Revenue**

Income arising as a result of an Authority's normal operating activities.

### **Revenue account**

This is an account which records our day-to-day spending and income on items such as salaries and wages, running costs of services and the financing of capital expenditure.

### **Scheduled organisation**

An organisation whose employees have an automatic right to be members of a pension fund.

### **Service recipient**

A party that has contracted with an Authority to obtain goods or services that are an output of the Authority's normal operating activities in exchange for consideration.

### **Securities**

These are investments such as stocks, share and bonds.

### **Stocks**

Stocks are raw materials we purchased for day to day use. The value of those items we had not used at the date of the balance sheet is shown in current assets in the balance sheet.

### **Subsidiary**

An entity is a subsidiary of the reporting authority if:

- the authority is able to exercise control over the operating and financial policies of the entity, and
- the authority is able to gain benefits from the entity or is exposed to the risk of potential losses arising from this control.

### **Temporary Borrowing or Investment**

This is money we borrowed or invested for an initial period of less than one year.

### **Transfer value**

This is the value of payments made between funds when contributors leave service with one employer and decide to take the value of their pension contributions to their new employer's fund.

## *Glossary of Terms*

### **Trust Funds**

Trust funds hold an individual's or organisation's money on their behalf. Trustees administer the money for the owners.

### **Unit Trusts**

These are investment companies which accept money from many different investors. The money is pooled and used to buy investments.

### **Venture Capital Units**

These are investments we have made in businesses where there is a higher risk but where rewards are also likely to be higher, if the businesses are successful.

### **Work in Progress**

Work in progress is the value of work done on an unfinished project at the date of the balance sheet and which has not yet been recharged to the appropriate revenue account.

# Integrated Impact Assessment Screening Form – Appendix B

Please ensure that you refer to the Screening Form Guidance while completing this form.

## Which service area and directorate are you from?

Service Area: Finance

Directorate: Finance

### Q1 (a) What are you screening for relevance?

- New and revised policies, practices or procedures
- Service review, re-organisation or service changes/reductions, which affect the wider community, service users and/or staff
- Efficiency or saving proposals
- Setting budget allocations for new financial year and strategic financial planning
- New project proposals affecting staff, communities or accessibility to the built environment, e.g., new construction work or adaptations to existing buildings, moving to on-line services, changing location
- Large Scale Public Events
- Local implementation of National Strategy/Plans/Legislation
- Strategic directive and intent, including those developed at Regional Partnership Boards and Public Services Board, which impact on a public bodies functions
- Medium to long term plans (for example, corporate plans, development plans, service delivery and improvement plans)
- Setting objectives (for example, well-being objectives, equality objectives, Welsh language strategy)
- Major procurement and commissioning decisions
- Decisions that affect the ability (including external partners) to offer Welsh language opportunities and services

### (b) Please name and fully describe initiative here:

Draft Statement of Accounts for Audit Committee (for information & review). Legislation requires the Council to produce an annual Statement of Accounts in respect of each financial year.

### Q2 What is the potential impact on the following: the impacts below could be positive (+) or negative (-)

	High Impact		Medium Impact		Low Impact		Needs further investigation
	+	-	+	-	+	-	
Children/young people (0-18)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Older people (50+)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Any other age group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Future Generations (yet to be born)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Race (including refugees)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Asylum seekers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gypsies & travellers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Religion or (non-)belief	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sex	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sexual Orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Welsh Language	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Poverty/social exclusion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carers (inc. young carers)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Community cohesion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marriage & civil partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Integrated Impact Assessment Screening Form – Appendix B

- Q3** What involvement has taken place/will you undertake e.g. engagement/consultation/co-productive approaches?  
Please provide details below – either of your activities or your reasons for not undertaking involvement

Legislation requires the Council to produce an annual Statement of Accounts in respect of each financial year – does not require engagement.

- Q4** Have you considered the Well-being of Future Generations Act (Wales) 2015 in the development of this initiative:

- a) Overall does the initiative support our Corporate Plan's Well-being Objectives when considered together?  
Yes  No
- b) Does the initiative consider maximising contribution to each of the seven national well-being goals?  
Yes  No
- c) Does the initiative apply each of the five ways of working?  
Yes  No
- d) Does the initiative meet the needs of the present without compromising the ability of future generations to meet their own needs?  
Yes  No

- 
- Q5** What is the potential risk of the initiative? (*Consider the following impacts – equality, socio-economic, environmental, cultural, legal, financial, political, media, public perception etc...*)

High risk

Medium risk

Low risk

- 
- Q6** Will this initiative have an impact (however minor) on any other Council service?

Yes

No

If yes, please provide details below

- 
- Q7** What is the cumulative impact of this proposal on people and/or communities when considering all the impacts identified within the screening and any other key decisions affecting similar groups/ service users made by the organisation?

*(You may need to discuss this with your Service Head or Cabinet Member to consider more widely if this proposal will affect certain groups/ communities more adversely because of other decisions the organisation is making. For example, financial impact/poverty, withdrawal of multiple services and whether this is disadvantaging the same groups, e.g., disabled people, older people, single parents (who are mainly women), etc.)*

No impact

# Integrated Impact Assessment Screening Form – Appendix B

## Outcome of Screening

**Q8 Please describe the outcome of your screening below:**

- **Summary of impacts identified and mitigation needed (Q2)**
- **Summary of involvement (Q3)**
- **WFG considerations (Q4)**
- **Any risks identified (Q5)**
- **Cumulative impact (Q7)**

**Narrative below as per narrative that is included in the report –**

The Revenue budget of the Council was approved following the application of the corporate Equality Impact Assessment (EIA) process throughout the Budget setting process. This process has since been replaced with IIA's. It is essential where service levels are affected by changes to the Revenue budgets (including savings options) that the IIA process (alongside consultation and engagement as appropriate) is applied to ensure due regard is paid to the potential equality impacts of any proposals prior to decision making. An IIA screening has been undertaken on this report. This report outlines the statement of accounts and there are no implications to consider at this time.

(NB: This summary paragraph should be used in the relevant section of corporate report)

**Full IIA to be completed**

**Do not complete IIA – please ensure you have provided the relevant information above to support this outcome**

NB: Please email this completed form to the Access to Services Team for agreement before obtaining approval from your Head of Service. Head of Service approval is only required via email.

<b>Screening completed by:</b>
<b>Name: Amanda Thomas</b>
<b>Job title: Chief Accountant</b>
<b>Date: 15/11/2023</b>
<b>Approval by Head of Service:</b>
<b>Name: Ben Smith</b>
<b>Position: Director of Finance &amp; S151 Officer</b>
<b>Date: 15/11/2023</b>

Please return the completed form to [accesstoservices@swansea.gov.uk](mailto:accesstoservices@swansea.gov.uk)

# Agenda Item 5



## Report of the Director of Finance

Governance & Audit Committee – 6 December 2023

### **Finance Directorate: Internal Control Environment 2023-2024**

<b>Purpose:</b>	The report presents the Finance Directorate control environment, including risk management, in place to ensure that functions are exercised effectively; there is economic, efficient and effective use of resources, and, effective governance to secure these arrangements.
<b>Report Author:</b>	Ben Smith
<b>Finance Officer:</b>	Ben Smith
<b>Legal Officer:</b>	Debbie Smith
<b>Access to Services Officer:</b>	Rhian Millar
<b>For Information</b>	

#### **1. Background and Key Points**

- 1.1 The Directorate and the associated Director of Finance role, was created following decision of Council in November 2021, followed by appointment at the end of January 2022. In practice it was separated formally with effect from 1 April 2022 at the start of the new financial year. As such, it is still the newest directorate and a relatively small one (in net budget terms) having previously been part of the former Resources directorate. It remains closely embedded and linked to the complementary activities of the Corporate Services Directorate, especially so in relation to the financial activities in the service centre ( which is part of the Corporate Services Directorate), the core finance functions that the Council rely upon (accounts receivable, accounts payable, payroll and cashiers).
- 1.2 The directorate's initial approach to its own operations is based on how it operated as the major part of the former Resources Directorate. As the directorate has a bearing on whole council activity and finances it also leads on, as well as participates in many of the common control processes. This includes:

- Internal Audit provision
  - Incl fraud investigation team
- External Audit liaison
- All reports with financial implications
- Budget setting (revenue, capital and HRA)
- Medium (and long) Term Financial Plans
- Treasury Management and Borrowing
- Strategic Financial planning
- In year financial/budget reporting
- Financial /Asset Risk Management ( Insurance )
- Pre Procurement financial appraisal
- Statement of accounts and outturn
- Reviews and recommendations re use of reserves and tax setting
- Provision of management oversight of key financial internal controls

1.3 The assurance framework includes the following key elements:

- Clear strategies, objectives and linkages with:
  - Corporate and other statutory plans
  - Business planning/operational plans
- Robust risk management through:
  - Mapping, monitoring, mitigation and escalation of risks
- Tight internal controls consistent with:
  - Scheme of delegation
  - Standing Orders
    - Accounting Instructions
    - Financial Procedure Rules
    - Corporate Procurement Rules
    - Grant Manual
  - Financial Regulations
  - Prevailing Professional standards
  - Performance and Financial Monitoring (PFM)
- Reassurance through:
  - Audit
  - Scrutiny

1.4 Key aspects of the Finance Directorate's strong governance arrangements include:

- Cabinet Member briefing
- Performance management and budget monitoring (PFM)
- Performance appraisals
- A robust internal control framework with:
  - Clear roles and responsibilities with appropriate segregation of duties
  - Clear and effective authorisation processes
  - Embedded use of technological authorisation controls
  - Robust and complete policies and procedures

- Robust monitoring, reporting and reviewing arrangements
- Timely identification and mitigation of control weaknesses
- Staff awareness of procedural rules
- Promotion of an anti-fraud culture
- Professional, qualified experienced staff

1.5 Whilst a small directorate in net budget terms, its wider operational reach means its activities are highly geared and often complex. It is perhaps no surprise that media reporting on Councils that get into difficulty are currently most often associated by being undone by finances unravelling relatively quickly, with the risks and implications of decisions being taken proven not to be widely fully understood by stakeholders and members. Across the UK council accounts are being delayed in draft production and in finalisation of audit as matter of routine and this Council is no different. This is in tandem with a growing general concern about the overall state of funding for all councils.

To broadly contextualise the scale of gross and net operations directly managed by the Directorate and balance sheet items in direct control in its own right (rounded broadly and not strictly always comparing exactly like for like)

- Net annual budget excluding CTRS (council tax reduction scheme) £10m+
- Directorate net annual budget including CTRS £30m +
- Local benefits and grants paid out when grossed up for DWP/HB agency activity £100m+
- Annual charge to revenue for capital financing costs managed below line in addition to own service budget £35m+
- Capital Finance portfolio of £650m
- Council GF investments of £200m
- Insurance Fund of £18m
- Non Domestic Rates (on behalf of Welsh Government) and Council tax collected annually £200m+
- RSG and NDR (from national pool) administered and received annually £400m
- Rolling capital programme managed £400m +
- Pension Fund Managed of £2.9bn +

It goes without saying of course that it has a bearing indirectly on all of the finances of the wider organisation, albeit compliance with financial procedures rules and all internal financial control mechanisms, as well as the overriding requirement to live within budgets, are under the personal direction and control of the individual directors.

## **2. Risk Management and business continuity**

2.1 Risks within Finance are promptly identified and managed at appropriate levels (corporate, directorate, service, programme/project), and as far as possible mitigated, as part of the service review and planning cycle processes and ongoing self-evaluation. Monitoring is conducted through the Directorate performance management and reporting mechanisms at PFM and

programme/project boards with risks escalated as appropriate (with particular focus on 'red' risks).

- 2.2 The corporate online system is used for documenting and managing risks and all risks are evaluated and RAG (Red, Amber, Green) rated (based on likelihood and impact) and updated at the end of each month. The risk management process is reported to the Governance and Audit Committee regularly. It is an expectation that the Finance Directorate is fully compliant with reviewing control measures, risk assessment and risk level each month as part of a joined-up approach, particularly with Corporate Services. Finance has responded to the need to improve the quality of control measures with the risk register.
- 2.3 Integrated Impact Assessments (IIAs) are required for the decision making at Cabinet (the executive level). If we identify a policy, change or review that requires a Cabinet decision then an IIA must be completed at the inception stage.
- 2.4 Areas of greatest assessed risk currently include:
- Real terms cuts to public services funding at a time of raised inflation and interest rates and inevitable overspend pressures on all parts of the Council despite Finance itself living within means as a directorate and leading by example
  - Lack of coherence between growing national expectations and core funding settlements pan Council
    - Base funding is required rather than ad hoc WG grant initiatives
  - Lack of capacity and resilience across Directorate
    - To maintain core statutory and regulatory duties
    - To respond to growing demands and manages financial pressures pan Council
    - Evidenced by growing delays to statutory documents
  - Lack of capacity across wider Council services
  - Emerging extant risks

### **3. Performance management/KPIs**

- 3.1 Finance has a set of high-level strategic priorities that are reviewed on an annual basis. In addition, the Directorate has three overarching Service Plans, one per Head of Service, updated annually at the end of each financial year in line with corporate planning requirements. Priorities identified in the Corporate Plan 2023 2024 Corporate plan - Swansea are reflected in, addressed and delivered through Finance's Strategic Priorities, Service Plans and Team Improvement Plans.
- 3.2 As well as the corporate requirement to hold monthly PFM meetings, Finance has monthly Directorate Management Team meetings. Through these, the progress and impact of service delivery is reported on and monitored. This is a key conduit for directorate decision making.

- 3.3 Each member of staff is scheduled to receive an annual appraisal, which includes reviewing progress of the previous year's objectives, and development/training plans and objectives which are set based on their contribution to delivering their Team Improvement Plans' objectives for the coming year. Informal mid-year reviews are conducted and can be part of the wider more regular one-to-one meeting between managers and their direct reports.
- 3.4 Managers and team leaders hold regular meetings with their teams, where progress against key priorities and targets are discussed and staff are given the opportunity to raise risks and issues and hear wider directorate and corporate communications. All staff have regular one-to-one meetings with their managers/team leaders for performance monitoring and equally important for pastoral support.

#### **4. Planning and decision making**

- 4.1 The Finance Directorate has robust monitoring and management structures, processes and practices in place, to appropriately review delivery against planned targets and outcomes, and to monitor and manage all aspects of financial, performance and service delivery risk.
- 4.2 The directorate runs with 3 Heads of Service (2 permanent and one interim) and the wider senior management team is extended to include the Strategic Finance Manager and the professionally independent Chief Internal Auditor.
- 4.3 In addition, Finance Directorate officers lead and/or participate in several key strategic and stakeholder/consultative/co-construction and partnership groups both internal and external to the Council
- 4.4 The governance structure along with robust planning, monitoring, review and risk management practices ensures sound planning and decision making, performance and financial monitoring and robust consultative/partnership activity, as well as integrated and collaborative ways of working.

#### **5. Budget and resources management**

- 5.1 In line with corporate requirements, the Finance Directorate holds Performance and Financial Management meetings (PFM). This group monitors the progress of and addresses any issues:
- Team Improvement Plans, objectives and targets
  - Key performance indicators (KPIs)
  - Corporate, directorate and service risks
  - Capital and revenue budgets
  - Regulatory /Reporting changes
  - Personnel issues
  - Freedom of Information Act (FOI) requests; Subject Access Requests (SAR) and complaints
  - Directorate's sickness levels

- Cases of fraud
- Headcount/efficiency reductions
- Procurement and financial controls
- Preparations for, and actions arising from, local authority audit inspections/regulatory activity
- Emerging Directorate demands

5.2 On financial matters the directorate expects to lead by example not only operating the same PFM process as other directorates but ensuring it manages within its budget allocation and takes appropriate action. This is evidenced in repeatedly underspending in past years as a part of Resources Directorate and including the continued underspend forecast for 2023-24, even after allowing for the national pending pay award.

## **6. Fraud and financial impropriety**

6.1 The assurance framework and robust internal controls set out in this report provide a solid foundation for the continuing promotion of an anti-fraud culture within the Finance Directorate and for any matters of concern to be identified and confidently raised by staff.

## **7. Compliance with policies, rules and regulatory requirements**

7.1 The assurance framework and robust internal controls set out in this report provide a solid foundation for ensuring compliance with policies, rules and regulatory requirements within the Finance Directorate. Periodic reminders are given to managers and team members and re-emphasised in any training opportunities.

7.2 There is also the additional assurance provided by the overarching professional standards required of the largely professional directorate body of staff, as dictated by the array of professional bodies that provide the regulatory framework for the various technical roles delivered by The Finance Directorate :

- CIPFA (Chartered Institute of Public Financial Accountants)
- ACCA ( Association of Chartered Certified Accountants)
- ICAEW ( Institute of Chartered Accountants of England Wales)
- AAT ( Association of Accounting Technicians)
- IRRV ( Institute of Ratings and Revaluations)
- IRM ( Institute of Risk Managers)
- CIPP ( Chartered Institute of Payroll Professionals (Pensions staff))
- CIPS ( Chartered Institute of Procurement and Supply)

## **8. Internal controls**

8.1 Key elements of the internal control framework include:

- Clear roles and responsibilities
- Schemes of delegation

- Embedded technological authorisations and control environment
- Clear and effective authorisation processes
- Robust and complete policies and procedures
- Robust monitoring, reporting and review arrangements
- Timely identification and mitigation of control weaknesses
- Staff awareness of procedural rules
- Promotion of an anti-fraud culture

8.2 Internal controls compliance is assured through:

- Performance and Budget Monitoring and robust action, reporting and escalation
- Breaches Reporting
- Internal Audit Assurance
- Senior Management Assurance Statements
- Risk Management/Data Security
- Programme/Project Assurance

## **9. Data security**

9.1 The Directorate manages high levels of personal information, and statutory requirements are such that this information needs to be routinely used to inform reports, assessments and plans. The consequences of any inadvertent data breach are always serious.

9.2 The processes for monitoring and reporting breaches are well established across the Directorate, as are the processes for learning from any such breach. Officers collaborate closely with the council's Data Protection Officer to ensure that any lessons learned from breaches anywhere in the council and beyond are used to continually improve our processes.

9.3 Arrangements are in place and monitored at PFM and officers are appropriately trained and reminded of the importance of agreed procedures. This is apparent from the limited number of breaches and issues that have taken place within the Directorate given its size of customer base (every resident/taxpayer).

## **10. Partnership/collaboration governance**

10.1 Finance Directorate officers lead on several key strategic and stakeholder/consultative/partnership groups, to ensure that there is regular engagement and appropriate input from key stakeholders into key planning processes, and to further enhance monitoring of progress and performance. Increasingly, the directorate relies on key delivery partners.

10.2 In all groups, important strategies, challenges and issues are discussed, clear outcomes defined, and actions allocated.

## **11. Integrated Assessment Implications**

- 11.1 The council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must, in the exercise of their functions, have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts
  - Advance equality of opportunity between people who share a protected characteristic and those who do not
  - Foster good relations between people who share a protected characteristic and those who do not
  - Deliver better outcomes for those people who experience socio-economic disadvantage
  - Consider opportunities for people to use the Welsh language
  - Treat the Welsh language no less favourably than English
  - Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs
- 11.2 The Well-being of Future Generations (Wales) Act 2005 mandates that public bodies in Wales must conduct sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by acting, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals.
- 11.3 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also considers other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.
- 11.4 There is no direct impact associated with this report on the relevant groups considered within the IIA itself but assessing long-term trends and preventing risks from becoming issues are key aspects of risk management. Sustainable ways of working are incorporated within the council's risk management policy and framework.
- 11.5 Given the nature of this report to the Governance and Audit Committee it has been agreed that a full IIA is not required on this occasion.

## **12. Legal Implications**

- 12.1 There are no legal implications.

## **13. Financial Implications**

- 13.1 There are no financial implications.

**Background papers:** None

**Appendices:**

Appendix A	(Directorate) Corporate and Directorate Risks on a page Report
Appendix B	(Directorate) Assurance Map updated
Appendix C	IIA Form

## Risk on a Page

Risk Title : Tax evasion

Risk ID : 155

Description : If the Council fails to prevent those who act for or on its behalf from knowingly or unknowingly facilitating (including failing to prevent) tax evasion, then the Council will be criminally liable and will face an investigation by HMRC with potential prosecution and unlimited financial liability.

Risk Level : Directorate

Responsible Officer : Ben.Smith

Councillor : Robert Stewart

Inherent Risk : 9

Last Update : 13/11/2023

Historical RAG :

Nov-22	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct-23
3	3	3	3	3	3	3	3	3	3	3	3

**Current Control Measures**

VAT advice available to any staff via Principal Finance Partner. All finance staff know to refer any reports with VAT implications via the nominated VAT Principal Finance Partner

**Last Update**

**Risk Response**

**Projected Completion**

External VAT advisors retained by Council for specialist VAT advice under contract

10/07/2023

Treat

31/03/2024

- ¿ VAT Manual, Guidance Notes and Accounting Instructions.
- ¿ VAT advice available via Principal Finance Partner and external VAT advisors.
- ¿ Financial Procedure Rules (FPRs) and Contract Procedure Rules (CPRs).
- ¿ IR35 guidance and procedure notes available.
- ¿ Procurement rules and procedures.
- ¿ Segregation of duties.

10/07/2023

Treat

31/03/2024

VAT Manual and guide available on Staffnet permanently - refreshed annually as needs be

10/07/2023

Treat

31/03/2024

Accounting Instruction 15 - VAT - permanently available online

10/07/2023

Treat

31/03/2024

Advice and guidance issued to HoS and managers on 16/02/21 regarding new Construction Industry Domestic Reverse charge for VAT Regime.

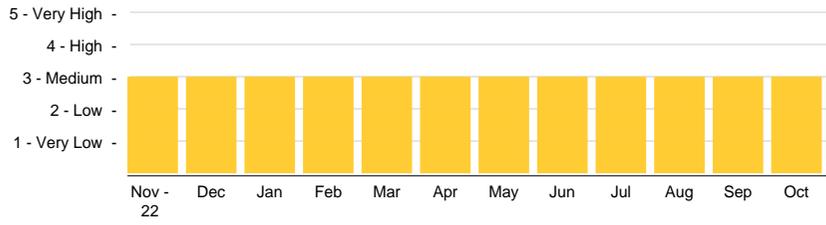
10/07/2023

Treat

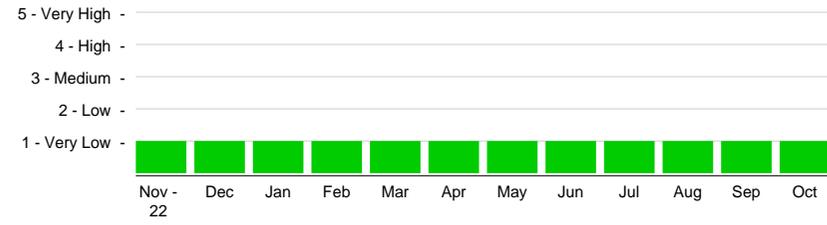
31/03/2024

In order to comply with new legislation coming in 1st March, we are requiring review of all ongoing procured construction services to ensure the correct VAT treatment is being applied. Where CIS is applicable, we have a statutory obligation to notify suppliers of our End User status so they know whether or not to charge us VAT

Current Impact : 3 - Medium



Current Likelihood : 1 - Very Low



## Risk on a Page

Risk Title : Reducing and tackling Fraud

Risk ID : 289

Description : If the council does not put robust arrangements in place to protect its limited resources and assets from fraud and corruption, then it will remove resources from the council so that they are not put to best use to support those with the greatest need and will cause untold social harm to individuals and communities.

Risk Level : Directorate

Responsible Officer : Ben.Smith

Councillor : Robert Stewart

Inherent Risk : 12

Last Update : 01/11/2023

Historical RAG :	Nov-22	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct-23
	8	8	8	8	8	8	8	8	8	8	8	8

### Current Control Measures

Continue to assess all reports of fraud received via a dedicated fraud inbox for staff and the general public to report any suspicion of alleged fraudulent activity and evaluate the threats and respond accordingly. (Updated 02/02/22)

Last Update

Risk Response

Projected Completion

Continue to implement an action plan to further strengthen counter-fraud arrangements in response to a review of counter-fraud arrangements in public sector bodies across Wales undertaken by Audit Wales. (Updated 02/02/22)

20/03/2023

Treat

31/03/2024

Continue to take part in the National Fraud Initiative exercise coordinated by the Cabinet Office on a two-yearly basis, which involves data matching across a broad range of Council data in order to detect and prevent fraudulent activity. (Updated 02/02/22)

20/03/2023

Treat

31/03/2024

Continue to communicate a minimum of twice a year, via internal and external bulletins, a Zero Tolerance approach to fraud, bribery and corruption. (Updated 02/02/22)

20/03/2023

Treat

31/03/2024

Annual review of all relevant policies and procedures to ensure they remain fit for purpose in helping to prevent and detect fraud and corruption e.g. the Anti-Fraud and Corruption Policy, Anti-Money Laundering Policy, Whistleblowing Policy, Disciplinary Policy and the Code of Conduct. (Updated 02/02/22)

20/03/2023

Treat

31/03/2024

Continue the work and publicise the existence at least twice a year of the Council's dedicated team of professionally trained and experienced Corporate Fraud Investigators to prevent, deter and detect fraudulent activity and to ensure any allegations of fraud and corruption are effectively investigated. (Updated 02/02/22)

20/03/2023

Treat

31/03/2024

Governance & Audit Committee continues to review and assess the Risk Management, Internal Control And Corporate Governance Arrangements of the Authority as part of the committees annual work programme, which includes quarterly monitoring reports from the Chief Internal Auditor, the Strategic Delivery and Performance Manager and annual reports from the Corporate Directors, which provides

20/03/2023

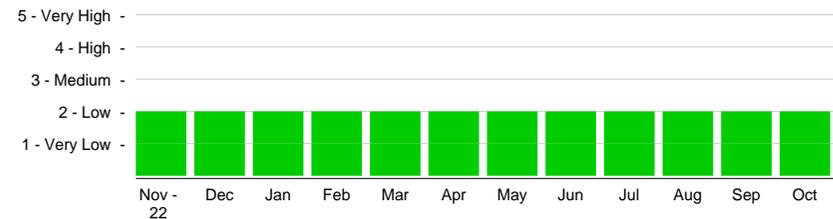
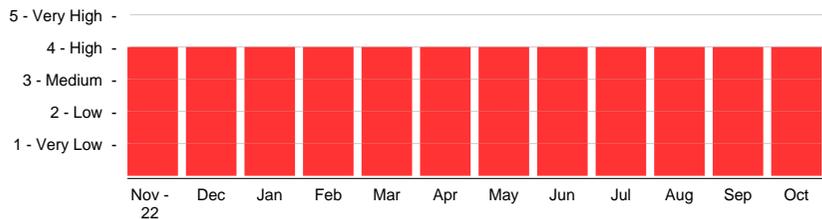
Treat

31/03/2024

Current Control Measures	Last Update	Risk Response	Projected Completion
assurance that there are suitable controls and procedures in place across the Council to reduce the possibility of fraudulent activity. (Updated 02/02/22) Provide independent assurance each year via the Chief Auditor's Annual Report and Opinion, the Annual Governance Statement and the Annual ISA 260 Report from the Council's external auditors of the existence of a strong and effective Governance, Risk Management and Internal Control framework that provides assurance that there are suitable controls and procedures in place across the Council to reduce the possibility of fraudulent activity. (Updated 02/02/22)	20/03/2023	Treat	31/03/2024
The Fraud Team continue to act as the hub for the receipt of intelligence and alerts from the National Anti-Fraud Network and other organisations, including the Councils bankers and the Credit Industry Fraud Avoidance Service, and take action and circulate to raise awareness of current and emerging fraud risks that may be faced by the Council and so reduce the risk of the authority being subject to fraudulent attack. (Updated 02/02/22)	20/03/2023	Treat	31/03/2024
Report progress annually and mid-year against the work undertaken by the Corporate Fraud Function to CMT and Governance & Audit Committee to assist in increasing fraud awareness across the organisation and highlight key risk areas in order to deter and reduce the risk of further fraudulent activity. (Updated 02/02/22)	20/03/2023	Treat	31/03/2024
Present the Annual Counter Fraud Plan and gain approval each year from CMT and Governance & Audit Committee to help ensure fraud risks are identified and highlighted and resources are targeted to key areas to limit the possible risk of fraud. (Updated 02/02/22)	20/03/2023	Treat	31/03/2024
Review annually and remind staff every six months of detailed policies and procedures in place for staff to follow to reduce the likelihood and opportunity of fraudulent activity, including Financial Procedure Rules, Contract Procedure Rules and Procurement Guidelines. (Updated 02/02/22)	20/03/2023	Treat	31/03/2024

Current Impact : 4 - High

Current Likelihood : 2 - Low



Business Risk	Current Impact	Current Likelihood	Overall RAG Status	Risk Owner / Updater	Level and Source of Assurance						Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
					Level 1	Level 2			Level 3					
					Management Assurance	Other <u>Internal</u> Assurance			Other <u>Independent</u> Assurance					
Council/ Cabinet	Scrutiny	Other	Internal Audit	Other Bodies		External Audit								

<p><b>Risk ID</b> 159</p> <p><b>Risk Title</b> Financial Control – MTFP aspects of Sustainable Swansea</p> <p><b>Risk Level</b> Corporate</p> <p>Page 231</p>	<p>If we fail to deliver Sustainable Swansea and maintain sufficient financial control, and in particular do not ensure we contain service overspending, especially now inflation is embedded at levels far above the expectation of around 2%, then we will not be able to respond appropriately to continuing austerity, demographic pressures, increasing demand and price pressures and changing public expectations.</p>	Very High	Very High	Red	Ben Smith / Jeff Dong	<p>&gt;As part of the quarterly Revenue and Capital Budget Monitoring Reports to Cabinet, continue to monitor and report on slippage in Capital schemes and the effects on Capital schemes of price inflation affecting supplies and materials, including mitigating actions such as agreeing cost increases through FPR7 procedures</p> <p>&gt;Covid disruption</p> <p>&gt;COVID-19 Recovery Plan: Future Council - Finance - New MTFP. Linkages with Achieving better Together Can be refreshed after budget settlement 2023.</p> <p>Uncertain settlement from Welsh Government a possibility which shall not aid medium term certainty</p> <p>&gt;Identify uncontainable inflation pressures as variances in the monthly PFM budget reporting cycles and quarterly through to Cabinet.</p> <p>&gt;Compliance within Financial Procedure rules so that spend</p>	<p>&gt;Quarterly monitoring reports to Council and Cabinet</p> <p>&gt;Comprehensive multi stage, directorate by directorate bottom up service budget setting process in a wholly collaborative Officer/ Cabinet Member framework</p> <p>&gt;Overspend and under delivery of savings openly and transparently escalated and reported to Cabinet and Council by S151 Officer.</p>	<p>&gt;Dedicated Scrutiny Service Improvement and Finance Performance Panel consider challenge and scrutinise the budget on a quarterly basis.</p>	<p>&gt;Quarterly monitoring reports to Audit Committee</p> <p>&gt;Monthly PFM monitoring in place.</p> <p>Transform &amp; Future Council PDC.</p> <p>&gt; Many controls continue to be exercised by CMT in relation to filling vacant posts, restructures, regrades and committing contract sums.</p> <p>&gt;Budget holders required to monitor and report any budget variances to monthly P&amp;FM for review.</p> <p>&gt;Reshaping Board launched to challenge delivery/ non-delivery and accelerate timescales.</p>	<p>&gt;Governance and Audit Committee provide challenge, oversight and assurance</p> <p>&gt;Periodic budget monitoring reports go to Governance and Audit Committee</p> <p>&gt;Budget reports included in the 2022/23 workplan for Governance and Audit Committee</p>	<p>&gt;Audit Wales review the MTFP aspects of Sustain. Swansea.</p> <p>&gt;AW recently published financial resilience national report and showed clearly Swansea's relative robust position in respect of its reserves position relative to peers in Wales.</p> <p>&gt;Risks in current year managed temporarily by drawing down from those increased reserves.</p>	<p>&gt;Saving and other budget mgt to be included as part of the Achieving Better Together (trans) audit 23/24</p> <p>&gt;Fundamental audits included in the plan as due in 2023/24</p>	Service Specific / Fundamental Audits - Section 151 Officer Assurance
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Business Risk	Current Impact	Current Likelihood	Overall RAG Status	Risk Owner / Updater	Level and Source of Assurance						Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
					Level 1	Level 2			Level 3					
					Management Assurance	Other <i>Internal</i> Assurance			Other <i>Independent</i> Assurance					
Council/ Cabinet	Scrutiny	Other	Internal Audit	Other Bodies		External Audit								

					<p>Cabinet if non compliance</p> <p>&gt;Agree modest virements in conjunction with the S151 Officer and report more sizeable issues for decision through Cabinet on S151 Officer advice around releases from central inflation provision (£4m) and contingency (£3.5m) in year</p> <p>&gt;The S151 Officer to issue forthright and formal advice on the adequacy of budgets as part of budget setting, including the central inflation provision and contingency over the medium term taking into account all known pressures including prices.</p> <p>&gt;Further development work to progress on transformation agenda over medium term through Achieving Better Together reshaping programme.</p>								
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# Integrated Impact Assessment Screening Form – Appendix C

Please ensure that you refer to the Screening Form Guidance while completing this form.

## Which service area and directorate are you from?

Service Area: whole Directorate

Directorate: Finance Directorate

### Q1 (a) What are you screening for relevance?

- New and revised policies, practices or procedures
- Service review, re-organisation or service changes/reductions, which affect the wider community, service users and/or staff
- Efficiency or saving proposals
- Setting budget allocations for new financial year and strategic financial planning
- New project proposals affecting staff, communities or accessibility to the built environment, e.g., new construction work or adaptations to existing buildings, moving to on-line services, changing location
- Large Scale Public Events
- Local implementation of National Strategy/Plans/Legislation
- Strategic directive and intent, including those developed at Regional Partnership Boards and Public Services Board, which impact on a public bodies functions
- Medium to long term plans (for example, corporate plans, development plans, service delivery and improvement plans)
- Setting objectives (for example, well-being objectives, equality objectives, Welsh language strategy)
- Major procurement and commissioning decisions
- Decisions that affect the ability (including external partners) to offer Welsh language opportunities and services
- Other

### (b) Please name and fully describe initiative here:

Finance Directorate Internal Control Environment – a ‘for information’ report setting out The Finance Directorate control environment, including risk management, in place to ensure functions are exercised effectively; there is economic, efficient and effective use of resources, and; effective governance to secure these arrangements.

### Q2 What is the potential impact on the following: the impacts below could be positive (+) or negative (-)

	High Impact		Medium Impact		Low Impact		Needs further Investigation	No Impact
	+	-	+	-	+	-		
Children/young people (0-18)	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Older people (50+)	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Any other age group	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Future Generations (yet to be born)	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Race (including refugees)	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Asylum seekers	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Gypsies & travellers	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Religion or (non-)belief	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Sex	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Sexual Orientation	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Gender reassignment	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Welsh Language	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Poverty/social exclusion	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Carers (inc. young carers)	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Community cohesion	<input type="checkbox"/>	<input checked="" type="checkbox"/>						

## Integrated Impact Assessment Screening Form – Appendix C

Marriage & civil partnership	<input type="checkbox"/>	<input checked="" type="checkbox"/>				
Pregnancy and maternity	<input type="checkbox"/>	<input checked="" type="checkbox"/>				
Human Rights	<input type="checkbox"/>	<input checked="" type="checkbox"/>				

**Q3 What involvement has taken place/will you undertake e.g. engagement/consultation/co-productive approaches? Please provide details below – either of your activities or your reasons for not undertaking involvement**

This is a ‘for information’ report setting out the existing internal control environment in the Finance Directorate , so no consultation or engagement is required.

**Q4 Have you considered the Well-being of Future Generations Act (Wales) 2015 in the development of this initiative:**

- a) Overall does the initiative support our Corporate Plan’s Well-being Objectives when considered together?  
 Yes  No
- b) Does the initiative consider maximising contribution to each of the seven national well-being goals?  
 Yes  No
- c) Does the initiative apply each of the five ways of working?  
 Yes  No
- d) Does the initiative meet the needs of the present without compromising the ability of future generations to meet their own needs?  
 Yes  No

**Q5 What is the potential risk of the initiative? (Consider the following impacts – equality, socio-economic, environmental, cultural, legal, financial, political, media, public perception etc...)**

High risk <input type="checkbox"/>	Medium risk <input type="checkbox"/>	Low risk <input checked="" type="checkbox"/>
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**Q6 Will this initiative have an impact (however minor) on any other Council service?**  
 Yes  No **If yes, please provide details below**

**Q7 Will this initiative result in any changes needed to the external or internal website?**  
 Yes  No **If yes, please provide details below**

**Q8 What is the cumulative impact of this proposal on people and/or communities when considering all the impacts identified within the screening and any other key decisions affecting similar groups/ service users made by the organisation?**  
*(You may need to discuss this with your Service Head or Cabinet Member to consider more widely if this proposal will affect certain groups/ communities more adversely because of other decisions the organisation is making. For example, financial impact/poverty, withdrawal of multiple services and whether this is disadvantaging the same groups, e.g., disabled people, older people, single parents (who are mainly women), etc.)*

## Integrated Impact Assessment Screening Form – Appendix C

**Outcome of Screening – This is a ‘for information’ report on the internal control environment in Finance Directorate. There are no specific equality issues relating to this report and no direct impact on people or communities, so there is no need to complete a full IIA report**

**Q9 Please describe the outcome of your screening using the headings below:**

- **Summary of impacts identified and mitigation needed (Q2)**
- **Summary of involvement (Q3)**
- **WFG considerations (Q4)**
- **Any risks identified (Q5)**
- **Cumulative impact (Q7)**

(NB: This summary paragraph should be used in the ‘**Integrated Assessment Implications**’ section of corporate report)

**Outcome of Screening – This is a ‘for information’ report on the internal control environment in The Finance Directorate. There are no specific equality issues relating to this report and no direct impact on people or communities, so there is no need to complete a full IIA report**

Full IIA to be completed

Do not complete IIA – please ensure you have provided the relevant information above to support this outcome

NB: Please email this completed form to the Access to Services Team for agreement before obtaining approval from your Head of Service. Head of Service approval is only required via email.

<b>Screening completed by:</b>
<b>Name: J Dong</b>
<b>Job title: Deputy Chief Finance Officer</b>
<b>Date: 10/11/23</b>

<b>Approval by Head of Service:</b>
<b>Name: Ben Smith</b>
<b>Position: Director of Finance</b>
<b>Date: 17/11/23</b>

Please return the completed form to [accesstoservices@swansea.gov.uk](mailto:accesstoservices@swansea.gov.uk)

# Agenda Item 6



## Report of the Chief Auditor

Governance & Audit Committee – 6 December 2023

### Internal Audit Monitoring Report - Quarter 2 – 2023/24

<b>Purpose:</b>	This report shows the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 July 2023 to 30 September 2023.
<b>Policy Framework:</b>	None.
<b>Consultation:</b>	Legal, Finance, Access to Services.
<b>Report Author:</b>	Simon Cockings
<b>Finance Officer:</b>	Ben Smith
<b>Legal Officer:</b>	Stephen Holland
<b>Access to Services Officer:</b>	Rhian Millar
<b>For Information</b>	

#### 1. Introduction

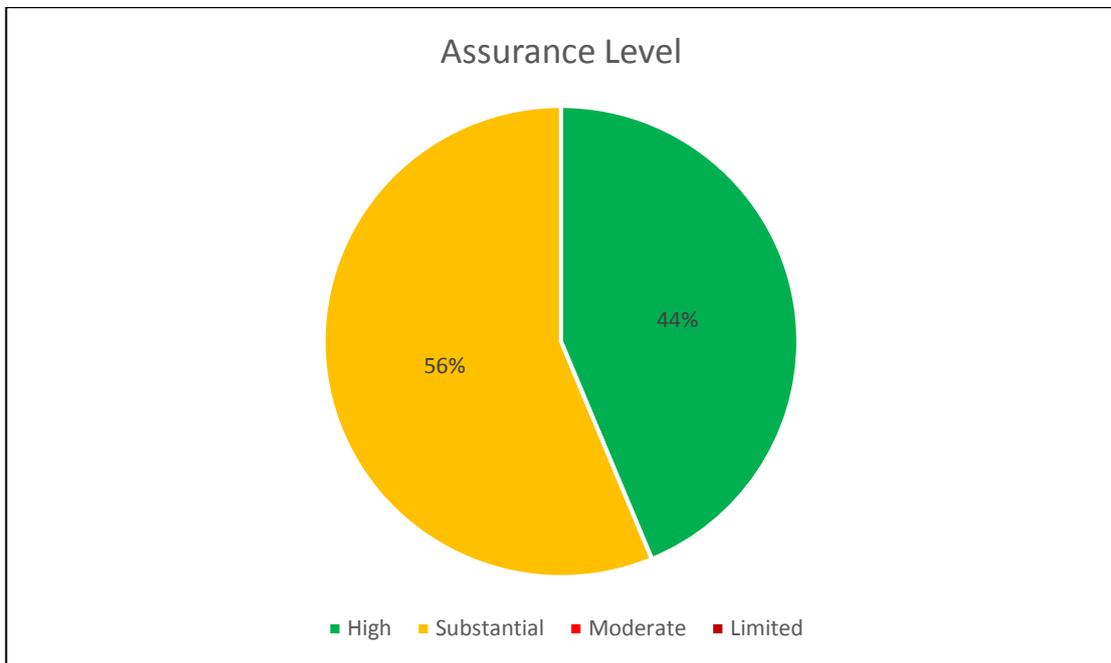
- 1.1 The Internal Audit Annual Plan 2023/24 was approved by the Governance & Audit Committee on 12 April 2023. This is the second quarterly monitoring report to be presented to allow the Committee to review and comment upon the progress of the Internal Audit Section in achieving the Annual Plan.
- 1.2 This report shows the audits finalised in the period 1 July 2023 to 30 September 2023.

**2. Audits Finalised 1 July 2023 to 30 September 2023**

2.1 A total of 16 audits were finalised during the quarter. The audits finalised are listed in Appendix 1 which also shows the level of assurance awarded at the end of the audit and the number of recommendations made and agreed. Appendix 2 provides a summary of the scope of the reviews finalised during the period.

2.2 An analysis of the assurance levels of the audits finalised is shown in the following table and chart:

Assurance Level	High	Substantial	Moderate	Limited	Total
Number	7	9	0	0	16



2.3 A total of 95 audit recommendations were made and management agreed to implement all of the recommendations made. i.e., 100% of the recommendations made were accepted against a target of 95%.

2.4 All recommendations made are classified as High Risk, Medium Risk, Low Risk or Good Practice. An analysis of the recommendations agreed during the quarter is shown in the following table and chart:

Risk Level	High Risk	Medium Risk	Low Risk	Good Practice	Total
Number	0	10	63	22	95



- 2.5 The Audit Plan is a ‘living’ document which is likely to change during the year due to emerging risks or new priorities. However, it is important that the Committee can monitor progress against the plan approved at the start of the year. To achieve this, Appendix 3 shows each audit included in the Plan approved by Committee on the 12 April 2023 and identifies the position of each audit on 30 September 2023.
- 2.6 As previously reported, staff sickness in the Internal Audit Team has continued to be significant during the second quarter, with a total of 71 days absence recorded. Cumulative sickness absence to the end of quarter two totalled 104 days. At the time of compiling this report, one member of staff remains absent due to long-term sickness and they continue to be supported by Human Resources. In addition, one further part-time member of staff that had been absent due to long-term sickness for over a year left the council due to ill-health capability in late September.
- 2.7 As noted in the previous monitoring report, a Senior Auditor left the team during quarter one. This post was filled by one of the existing auditors and their post was subsequently filled in early September. At the time of compiling this report, the request to advertise the part-time vacant post has been submitted to Human Resources. We hope to be able to commence recruitment for this post as soon as possible. As a result of the vacancies noted above, 52 days were lost in quarter two, with a cumulative total of 62 days being lost in the year to date due to vacancies. Further days will also be lost due to the vacant post in quarter three.
- 2.8 The Internal Audit Annual Plan for 2023/24 contains 116 separate audit activities. As at 30 September 2023, 36 audit activities (31%) had been completed, with one additional activity (1%) substantially complete with the audit report issued as draft. As a result, 37 audit activities have been completed to at least draft report stage (32%). An additional 30 activities

were in progress at the end of the quarter (26%). As a result, approximately 58% of the audit activities included in the 2023/24 Audit Plan had either completed or were in progress. A copy of the plan showing the status of the activities as at the 30 September 2023 can be found in Appendix 3.

- 2.9 There were no audit reports issued with 'Moderate' or 'Limited' assurance levels in the quarter.

### 3. Additional work undertaken by Internal Audit in the Quarter

- 3.1 The Internal Audit Team also certified the following grants as required by the terms and conditions of the grant issued by the Welsh Government.

Grant	Amount
Housing Support Grant	£18,687,841

- 3.2 The team also undertook verification testing on a sample of grant payments issued by the Revenues and Benefits Team relating to the Energy Bill Support Alternative Payment Scheme (£160k paid out in total) and the Alternative Fuel Payment Alternative Funding Scheme (£52k paid out in total). This testing was carried out to confirm that the payments made were in accordance with the UK Government guidance. There were no incorrect payments identified in our testing.

### 4. Follow-Up of Audits with Moderate Assurance Levels Completed 1 July to 30 September 2023

- 4.1 The follow-up procedures operated by the Internal Audit Team include revisiting any routine audits which received a Moderate or Limited level of assurance to confirm and test that action has been taken by management to implement the recommendations made in the original audit.

- 4.2 The follow-up audit is usually within six months of the final report being issued and includes testing to ensure that any High or Medium Risk recommendations have been implemented. Where agreed recommendations have not been implemented, this will be reported to the appropriate Head of Service (or Chair of the Governing Body in the case of schools) and the Director of Finance & Section 151 Officer.

- 4.3 Three audits with a Moderate assurance level were followed-up in the quarter. The results of the follow-up audits are summarised below:

#### 4.4 Western Bay Adoption Service & Adoption Allowances

The initial review of the Service was undertaken in July 2022, with the final report being issued in September 2022. The follow-up confirmed that good progress had been made, with only 4 of the 12 recommendations not being fully implemented.

- 4.5 One High Risk and two Low Risk recommendations were found to be partly implemented, and one Medium Risk recommendation had not been implemented. The party implemented Low Risk recommendation related to the approval of Purchase Card payments, where one card holder's payments continued to be approved by Accounts Payable and not by a designated officer within the Service as required. The two remaining partly implemented recommendations related to Travel and Subsistence claims where there was insufficient detail recorded to check that the mileage claimed was accurate, and some instances were noted where in-county journeys had been claimed as out-of-county journeys and vice versa. The management of the Service have subsequently been asked to ensure that all of their staff are reminded of the Council's requirements to ensure these matters are addressed immediately.
- 4.6 The one Medium Risk recommendation that had not been implemented related to procurement, where our testing revealed that purchase orders were continuing to be placed retrospectively after the receipt of invoices from suppliers. A further follow-up review has been scheduled for quarter four of 2023/24.

4.7 Freedom of Information, Subject Access Requests and Environmental Information Regulation Requests

The initial audit of the Service was undertaken in Jan 2022, with the final report being issued in March 2022. The first follow-up review was undertaken in November 2022 and established that whilst some progress had been made in addressing the issues identified, 4 of the 13 recommendations (3 x Medium Risk, 1 x Low Risk) had not been fully implemented.

- 4.8 A second follow-up completed in August 2023 found that 2 of the remaining 4 recommendations had been fully implemented, however 2 Medium Risk recommendations had still not been implemented. The management of the Service have advised that the 2 remaining Medium Risk recommendations are unlikely to be implemented at present due to the lack of resources, and that ownership of both recommendations lie with the whole Council. As a result, this non-compliance has been recorded in the Council's Corporate Risk Register and has also been outlined in the Data Protection Officer's annual report for 2022/23. Both of the recommendations relate to responding to requests from the public within the 20-day timeframe required and addressing the backlog of requests.

- 4.9 The narrative from the Data Protection Officer's Annual Report in relation to the points above is noted below for information:  
*'Medium risk of the number of overdue information requests leading to an ICO practice recommendation. (Likelihood: Medium; Impact: Low) Mitigations in place include a network of FOI officers with central advice and co-ordination from the IGU. The authority is also in the process of purchasing software to control the workflow process for information*

requests. Where the ICO has reached a view that the handling of requests by a public authority does not conform to the Freedom of Information Code of Practice, a Practice Recommendation may be served under section 48(1) of the FOIA, in which the Commissioner outlines the steps that he thinks ought to be taken by the Council. Failure to comply with this recommendation may lead to an enforcement notice issued under section 52 of the Act, which has legal force.’

These areas will be monitored by the Information Governance Board, and we will revisit these as part of the next full audit review.

#### 4.10 Rechargeable Works

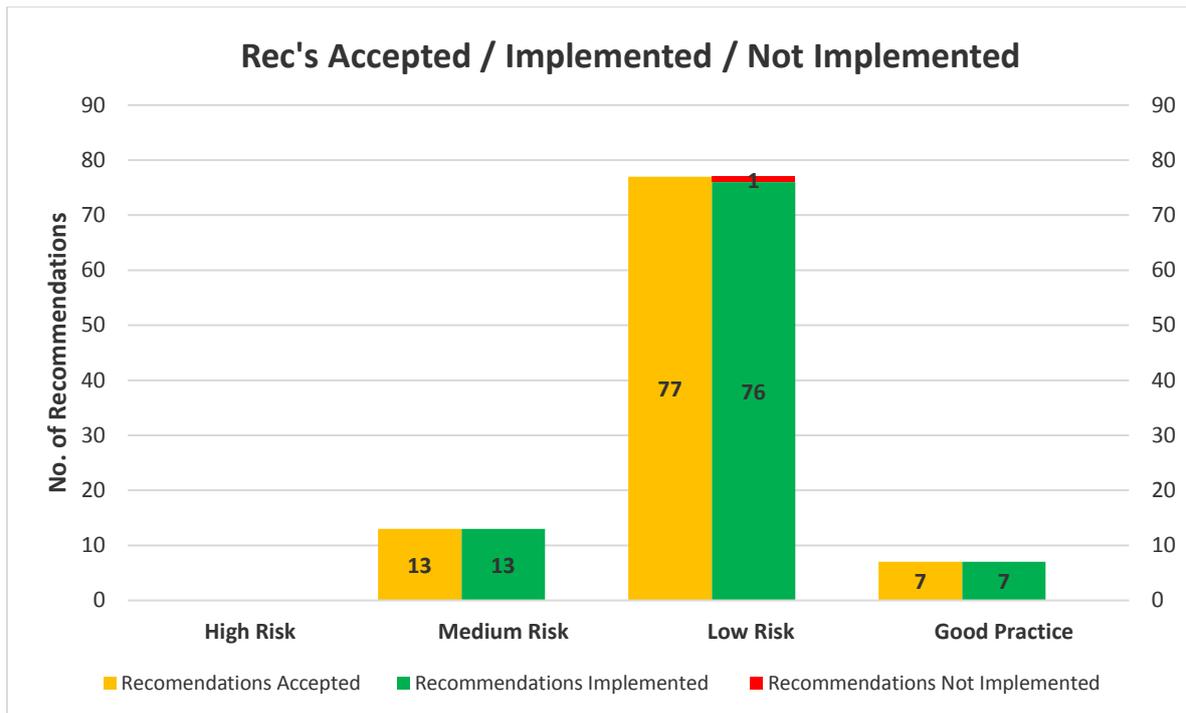
The initial review of the Service was undertaken in August 2022, with the final report being issued in September 2022. The follow-up confirmed that good progress had been made, with 3 of the 4 recommendations (1 x Medium Risk, 1 x Low Risk and 1 x Good Practice) being confirmed as fully implemented.

- 4.11 However, our testing identified that one High Risk recommendation had not been implemented. This related to the monitoring of the 60-day unpaid invoices report and the non-pursual of outstanding payments. As a result, a further follow-up has been scheduled for quarter 4 of 2023/24 to confirm that this recommendation has been implemented.

### 5. **Follow-Up of Audits with High and Substantial Assurance Levels Completed 1 July to 30 September 2023**

- 5.1 Where an audit has been awarded a ‘High’ or ‘Substantial’ level of assurance, the relevant Service is asked to confirm the implementation of the recommendations.
- 5.2 The results of the follow-ups for audits with ‘High’ or ‘Substantial’ assurance levels undertaken in quarter two can be found in Appendix 4. Further detail on the recommendations that have not been implemented can be found in Appendix 5. A summary of the results can be found in the table and corresponding chart below.

Recommendation Status	Recommendation Risk Rating			
	High Risk	Medium Risk	Low Risk	Good Practice
Accepted	0	13	77	7
Implemented	0	13	76	7
Not Implemented	0	0	1	0



## 6. Integrated Assessment Implications

6.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage.
- Consider opportunities for people to use the Welsh language.
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

6.2 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

- 6.3 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.
- 6.4 The completion of the Integrated Impact Assessment Screening revealed that:
- The Quarterly Internal Audit Monitoring Report has a low positive impact across all groups.
  - It has been subject to consultation with the Director of Finance & S151 Officer, Legal and Access to Services.
  - All Well-being of Future Generations Act considerations are positive and any risks identified are low.
  - The overall impact of the Quarterly Internal Audit Report is positive as it will support the Authority in its requirement to protect public funds.

## **7. Financial Implications**

- 7.1 There are no financial implications associated with this report.

## **8. Legal Implications**

- 8.1 There are no legal implications associated with this report.

### **Background Papers:** Internal Audit Plan 2023/24

#### **Appendices:**

Appendix 1 - Audits Finalised Q2 2023/24

Appendix 2 - Summary of Scope of Audits Finalised Q2 2023/24

Appendix 3 - Internal Audit Plan 2023/24 - Progress to 30/09/23

Appendix 4 - High/Substantial Audit Follow-Up Results Q2

Appendix 5 - High/Substantial Audit Follow-Up Results Q2 Recommendations Not Implemented

Appendix 6 - Integrated Impact Assessment

## MONITORING REPORT Q2 2023/24 - AUDITS FINALISED

Audit Area / Head of Service	Audit Title	Date Finalised	Assurance Level	Recommendations		
				Made	Agreed	Not Agreed
Cross Cutting Reviews	Corporate Governance Review 2022/23	06/07/23	High	3	3	0
Housing & Public Health	Housing Loans & Grants	11/08/23	High	6	6	0
Financial Services	Trusts & Charities	05/09/23	High	3	3	0
Waste Management & Parks	Cleansing Strategy	05/09/23	High	7	7	0
Cultural Services	Spot Checks	06/09/23	High	2	2	0
Highways & Transportation	Concessionary Bus Fares	12/09/23	High	2	2	0
Communications & Marketing	Corporate Marketing	29/09/23	High	5	5	0
Housing & Public Health	North Area Housing Office	07/07/23	Substantial	13	13	0
Child & Family Services	Use of Taxis - Authorisation	12/07/23	Substantial	1	1	0
Adult Services	Flexible Support Service	20/07/23	Substantial	7	7	0
Child & Family Services	Youth Offending Service	01/08/23	Substantial	15	15	0
Education Planning & Resources	Morrison Comprehensive School	14/08/23	Substantial	16	16	0
Planning & City Regeneration	Section 106 Agreements	30/08/23	Substantial	5	5	0
Miscellaneous Audits	Swansea Bay Port Health Authority	31/08/23	Substantial	7	7	0
Human Resources & Service Centre	Purchase Card Administration	25/09/23	Substantial	2	2	0
Education Planning & Resources	Primary School DBS (Thematic Review)	29/09/23	Substantial	1	1	0
			<b>Total</b>	<b>95</b>	<b>95</b>	<b>0</b>

## MONITORING REPORT Q2 2023/24 - SUMMARY OF SCOPE OF AUDITS FINALISED

Audit Area / Head of Service	Audit Title	Assurance Level	Audit Scope	Key Findings / Risks
Cross Cutting Reviews	Corporate Governance Review 2022/23	High	<i>The audit reviewed the procedures in place and included testing on the following areas: Council's Constitution, Senior Management Meetings, Service Plans, Senior Management Assurance Statements, Risk Management, Scrutiny, Decision Making at Committees, Audit Committee, Internal Audit, Performance</i>	None
Housing & Public Health	Housing Loans & Grants	High	<i>The audit reviewed the procedures in place and included detailed testing on the following areas: Application and approval process, Inspections and monitoring of progress, Calculation of grant / loan entitlement, Payments to contractors, Interim payments, Registration of Local Land Charges and Legal Charges, Loan Repayments, GDPR and Data Retention</i>	None
Financial Services	Trusts & Charities	High	<i>Testing was undertaken to examine the controls and procedures associated with the following areas: Procedures, Management Arrangements, Payments, Income, Investments, Annual Returns and Accounts</i>	None
Waste Management & Parks	Cleansing Strategy	High	<i>The audit reviewed the procedures in place and included detailed testing on the following areas: Expenditure, P-Cards, Income, Grants Received, Inventory, Employee Records, Vehicle Records, GDPR &amp; Data Protection</i>	None
Cultural Services	Spot Checks	High	<i>The audit consisted of a visit and income reconciliation at the following sites: Southend Crazy Golf, Land Train (Operated out of Blackpill Lido), Singleton Boating Lake (Crazy golf / Boat hire), Recreation Ground Car Park, Blackpill Lido Deck Chairs</i>	None
Highways & Transportation	Concessionary Bus Fares	High	<i>The Council facilitates payments on behalf of Welsh Government to bus operators providing local bus services in Swansea, and the audit examined the payments made to First Cymru, which amounted approximately £5.8m in 2022/23.</i>	None
Communications & Marketing	Corporate Marketing	High	<i>The audit reviewed the procedures in place and included detailed testing on the following areas: Expenditure Purchase Cards (P-Cards), Staff Additional Hours, Budget Monitoring, GDPR and Data Retention</i>	None

## MONITORING REPORT Q2 2023/24 - SUMMARY OF SCOPE OF AUDITS FINALISED

Housing & Public Health	North Area Housing Office	Substantial	Testing was undertaken to examine the controls and procedures associated with the following areas: New Tenancies, End of Tenancy, Void Properties, Transfers, Mutual Exchanges, Redecoration Allowances, Neighbourhood Officers, Expenditure, Purchase Card, Cash Holding, Miscellaneous Income, Building Security, Inventory, Travel Expenses, Personnel Records, GDPR and Data Retention	Instances of incomplete records in relation to key receipts, end of tenancy forms, and home inspection forms noted. A number of purchase orders were noted as created after receipt of the invoice, and some instances where VAT had not been reclaimed on P-Card purchases. Some additional good practice recommendations noted.
Child & Family Services	Use of Taxis - Authorisation	Substantial	The audit reviewed the authorisation of Taxi Requests on the WCCIS system by officers in Child & Family Services	Sample testing of taxi requests revealed a number had been approved by staff without the required approval limit.
Adult Services	Flexible Support Service	Substantial	The audit included the review and testing of controls established by management over the following areas: Expenditure, Purchase Card (P-Card), Cash Security, Inventory, Petty Cash, Travel Expenses, Personnel, Service Provision, Personal Support Plans & Progress Reports, Unofficial Funds, GDPR & Data Retention	Mileage claim testing revealed that there appeared to be different methods for claiming journeys, and therefore it was unclear if the correct deductions had been made, particularly in relation to home to work deductions. A number of additional low risk recommendations also noted.
Child & Family Services	Youth Offending Service	Substantial	The audit reviewed the procedures in place and included detailed testing on the following areas: Expenditure, P-Cards, Inventory, Petty Cash, Officers' Travelling Expenses, Employee Records, Vehicle Records, Unofficial Fund, GDPR	A number of P-Card purchases were approved by officers in Accounts Payable and not by a designated "Approver" in the service as required. A number of low risk and good practice recommendations also noted.
Education Planning & Resources	Morrison Comprehensive School	Substantial	The audit included the review and testing of the controls established by management over the following areas: Governance, Management of Delegated Resources, Collection & Banking of Delegated Income, Bank Reconciliations, Unofficial Funds, Lettings, Expenditure, Verification of Employees / Self Employment, Health & Safety, Inventory, Mini Bus Records, Computer Security & Data Protection, Verification and Authorisation of School Meals	Significant use of the non-order facility on SIMS was noted when undertaking expenditure testing. Sample testing of expenditure also revealed a number of purchases where no evidence of CPR compliance was available. Additional low risk and good practice recommendations noted.

## MONITORING REPORT Q2 2023/24 - SUMMARY OF SCOPE OF AUDITS FINALISED

Planning & City Regeneration	Section 106 Agreements	Substantial	<p>The audit included the review and testing of controls established by management over the following areas: Policies and Procedures, Applications, Payment of Legal and Monitoring Fees, Financial Contributions and Trigger Points, Monitoring of Expenditure, Database Access Security, GDPR</p>	<p>Following the last audit of the service, a recommendation was made and agreed by management that an annual report of all completed Section 106 agreements would be compiled and put before the Planning Committee. Discussions during this audit confirmed that an annual report is not currently prepared, however Section 106 agreements are reported to the Members of the Planning Committee as part of the planning application approval process. Individual Ward Members are also notified of the agreements entered into. It was also intended that the annual report would detail all agreements whereby monies had been formally allocated to the relevant departments to be spent on the approved projects but this report was not being produced. Additional low risk recommendations noted.</p>
Miscellaneous Audits	Swansea Bay Port Health Authority	Substantial	<p>Testing was undertaken to examine the controls and procedures associated with the following areas: Expenditure, Purchase Cards, Cash and Credit Income, Grant Income, Inventory, Petty Cash, Travel Expenses, Personnel Records, Information Technology, Standing Orders, GDPR and Data Retention</p>	<p>Inventory records were found to be outdated and no physical inventory check had been undertaken on an annual basis. Sample testing of mileage claims showed journey details were not detailed enough to confirm the correct amount had been claimed. Additional low risk and good practice recommendations also noted.</p>
Human Resources & Service Centre	Purchase Card Administration	Substantial	<p>The audit reviewed the procedures in place and included detailed testing on the following areas: New Applications, Monitoring &amp; Authorisation of Expenditure, Interfaces to the General Ledger, Leavers, GDPR &amp; Data Retention</p>	<p>Transactions which are not coded by the cardholder or approved by their Approver are coded by officers in the Service Centre, so that the interface to Accounts Payable can be actioned and a payment made to Barclaycard. Card holders should be cautioned when more than three transactions have not been coded or not approved however, we were informed that these checks have not been carried out since March 2020. Discussions with the Accounts Payable &amp; Purchasing Team Leader revealed that routine monitoring of the nature and level of expenditure appearing on accounts has not been undertaken since March 2020.</p>

## MONITORING REPORT Q2 2023/24 - SUMMARY OF SCOPE OF AUDITS FINALISED

Education Planning & Resources	Primary School DBS (Thematic Review)	Substantial	<p><i>The review of that Disclosure &amp; Barring Service (DBS) checks was undertaken for all staff employed in a sample of 26 Primary Schools. The audit was completed remotely using Oracle and Fusion database records and the Online DBS System delivered by Powys County Council, with additional information provided by the schools where necessary. The audit reviewed the DBS records for all current members of staff, as at August 2023, to confirm that each had a valid DBS.</i></p>	<p><i>Of the sample of all employees across 26 schools, 5 DBS's were noted as expired. However, one employee was noted as being off long term sick, one was on a career break, two application had been submitted and risk assessment forms had been completed as required. Only two instances were noted were the DBS had expired and there was a delay in completing the risk assessment pending the renewal of the DBS.</i></p>
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**Internal Audit Annual Plan 2023/24**

Audit Title	Risk Rating	Status as at 30/09/2023	Corporate Priority	Days	Scope
<b>Level 1 – Cross Cutting Reviews – Council Governance &amp; Control</b>					
Corporate Governance Review	Med/High	Planned	Cross Cutting	25	Review and assessment of corporate governance arrangements across the Council. Including review of management assurance controls in the corporate risk register and delegated decision making.
Risk Management	Med/High	Allocated	Cross Cutting	15	Annual rolling audit of risk management controls and monitoring in each directorate on a rotational basis.
FOI/SAR/EIR - Follow Up	Med	Final Issued	Cross Cutting	3	Follow up of moderate audit report issued.
Achieving Better Together – Transformation (inc. workforce strategy and savings delivery) *	New	Planned	Cross Cutting	15	New / TBC – review of the Transformation element including workforce strategy and delivery of savings proposals.
Oracle Cloud / Fusion Project*	New	Planned	Cross Cutting	10	New / TBC – Review of ongoing progress with the project.
Regional Working*	New	Final Issued	Cross Cutting	10	New / TBC - Update on current and proposed regional working arrangements
Sickness & Overtime Review*	New	Allocated	Cross Cutting	15	New / TBC - Review of sickness and overtime levels across key departments
<b>Level 2 – Fundamental Systems - Section 151 Officer Assurance</b>					
<b>Financial Services – (1) Annual Audit, (2) 2-yearly Audit, (2+Follow-up)- 2 yearly Audit plus follow-up.</b>					
Pensions Admin (2)	Med/High	Allocated	Section 151 Assurance	20	Review of the operations and controls of the CCS LGPS Pension Fund Administration Team.
Teachers Pensions (2)	Med	In Progress	Section 151 Assurance	15	Review of the Teacher Pensions processes undertaken by the Payroll Section of the Service Centre.
Accounts Receivable (1)	High	Allocated	Section 151 Assurance	35	Review of the effectiveness of all Accounts Receivable / Debtor processes
Business Rates (NNDR) (2 + Follow-up)	Med/High	Allocated	Section 151 Assurance	5	Collection and administration procedures of National Non-Domestic Rates by the Council – Follow-up review of 22/23 audit findings.
Pension Fund Investments (2)	Med	Allocated	Section 151 Assurance	7	Review of Pension Fund Investment activities undertaken by the Treasury Management Team.
Housing Rents (2)	Med	Allocated	Section 151 Assurance	20	Review of the Housing Rents Team in the Housing & Public Health Service.

## Internal Audit Annual Plan 2023/24

Accounts Payable (2 + Follow-up)	Med	Planned	Section 151 Assurance	5	Review of the controls and effectiveness of all Accounts Payable processes – Follow-up review of 22/23 audit findings.
Housing & Council Tax Benefit (2)	Med/High	In Progress	Section 151 Assurance	40	Audit of the Housing Benefit & Council Tax Reduction System and processes
Council Tax (2 + Follow-up)	Med/High	Allocated	Section 151 Assurance	5	Review of all Council Tax collection processes and procedures – Follow-up review of 22/23 audit findings.
Capital Accounting (2)	Med	Allocated	Section 151 Assurance	25	Review of the controls in place for capital accounting
<b>Level 3 – Service Level Audits – Other Assurance</b>					
<b>Education Planning &amp; Resources</b>					
Bishop Gore Comprehensive School	Med	Allocated	Education	10	Review of compliance with Council policies and procedures.
Birchgrove Comprehensive School	Med	Final Issued	Education	10	Review of compliance with Council policies and procedures.
Morryston Comprehensive School	Med	Final Issued	Education	10	Review of compliance with Council policies and procedures.
Olchfa Comprehensive School	Med	In Progress	Education	10	Review of compliance with Council policies and procedures.
School Kitchens*	Med/High	Allocated	Education	15	Financial and administration procedures in individual school kitchens across the school population.
Catering & Cleaning**	Med	Final Issued	Education	3	Ongoing audit from 2022/23 plan.
Schools DBS – Thematic Review	Med	Final Issued	Education	15	Review of DBS Controls within Schools following main DBS audit highlighting issues
MultiPay Cards Review – Thematic Review	New	In Progress	Education	10	New / TBC – review of use of payment cards and controls in schools.
Clydach Primary School	New	Final Issued	Education	3	Audit at the request of Education.
Crwys Primary School	New	Allocated	Education	3	Audit at the request of Education.
<b>Achievement &amp; Partnership Service</b>					
School Improvement Advisors	Med	Final Issued	Education	10	Review of the School Improvement Advisor (prev. named Challenge Advisors) Service.
School Governor Support Unit	New	Allocated	Education	10	Review of the operations of the School Governor Support Unit.
<b>Vulnerable Learner Service</b>					

## Internal Audit Annual Plan 2023/24

Additional Learning Needs & Inclusion Team	Med	Planned	Education, Safeguarding & Poverty	25	Review of Access to Learning, Psychology Service, Recoupment, SEN/ALN Support, Statements & LA IDP's and Learning and Behaviour Support.
Pupil Support Team	New	Planned	Education, Safeguarding & Poverty	10	Review of the Pupil Support team inc. Home Tuition and EOTAS Pathways
Swansea Pupil Referral Unit	Med	Allocated	Education, Safeguarding & Poverty	10	Review of the operations of the PRU
<b>Education Grants &amp; Other</b>					
Schools Annual Report	n/a	Final Issued	Education, Safeguarding & Poverty	3	Summary of School Audit work undertaken in 22/23
Education Improvement Grant	n/a	In Progress	Education, Safeguarding & Poverty	15	Grant Certification of the Education Improvement Grant (prev. Regional Consortia School Improvement Grant)
Pupil Deprivation Grant	n/a	In Progress	Education, Safeguarding & Poverty	15	Grant Certification
<b>Child &amp; Family Services</b>					
Youth Offending Service	Med	Final Issued	Safeguarding	10	Review of the operations of the service.
Use of Taxis – Authorisations	Med	Final Issued	Safeguarding	10	Review of controls over the use of taxis within the service
Youth Provision in Early Help*	Med	Final Issued	Safeguarding	15	Review of controls within Young Peoples Support, Youth Clubs and Community Childcare
Western Bay Adoption Service & Adoption Allowances – Follow Up	Med	Final Issued	Safeguarding	5	Follow-up review of moderate audit report issued in 2022/23.
<b>Adult Services</b>					
Home Care*	Med/High	In Progress	Safeguarding	10	Carried forward from 2022/23 Plan.
Integrated Community Equipment Service & Suresprung	Med/High	In Progress	Safeguarding	10	Review of controls in the community equipment service and Suresprung
Deprivation of Liberty Safeguards	New	In Progress	Safeguarding	10	Added at request of the Chair – Risk Register review.

## Internal Audit Annual Plan 2023/24

Flexible Support Service	Med	Final Issued	Safeguarding	10	Review of flexible support service within learning disability services.
Adult Services Establishments – Self Assessment Checklists	Med/High	In Progress	Safeguarding	25	Self-assessment checklist review and evaluation of establishments providing adult services.
Supporting People Team	Med	Final Issued	Safeguarding	5	Review of operations and compliance within the team.
Housing Support Grant – Regional Coordinator Grant	n/a	Final Issued	Safeguarding	3	Grant Certification
Housing Support Grant	n/a	Final Issued	Safeguarding	10	Grant Certification
<b>Adult Services – Directorate Services</b>					
Client Property & Finance*	Med	In Progress	Safeguarding	15	Review of controls in place for client funds held and distributed by the Council as custodians, including payments, annual accounts and monthly reconciliations
Business Support Team – Adult Services	Med	In Progress	Safeguarding	10	Review of the operations of the team.
Review of Transitional Placement Arrangements*	New	Allocated	Safeguarding	10	Carried forward from 2022/23 Plan.
<b>Commissioning &amp; Tackling Poverty</b>					
Enable Support for Independent Living Grant	n/a	Allocated	Safeguarding	10	Grant Certification
<b>Building Services</b>					
Heol y Gors – Stores, Admin & Finance, Oracle T&L*	Med/High	Planned	Economy & Infrastructure, Safeguarding	20	Review of compliance with Council policies and procedures.
Heol y Gors – Plant & Transport**	Med	In Progress	Economy & Infrastructure, Safeguarding	3	Ongoing audit from 2022/23 plan.
Day to Day Repairs/Maintenance Section*	Med	Allocated	Economy & Infrastructure, Safeguarding	20	Carried forward from 2022/23 Plan.
<b>Waste Management &amp; Parks</b>					
Cleansing Strategy*	New	Final Issued	Economy & Infrastructure, Resource & Biodiversity	5	Carried forward from 2022/23 Plan.
<b>Highways &amp; Transportation</b>					

## Internal Audit Annual Plan 2023/24

Concessionary Bus Fares	Med	Final Issued	Economy & Infrastructure	5	Review of controls in relation to concessionary fares (annual).
Recovery of Abandoned Vehicles	Med/Low	Final Issued	Economy & Infrastructure	5	Review of recovery services.
Swansea Marina & Mumbles Boat Park	Med	Final Issued	Economy & Infrastructure	15	Review of Marina compliance with Council policies and procedures and operations of the Boar Park.
Central Transport Unit – Fuel	Med	In Progress	Economy & Infrastructure	10	Review of the controls in place around CTU Fuel.
Traffic Orders*	High	Allocated	Economy & Infrastructure	10	Carried forward from 2022/23 Plan.
Advance Payment Code*	Med	Allocated	Economy & Infrastructure	8	Carried forward from 2022/23 Plan.
Live Kilometre Support Grant	n/a	Final Issued	Economy & Infrastructure	5	Grant Certification
<b>Housing &amp; Public Health</b>					
Housing Options*	Med	In Progress	Poverty, Safeguarding	20	Carried forward from 2022/23 Plan.
North Area District Housing Office	Med	Final Issued	Poverty, Safeguarding	15	Review of the operations of the North DHO
Central Area District Housing Office	Med	Planned	Poverty, Safeguarding	15	Review of the operations of the Central DHO
Leasehold Properties*	Med	In Progress	Poverty, Safeguarding	15	Carried forward from 2022/23 Plan.
Home Improvement Team**	Med	Final Issued	Poverty, Safeguarding	3	Ongoing audit from 2022/23 plan.
Housing Loans and Grants	Med/High	Final Issued	Poverty, Safeguarding	25	Review of the controls and management of the various grant and loan schemes in place within Housing
Application Controls – CX System (Flare Replacement)*	Med	Allocated	Poverty, Safeguarding	5	Initial review of new application controls of CX
Trading Standards Division**	Med	In Progress	Poverty, Safeguarding	3	Ongoing audit from 2022/23 plan.
Public Protection – Administration Division	Med	Allocated	Poverty, Safeguarding	15	Review of the operations of the service.
Licensing Division*	High	Allocated	Poverty, Safeguarding	15	Carried forward from 2022/23 Plan.
Registration Service	Med	Final Issued	Poverty, Safeguarding	15	Review of the operations of the service.
Pollution Control Division*	Med	Allocated	Poverty, Safeguarding	10	Review of the Pollution Control Division for compliance with Council policy and procedure
Welsh Housing Quality Standards (WHQS 2 plus Decarbonisation programme)*	New	Allocated	Poverty, Safeguarding	10	Carried forward from 2022/23 Plan.

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Rechargeable Works – Follow-up	Med	Final Issued	Poverty, Safeguarding	5	Follow-up of moderate audit report issued in 2022/23
<b>Cultural Services</b>					
Spot Checks	Med	Final Issued	Economy & Infrastructure	5	Spot checks undertaken at outdoor leisure sites including Recreational Ground, Singleton Carpark and Knab Rock Car Park income procedure checks
Swansea Grand Theatre & Catering	Med/High	Allocated	Economy & Infrastructure	25	Review of processes and procedures in Grand Theatre and the catering function for compliance with council policy.
Destination Lettings (inc. Langland Huts & Thistleboon Caravans) – follow-up	Med	Final Issued	Economy & Infrastructure	5	Follow-up of moderate report issued in 2022/23.
<b>Planning &amp; City Regeneration</b>					
Swansea Market*	Med	Allocated	Economy & Infrastructure, Resources & Biodiversity	20	Review of the procedures and controls in place including income, rents, inventory, H&S, insurance and expenditure
External Funding Team*	Med	In Progress	Economy & Infrastructure, Resources & Biodiversity	5	Carried forward from 2022/23 Plan.
Section 106 Agreements*	Med/High	Final Issued	Economy & Infrastructure, Resources & Biodiversity	10	Carried forward from 2022/23 Plan.
Planning - AONB	Med	Final Issued	Economy & Infrastructure, Resources & Biodiversity	10	Review of the planning controls and operations of the Area of Outstanding Natural Beauty Team.
<b>Communications &amp; Marketing</b>					
Corporate Marketing*	Low	Final Issued	Transformation & Council Development	7	Carried forward from 2022/23 Plan.
<b>Financial Services</b>					
Purchase Card Transactions Monthly Review	Med	In Progress	Section 151 Assurance	10	Periodic review of Purchase Card Transactions for compliance with the P-Card policy
Taxation – VAT*	Med	Allocated	Section 151 Assurance	10	Review of arrangements for ensuring that Value Added Tax (VAT) is properly controlled and accounted for by the Authority
Trusts & Charities	Med	Final Issued	Section 151 Assurance	10	Review of the management and control of the various Trusts and Charities under the management of the Council
Accounts Payable Project Bank Accounts*	New	Allocated	Section 151 Assurance	8	Carried forward from 2022/23 Plan.

## Internal Audit Annual Plan 2023/24

Debt Recovery	Med/High	Planned	Section 151 Assurance, Safeguarding	15	Review of debt recovery processes including TPA's and Deferred Charges.
Non-Residential Care*	Med/High	In Progress	Section 151 Assurance, Safeguarding	25	Carried forward from 2022/23 Plan.
<b>Legal, Democratic Services &amp; Business Intelligence</b>					
Councillors & Co-opted Members Expenses and Allowances	Med	Final Issued	Monitoring Officer Assurance	10	Review of the administration of expenses and allowances
Legal Services Management of Risk*	Med	Allocated	Monitoring Officer Assurance	10	Carried forward from 2022/23 Plan.
<b>Commercial Services</b>					
Formal Contracts & Waivers*	New	In Progress	Section 151 Assurance	10	Carried forward from 2022/23 Plan.
<b>Digital &amp; Customer Services Audits</b>					
Corporate Complaints*	Med	Draft Issued	Transformation & Council Development	8	Review of the complaints recording, processing and reporting controls
<b>Human Resources &amp; Service Centre</b>					
Cashiers Office – CCI Reconciliation	Med/High	Allocated	Transformation & Council Development	5	Review of the Chief Cashier Imprest reconciliation.
Officers Expenses	Med	In Progress	Transformation & Council Development	10	Review of the controls around officer expenses reimbursement.
Purchase Card Admin*	Med/Low	Final Issued	Transformation & Council Development	15	Carried forward from 2022/23 Plan.
Corporate Learning and Development Team*	New	Planned	Transformation & Council Development	5	Carried forward from 2022/23 Plan.
Management of Absence*	Med/High	In Progress	Transformation & Council Development	10	Carried forward from 2022/23 Plan.
Recruitment & Staff Contracts	New	Planned	Transformation & Council Development	10	New audit requested as part of consultation exercise to look at issue and store of contracts. Scope to be confirmed.
<b>Contract Audits</b>					
Contract Register*	Med	In Progress	Transformation & Infrastructure	10	Carried forward from 2022/23 Plan.
CPR Compliance Audit	New	Planned	Transformation & Infrastructure	20	New audit introduced from 2023/24 reviewing CPR Compliance per directorate on a rolling programme across:

## Internal Audit Annual Plan 2023/24

					Place, Finance, Education, Social Services and Corporate Services. 2023/24: Social Services Directorate
<b>Computer Audits</b>					
Web Development*	New	Planned	Transformation & Council Development	10	New / TBC – developing the functionality of the Council web pages
Physical & Environmental Controls*	Med	Planned	Transformation & Council Development	10	Review of the Physical and Environmental Controls that are in place for the effective operation of ICT servers and associated hardware, led by Digital and Transformation Services
Change Control –Oracle*	Med	Planned	Transformation & Council Development	5	Review of the Oracle Change Control Procedures, carried out by the Oracle Support Team
Use of Idea - Data Matching NFI	n/a	In Progress	Section 151 Assurance	5	Data extraction
<b>Projects &amp; Special Investigations</b>					
Unpresented Cheques	n/a	In Progress	Section 151 Assurance	5	Investigation into any unpresented cheques as they arise
NFI Data Matching Investigations	n/a	In Progress	Section 151 Assurance	10	NFI Match investigations
Galileo Management System	n/a	In Progress	Section 151 Assurance	10	Audit Management System in year admin
Annual Plan & Annual Report	n/a	Planned	Section 151 Assurance	5	Production of the Audit Annual Plan and Report
Annual Consultation Exercise	n/a	Allocated	Section 151 Assurance	10	Consultation with HoS and CMT for the Annual Audit Plan
Recommendation Tracker Exercise	n/a	In Progress	Section 151 Assurance	5	Review of implementation status of the recommendations made in the Fundamental Audits
Follow-ups	n/a	In Progress	Section 151 Assurance	20	Standard audit follow up work
<b>Miscellaneous Audits</b>					
Swansea Bay Port Health Authority	Med/Low	Final Issued	Section 151 Officer Assurance	10	Standard required periodic review of the controls within the SBPHA Administration.
Swansea Central Phase 1 Programme & City Deal Update*	New	Planned	Transformation & Council Development	10	Review of programme progress and milestones
Net Zero 2030 Programme	New	Planned	Section 151 Officer Assurance	10	New audit – Corporate Risk Register Review. Review of programme progress and milestones.

\* Audits deferred from 2022/23 plan. / \*\* Audits in progress at year end from the 2022/23 plan.

## HIGH SUBSTANTIAL AUDIT FOLLOW UP RESULTS Q2 2023/24

Audit Title	Date Final Issued	Date of Follow up	Assurance Rating	Recommendations								Total Recs Acc'd	Total Recs Imp'd	Total Rec Not Imp'd*	Comments
				HR		MR		LR		GP					
				A	I	A	I	A	I	A	I				
Corporate Performance Management	21/02/22	07/07/23	High	0	0	0	0	2	2	0	0	2	2	0	
Supporting People Team	24/04/23	11/07/23	High	0	0	0	0	0	0	0	0	0	0	0	
Capital Leasing	15/02/22	11/07/23	High	0	0	0	0	3	3	0	0	3	3	0	
Corporate Safeguarding	23/09/22	11/07/23	High	0	0	0	0	2	2	0	0	2	2	0	
ICT Data Storage	05/09/22	17/07/23	High	0	0	0	0	2	2	0	0	2	2	0	
Business Manager Remuneration Review	12/08/22	17/07/23	Substantial	0	0	3	3	0	0	0	0	3	3	0	
Fforestfach Day Service	13/01/23	18/07/23	Substantial	0	0	1	1	13	13	3	3	17	17	0	
Emergency Duty Team	08/02/23	11/09/23	High	0	0	0	0	4	4	0	0	4	4	0	
Libraries Admin & Central Library	27/10/22	21/09/23	Substantial	0	0	1	1	4	4	0	0	5	5	0	
Residential & Outdoor Centres	27/10/22	22/09/23	Substantial	0	0	1	1	19	19	0	0	20	20	0	
Estates Management & Quadrant Rents	23/03/23	22/09/23	High	0	0	0	0	4	4	1	1	5	5	0	
Streetworks	27/03/23	26/09/23	Substantial	0	0	3	3	1	1	1	1	5	5	0	

**HIGH SUBSTANTIAL AUDIT FOLLOW UP RESULTS Q2 2023/24**

Youth Provision in Early Help	28/06/23	26/09/23	Substantial	0	0	2	2	15	15	2	2	19	19	0	
Design Print 22-23	30/03/23	28/09/23	Substantial	0	0	2	2	8	7	0	0	10	9	1	Rec 2.1.3 - CCS Print market place would allow some compliance, but does not cover all the services and products required. AE to discuss arrangements to set up a print framework with Procurement. Target March 2024 (I R)
				0	0	13	13	77	76	7	7	97	96	1	<b>99.0%</b>

\*Further details on the recommendations that have not been implemented are reported in Appendix 2

**Key**

**HR** - High Risk. **MR** - Medium Risk. **LR** - Low Risk. **GP** - Good Practice.

**A** - Accepted. **I** - Implemented

**HIGH SUBSTANTIAL ASSURANCE AUDIT FOLLOW-UP RESULTS Q2 2023/24 REC'S NOT IMPLEMENTED**

Audit Title	Date Final Issued	Date of Follow up	Assurance Rating	Recommendations Not Implemented				
				Report Ref	Risk Rating	Agreed Imp. Date	Recommendation	Reason / Comments
Design Print 22-23	30/03/23	28/09/23	Substantial	2.1.3	LR	Jun-23	Ongoing efforts should continue to ensure all expenditure incurred by Design Print is compliant with the Council's Contract Procedure Rules.	CCS Print market place would allow some compliance, but does not cover all the services and products required. AE to discuss arrangements to set up a print framework with Procurement. Target March 2024

**Key**

**HR** - High Risk. **MR** - Medium Risk. **LR** - Low Risk. **GP** - Good Practice.

Please ensure that you refer to the Screening Form Guidance while completing this form.

**Which service area and directorate are you from?**

Service Area: Internal Audit

Directorate: Resources

**Q1 (a) What are you screening for relevance?**

- New and revised policies, practices or procedures
- Service review, re-organisation or service changes/reductions, which affect the wider community, service users and/or staff
- Efficiency or saving proposals
- Setting budget allocations for new financial year and strategic financial planning
- New project proposals affecting staff, communities or accessibility to the built environment, e.g., new construction work or adaptations to existing buildings, moving to on-line services, changing location
- Large Scale Public Events
- Local implementation of National Strategy/Plans/Legislation
- Strategic directive and intent, including those developed at Regional Partnership Boards and Public Services Board, which impact on a public bodies functions
- Medium to long term plans (for example, corporate plans, development plans, service delivery and improvement plans)
- Setting objectives (for example, well-being objectives, equality objectives, Welsh language strategy)
- Major procurement and commissioning decisions
- Decisions that affect the ability (including external partners) to offer Welsh language opportunities and services

**(b) Please name and fully describe initiative here:**

Quarterly report to the Governance and Audit Committee outlining the findings and work undertaken by the Audit Team in the period.

**Q2 What is the potential impact on the following: the impacts below could be positive (+) or negative (-)**

n/a – no impact

	High Impact		Medium Impact		Low Impact		Needs further investigation
	+	-	+	-	+	-	
Children/young people (0-18)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Older people (50+)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Any other age group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Future Generations (yet to be born)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Race (including refugees)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Asylum seekers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gypsies & travellers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Religion or (non-)belief	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sex	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sexual Orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Welsh Language	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Poverty/social exclusion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carers (inc. young carers)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Community cohesion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marriage & civil partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

# Integrated Impact Assessment Screening Form

**Q3 What involvement has taken place/will you undertake e.g. engagement/consultation/co-productive approaches?  
Please provide details below – either of your activities or your reasons for not undertaking involvement**

Consultation undertaken with the Director of Finance & S151 Officer, Legal, Access to Services, the Corporate Management Team and Heads of Service.

**Q4 Have you considered the Well-being of Future Generations Act (Wales) 2015 in the development of this initiative:**

a) Overall does the initiative support our Corporate Plan's Well-being Objectives when considered together?

Yes  No

b) Does the initiative consider maximising contribution to each of the seven national well-being goals?

Yes  No

c) Does the initiative apply each of the five ways of working?

Yes  No

d) Does the initiative meet the needs of the present without compromising the ability of future generations to meet their own needs?

Yes  No

---

**Q5 What is the potential risk of the initiative? (Consider the following impacts – equality, socio-economic, environmental, cultural, legal, financial, political, media, public perception etc...)**

High risk

Medium risk

Low risk

---

**Q6 Will this initiative have an impact (however minor) on any other Council service?**

Yes

No

If yes, please provide details below

Council Services included within the Internal Audit planned programme of work for 2023/24 will be subject to internal audit reviews which may result in recommendations being made to improve compliance with Council policies and procedures and consequentially may result in changes to operations/processes within service areas if required.

---

**Q7 What is the cumulative impact of this proposal on people and/or communities when considering all the impacts identified within the screening and any other key decisions affecting similar groups/ service users made by the organisation?**

*(You may need to discuss this with your Service Head or Cabinet Member to consider more widely if this proposal will affect certain groups/ communities more adversely because of other decisions the organisation is making. For example, financial impact/poverty, withdrawal of multiple services and whether this is disadvantaging the same groups, e.g., disabled people, older people, single parents (who are mainly women), etc.)*

To update committee on the work undertaken by Internal Audit in the period.

**Outcome of Screening**

# Integrated Impact Assessment Screening Form

**Q8 Please describe the outcome of your screening below:**

The completion of the Integrated Impact Assessment Screening revealed that:

- The Quarterly Internal Audit Monitoring Report has a potentially low positive impact across a number of identified groups.
- It has been subject to consultation with the Director of Finance & S151 Officer, Legal and Access to Services.
- All WFG considerations are positive and any risks identified are low.
- The overall impact of the Quarterly Internal Audit Monitoring Report is positive as it will support the Authority in its requirement to protect public funds.

(NB: This summary paragraph should be used in the relevant section of corporate report)

Full IIA to be completed

Do not complete IIA – please ensure you have provided the relevant information above to support this outcome

NB: Please email this completed form to the Access to Services Team for agreement before obtaining approval from your Head of Service. Head of Service approval is only required via email.

<b>Screening completed by:</b>
<b>Name: Simon Cockings</b>
<b>Job title: Chief Auditor</b>
<b>Date: 14/08/23</b>
<b>Approval by Head of Service:</b>
<b>Name: Ben Smith</b>
<b>Position: Director of Finance &amp; S151 Officer</b>
<b>Date: 14/08/23</b>

Please return the completed form to [accesstoservices@swansea.gov.uk](mailto:accesstoservices@swansea.gov.uk)

# Agenda Item 7



## Report of the Chief Auditor

Governance & Audit Committee – 6 December 2023

### **Internal Audit Section – Corporate Fraud Function Mid-Year Update Report for 2023/2024**

<b>Purpose:</b>	This report provides a mid-year update on the work undertaken by the Corporate Fraud Function in 2023/24.
<b>Policy Framework:</b>	None.
<b>Report Author:</b>	Jonathon Rogers
<b>Finance Officer:</b>	Simon Cockings
<b>Legal Officer:</b>	Stephen Holland
<b>Access to Services Officer:</b>	Catherine Window
<b>For Information</b>	

#### **1. Introduction**

- 1.1 The Anti-Fraud Plan for 2023/2024 was presented and approved at Governance and Audit Committee on 19 July 2023.
- 1.2 This report provides a summary of the activities of the Fraud Function for the first half of the year 2023/24 and reviews progress against the outcomes contained in the Fraud Function Anti-Fraud Plan 2023/2024.

#### **2. Team Structure**

- 2.1 A Fraud Team Manager was appointed in May 2023. The post was ringfenced to the current three investigation officers, and now the team structure is a Fraud Manager and two Fraud Investigators.

#### **3. Mid-Year Review of Outcomes against the Corporate Fraud Function Anti-Fraud Plan for 2023/24**

- 3.1 In accordance with the corporate worktime and accommodation strategy, the team continues to operate in a hybrid manner splitting time between home and office location. Good progress has been made against all eight planned activities

contained within the Corporate Fraud Function plan and the team are on target to complete all activities by year end. Appendix 1 provides commentary against these activities.

- 3.2 Within the first half year the team have recorded total savings of £150,483.94 and issued a civil penalty of £100. In addition, the team have assisted in the recovery of the return of two properties back to housing stock.
- 3.3 As noted in the Annual Report for 2022/23, the teams' limited resources and the requirements of reactive work continue to impact the ability to be proactive in certain areas albeit the National Fraud Initiative exercise is considered a proactive exercise. However, a proactive exercise in respect of housing stock being used as short-term serviced holiday accommodation was completed in the first half of the financial year.
- 3.4 Urgent employee investigations continue to be prioritised and time critical responses and actions are undertaken. The team continue to support human resources in disciplinary investigations.
- 3.5 The team continues to receive and evaluate a consistently high level of reports of alleged fraud and continues to respond to high levels of data requests consistent with previous years.

#### **4. Inter-Agency work and Data Exchange**

- 4.1 During 2023/24 the team has continued to develop its role in inter-agency working and data exchange.
- 4.2 Staff have continued to lead regular meetings and continued to shape the development of the Welsh Fraud Officers group.
- 4.3 The team are directly involved or assisting in with multi-agency investigations with the Police, DWP Organised Crime, NHS, and The Home Office.

#### **5. Integrated Assessment Implications**

- 5.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:
  - Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
  - Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - Foster good relations between people who share a protected characteristic and those who do not.
  - Deliver better outcomes for those people who experience socio-economic disadvantage.
  - Consider opportunities for people to use the Welsh language.

- Treat the Welsh language no less favourably than English.
  - Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.
- 5.2 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental, and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals.
- 5.3 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.
- 5.4 The IIA indicated that there are low impacts on any identified group and the Corporate Fraud Mid-Year Update Report applies equally to all. Public consultation and engagement are not required for the report. All Wellbeing and Future Generations Act considerations are positive, and the risk identified is low. The overall impact of the report is positive, as it will support the Authority in its requirement to protect public funds. (See Appendix 2 for IIA)

## **6. Financial Implications**

- 6.1 There are no financial implications associated with this report.

## **7. Legal Implications**

- 7.1 The Accounts and Audit (Wales) Regulations 2014 require the maintenance of an adequate and effective system of internal audit of the Council's accounting records and control systems. This is essential to the prevention and detection of fraud and corruption and is a key element of the Chief Finance Officer's statutory duties as contained in section 151 of the Local Government Act 1972.

**Background Papers:** None

### **Appendices:**

Appendix 1 – Mid-Year Review of the Corporate Fraud Function Anti-Fraud Plan for 2023/24

Appendix 2 – Integrated Impact Assessment Screening Form

## Appendix 1 – Mid- Year Review of the Corporate Fraud Function Anti-Fraud Plan for 2023/24

Activity	Detail	Target Outcomes	Outcomes Achieved to Date
<p>1. Tackle social housing tenancy fraud</p>	<p>Continue to work in partnership the Housing Department and Legal Section to combat tenancy fraud: from unlawful subletting to bogus succession claims.</p>	<p>Raise awareness of the problem of social housing fraud and the damage that it does.</p> <p>Prevent the unlawful succession to social housing properties by people that do not have a right to succeed the tenancy.</p> <p>Reduce the number of properties being unlawfully sub-let.</p> <p>Recover properties where tenancy fraud has been identified.</p> <p>Undertake criminal prosecutions &amp; utilise Unlawful Profit Orders to recover any profit made by offenders, in accordance with the Prevention of Social Housing Fraud Act 2013 and/or the Fraud Act 2006.</p>	<p>Good progress - On target to be achieved.</p> <p>The team have continued to receive a number of referrals from the public and the Housing Department</p> <p>Full investigations are being undertaken and two properties have been recovered into housing stock in the first half year.</p>
<p>2. Tackle Council Tax fraud</p>	<p>Utilise internal and external Data Matching products to identify potential discrepancies in Single Person Discounts and other Council Tax discounts, disregards, and exemptions.</p>	<p>Recover single person discounts 'incorrectly' claimed.</p> <p>Recover other disregards and discounts 'incorrectly' claimed.</p>	<p>Good progress - On target to be achieved.</p> <p>Incorrectly claimed discounts, exemptions, and premium charges, have been identified via individual investigations and via internal &amp; external data matching.</p>

Activity	Detail	Target Outcomes	Outcomes Achieved to Date
		<p>Identify cases of council tax evasion through non-registration of liability and banding.</p> <p>Identify cases that should attract a premium charge.</p>	<p>Advice has been provided to the Revenues &amp; Benefits Section in the application of Datatank SPD Matching.</p> <p>Revenues &amp; Benefits Section are due to look at Datatank SPD Matching where CTR is in payment in the second half of the year.</p>
<p>3. Tackle Council Tax Reduction fraud</p> <p>Page 268</p>	<p>Continue to work with DWP's Counter Fraud Division in countering CTRS fraud.</p>	<p>Sharing information and expertise between the Fraud Function &amp; DWP's CFCD.</p> <ul style="list-style-type: none"> <li>• To ensure that the totality of welfare benefit and CTRS frauds tackled in the most efficient and effective manner.</li> <li>• To identify overpayments and excess reductions.</li> <li>• To take sanction action in appropriate cases. Administrative Penalties and prosecutions.</li> </ul> <p>Collaborate with Benefits section on cases identified on Datatank smart referrals where there is a council tax reduction interest and provide</p>	<p>Good progress - On target to be achieved.</p> <p>The team have continued to receive referrals in this area and provided support.</p> <p>Full investigations are being undertaken, including jointly with the DWP.</p> <p>Revenues &amp; Benefits Section are due to look at Datatank SPD Matching where CTR is in payment in the second half of the year, which could not only impinge on SPD but also on CTR.</p>

Activity	Detail	Target Outcomes	Outcomes Achieved to Date
		support and investigate further where needed.	
4. Cabinet Office National Fraud Initiative  Page 269	Commence the National Fraud Initiative 2022  .	To ensure an appropriate number of matches are examined with particular reference high fraud risk matches.  To identify processes and procedures that need to be made more robust.  To identify overpayments and excess reductions.  To take appropriate action against offenders.  As identified as a potential weakness in NFI 2020, review all matches in respect of housing waiting lists.	Good progress - On target to be achieved.  Matches have been referred to client departments and Corporate Fraud continue to monitor progress and provide advice.  Corporate Fraud has taken responsibility for housing and waiting list matches and anticipate positive results within the NFI cycle.  In the 2 <sup>nd</sup> half of the year, Corporate Fraud will consider new matches linking housing stock to property ownership.
5. Internal Employee Matters <ul style="list-style-type: none"> <li>• Abuse of Position</li> <li>• Travel and subsistence</li> <li>• Flexi time/timekeeping</li> </ul>	Continue to assist Human Resources & Organisational Development in conjunction with various client departments.  The Fraud Function will continue to work with internal departments and external organisations in order to	Support disciplinary process.  Consider as appropriate criminal/civil proceedings.  To take appropriate action against offenders	Good progress - On target to be achieved.  Urgent employee investigations continue to be prioritised and time critical responses provided.

Activity	Detail	Target Outcomes	Outcomes Achieved to Date
<ul style="list-style-type: none"> <li>Other matters of misconduct/gross misconduct</li> </ul>	undertake risk assessments and gather intelligence and evidence to point towards or away from fraud and error.	Maintain the Council's good reputation.	The team continue to support Human Resources in any disciplinary investigations.
6. Tackle other internal and external fraud, examples include: <ul style="list-style-type: none"> <li>Procurement fraud</li> <li>Social Care (Direct Payments)</li> <li>Blue badge</li> <li>Income collection and banking</li> <li>Grants</li> <li>Payroll</li> <li>Pensions</li> <li>Etc.</li> </ul>	<p>During 2023/2024, the Fraud Function will continue to investigate various anomalies and referrals.</p> <p>The Fraud Function will continue to work with internal departments and external organisations in order to undertake risk assessments and gather intelligence and evidence to point towards or away from fraud and error.</p> <p>Once additional resources have been appointed the Fraud Function will seek to proactively expand into previously under resourced areas.</p>	<p>Maintain public confidence by being 'transparent'.</p> <p>Identify fraud, error and over payments.</p> <p>Assist in the recovery of 'losses', financial or otherwise.</p> <p>Provide identity verification and case assurance to the Economic Funding Team when administering grants including the Share Prosperity Fund.</p>	<p>Good progress - On target to be achieved.</p> <p>The team has considered all allegations received and conduct investigations or provide advice where needed.</p>
7. Raising Awareness	<p>Continue to raise awareness of the role of the Fraud Function both inside and outside the Council.</p> <p>The aim is to maintain reputation and to encourage the reporting of potential fraud in the belief that action will be taken.</p> <p>To work with HROD to develop bi-annual fraud awareness training for</p>	<p><u>Staff:</u></p> <ul style="list-style-type: none"> <li>New – Carried forward from plan 2021/22. A guide to Corporate Fraud is included in Corporate Induction Training provided by Human Resources.</li> <li>Existing – Continue to develop and deliver bespoke training and support that is responsive to</li> </ul>	<p>Good progress - On target to be achieved.</p> <p>The team continue to liaise with Human Resources on Corporate Induction Training, and it is anticipated that this will be introduced in the 2<sup>nd</sup> half of the financial year.</p>

Activity	Detail	Target Outcomes	Outcomes Achieved to Date
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 271</p>	<p>all employees.</p>	<p>changes in threat. HROD are due to roll out online training to relevant officers imminently.</p> <p><u>Members:</u></p> <ul style="list-style-type: none"> <li>• Deliver presentations/reports/training to the Governance and Audit Committee and other members that develops knowledge and understanding that will develop effective scrutiny.</li> </ul> <p><u>Public:</u> Continue to publicise activities, successes, and prosecutions.</p>	
<p>8. Policy and Procedure Developments</p>	<p>Review the internal corporate fraud administrative management system to ensure it is fit for purpose.</p>	<p>Consider current arrangements in line with potential alternative cost effective internal and external options.</p>	<p>Good progress – Internal and external sources have been reviewed and work will continue in the 2<sup>nd</sup> half year to consider alternative available technology packages to provide improved management and reporting solutions.</p>

# Integrated Impact Assessment Screening Form – Appendix 2

Please ensure that you refer to the Screening Form Guidance while completing this form.

## Which service area and directorate are you from?

Service Area: Resources

Directorate: Finance

### Q1 (a) What are you screening for relevance?

- New and revised policies, practices or procedures
- Service review, re-organisation or service changes/reductions, which affect the wider community, service users and/or staff
- Efficiency or saving proposals
- Setting budget allocations for new financial year and strategic financial planning
- New project proposals affecting staff, communities or accessibility to the built environment, e.g., new construction work or adaptations to existing buildings, moving to on-line services, changing location
- Large Scale Public Events
- Local implementation of National Strategy/Plans/Legislation
- Strategic directive and intent, including those developed at Regional Partnership Boards and Public Services Board, which impact on a public bodies functions
- Medium to long term plans (for example, corporate plans, development plans, service delivery and improvement plans)
- Setting objectives (for example, well-being objectives, equality objectives, Welsh language strategy)
- Major procurement and commissioning decisions
- Decisions that affect the ability (including external partners) to offer Welsh language opportunities and services

### (b) Please name and fully describe initiative here:

Corporate Fraud Function Mid-Year Update Report 2023/24. Progress of outcomes against the Annual Anti-Fraud Plan 2023/24

### Q2 What is the potential impact on the following: the impacts below could be positive (+) or negative (-)

	High Impact		Medium Impact		Low Impact		Needs further investigation
	+	-	+	-	+	-	
Children/young people (0-18)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Older people (50+)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Any other age group	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Future Generations (yet to be born)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Race (including refugees)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Asylum seekers	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Gypsies & travellers	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Religion or (non-)belief	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Sex	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Sexual Orientation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Gender reassignment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Welsh Language	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Poverty/social exclusion	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Carers (inc. young carers)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Community cohesion	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Marriage & civil partnership	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Pregnancy and maternity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

## Integrated Impact Assessment Screening Form – Appendix 2

- Q3** What involvement has taken place/will you undertake e.g. engagement/consultation/co-productive approaches?  
Please provide details below – either of your activities or your reasons for not undertaking involvement

The Internal Audit Corporate Fraud Function Mid-Year Update Report is a financial and internal administration document that does not require engagement/consultation

- Q4** Have you considered the Well-being of Future Generations Act (Wales) 2015 in the development of this initiative:

- a) Overall does the initiative support our Corporate Plan's Well-being Objectives when considered together?  
Yes  No
- b) Does the initiative consider maximising contribution to each of the seven national well-being goals?  
Yes  No
- c) Does the initiative apply each of the five ways of working?  
Yes  No
- d) Does the initiative meet the needs of the present without compromising the ability of future generations to meet their own needs?  
Yes  No

- 
- Q5** What is the potential risk of the initiative? (*Consider the following impacts – equality, socio-economic, environmental, cultural, legal, financial, political, media, public perception etc...*)

High risk

Medium risk

Low risk

- 
- Q6** Will this initiative have an impact (however minor) on any other Council service?

Yes

No

If yes, please provide details below

- 
- Q7** What is the cumulative impact of this proposal on people and/or communities when considering all the impacts identified within the screening and any other key decisions affecting similar groups/ service users made by the organisation?

The cumulative impact of the report is positive as it will support the Section 151 Officer and the Authority in its requirement to protect public funds and it will equally provide assurance

### Outcome of Screening

- Q8** Please describe the outcome of your screening below:

There are low impacts on any identified group and the report applies equally to all. Public consultation and engagement is not required for the report. All WFG considerations are

## Integrated Impact Assessment Screening Form – Appendix 2

positive and the risk identified is low. The overall impact of the report is positive as it will support the Authority in its requirement to protect public funds.

(NB: This summary paragraph should be used in the relevant section of corporate report)

- Full IIA to be completed
- Do not complete IIA – please ensure you have provided the relevant information above to support this outcome

NB: Please email this completed form to the Access to Services Team for agreement before obtaining approval from your Head of Service. Head of Service approval is only required via email.

<b>Screening completed by:</b>
<b>Name: Jonathon Rogers</b>
<b>Job title: Corporate Fraud Iteam Manager</b>
<b>Date: 20/11/23</b>

<b>Approval by Head of Service:</b>
<b>Name: Ben Smith</b>
<b>Position: Chief Finance Officer and Section 151 Officer</b>
<b>Date: 20/11/2023</b>

Please return the completed form to [accesstoservices@swansea.gov.uk](mailto:accesstoservices@swansea.gov.uk)

# Agenda Item 8



## Report of the Director of Corporate Services

Governance and Audit Committee – 6 December 2023

### Corporate Risk Overview - Quarter 2 2023/24

<b>Purpose:</b>	The report presents an overview of the status of council's corporate risks to provide assurance to the Committee that they are being managed in accordance with the council's risk management policy and framework.
<b>Report Author:</b>	Richard Rowlands
<b>Finance Officer:</b>	Paul Roach
<b>Legal Officer:</b>	Debbie Smith
<b>Access to Services Officers:</b>	Rhian Millar / Catherine Window
<b>For Information</b>	

#### 1. Background

1.1 This report provides an overview of the status of corporate risks in the Council to give assurance that key risks are being managed and risk management process is being followed.

#### 2. Corporate Risks as at the end of Quarter 2 2023/24

2.1 The following summarises the status of risks recorded in the Corporate Risk Register as at the end of Quarter 2 2023/24.

2.2 There were 5 Red status risks in the Corporate Risk Register as at the end of Q2 2023/24:

- Risk ID 153: Safeguarding.
- Risk ID 159: Financial Control: Medium Term Financial Plan delivery
- Risk ID 222: Digital, Data and Cybersecurity.
- Risk ID 334: Cost of living crisis.
- Risk ID 338. Net Zero 2030 target.

### 2.3 During Quarter 2 2023/24:

- All of the corporate risks were recorded as having been reviewed at least once.
- No new risks were added to the Corporate Risk Register.
- No corporate risks were deactivated.
- No risks were escalated to the Corporate Risk Register.
- No corporate risks were de-escalated from the Corporate Risk Register.
- Two Corporate risks changed their RAG status:
  - Risk ID 94: Pupil attainment and achievement – No RAG to Amber.
  - Risk ID 338: Net Zero 2030 target – Amber to Red.
- Four corporate risks changed their residual risk score:
  - Risk ID 94: Pupil attainment and achievement – no score to score 9.
  - Risk ID 290: Impact of Poverty – score 9 to score 6 to score 9. The score was reduced from 9 to 6 but this was a recording error, which was corrected and returned to 9 during Q2.
  - Risk ID 336: Mandatory training – score 6 to score 4. The score was reduced because there is now confidence that mandatory training is being accurately logged and that the reporting is capturing all entries.
  - Risk ID 338: Net Zero 2030 target – score 9 to score 16. Whilst the intent for Swansea Council to achieve net zero by 2030 very firmly remains, this continues to be a challenging goal. Accordingly, the residual risk score has been elevated within Q2 to reflect several mainly financial factors, including rising costs associated with decarbonising our buildings, costs related to greening our fleet and the associated need for substantial additional subsidy to help meet those costs.

### 2.4 Appendix A presents the risks recorded on the council's Corporate Risk Register as at 30 September 2023. The reports for each risk include the following information:

- *Risk title and description*...to summarize and describe the risk.
- *Risk Identification (ID) number*...to identify and search for the risk in the register.
- *Risk level*...Corporate level risks.
- *Responsible Officer*...the officer responsible for managing the risk.
- *Councillor*...the Councillor whose portfolio the risk relates to.
- *Last update*...when the risk was last updated in the risk register.
- *Inherent Risk*... the level of risk before Control Measures are applied.
- *Historical RAG*...the level of residual risk assigned historically each month over a 12-month period (Red – High; Amber – Medium; Green – Low). The scores will range from 1-very low to 25-very high (calculated as the likelihood score times by the impact score).

- *Current Control Measures*...live actions assigned to control or mitigate the level of risk. *Last update*...the date of the last time the Control Measure was updated in the risk register. *Risk response*...how the risk is controlled. *Projected Completion*...the date the Control Measure is expected to be implemented.
- *Current impact*...monthly assessment on the level of impact (1 = low; 5 = very high) should the risk come into effect. The graph shows the historical level of impact assigned each month over a 12-month period.
- *Current likelihood*...monthly assessment on how likely the risk is to come into effect (1 = low; 5 = very high). The graph shows the historical level of likelihood assigned each month over a 12-month period.

### **3. Review of Corporate Risk Management Framework.**

- 3.1 The Council's Risk Management Policy and Framework was last reviewed in 2017. The Council has made a lot of progress since then improving its risk management arrangements.
- 3.2 Another review is timely to ensure that the Council continues to improve and is delivering best practice through its risk management processes and procedures. This review commenced with Cabinet and CMT recently undertaking risk management training provided by APSE (Association for Public Service Excellence); an assessment of good practice is currently underway.
- 3.3 It is expected that this review will be completed and recommendations implemented by the end of the financial year. The scope of the review is presented at Appendix B. The Chair of the Governance and Audit Committee will be consulted as part of the review.

### **4. Internal Control Environment and Risk Reporting**

- 4.1 The Governance & Audit Committee Chair had requested that Directors attend each quarter on a rotational basis and provide the Committee with presentations regarding the internal control environment, including risk management; this report providing a Corporate Risk overview will coincide with Director's attendance each quarter.

### **5. Integrated Assessment Implications**

- 5.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.

- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage.
- Consider opportunities for people to use the Welsh language.
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

5.1.1 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the ‘well-being goals’.

5.1.2 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

5.1.3 A Screening form was completed. This report is a ‘for information’ report and so is not relevant for an IIA.

## **6. Legal Implications**

6.1 There are no legal implications.

## **7. Financial Implications**

7.1 There are no financial implications.

**Background papers:** *None*

### **Appendices:**

Appendix A – Corporate Risks as of 30 September 2023.

Appendix B – Risk management Review – terms of reference.

Appendix C – IIA Screening Form.

# Risk on a Page

Risk Title : Pupil attainment and achievement

Risk ID : 94

Description : If pupils do not receive a very good education then they will not achieve the right qualifications and skills to take advantage of the Swansea Bay City Deal and contribute effectively to the economic prosperity of the city.

Risk Level : Corporate

Responsible Officer : Helen.Morgan-Rees

Councillor : Robert Smith

Inherent Risk : 16

Last Update : 26/10/2023

Historical RAG :

Oct-22	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep-23
		12			9	9	9		9	9	9

**Current Control Measures**

Attendance: Develop and publish new Attendance Strategy. That will include producing a revised attendance policy and a clear, concise guide to the work of the Education Welfare Service. The recommendations of the 2019/20 consultation are under review to ensure that processes are fit for current purposes, and aligned to national, regional and local strategies, given the Post Covid-19 landscape. Welsh Government Attendance Guidance will be published in autumn 2023/24.

**Last Update**

26/09/2023

**Risk Response**

Treat

**Projected Completion**

31/12/2023

Monitoring and evaluation visits: The School Improvement Team visit schools regularly and report back on their findings to aid with school improvement across all schools. If required, more intensive support can then be provided from LA officers and working with Partneriaeth our regional Professional Learning partners. This work also feeds into the LA's pre-inspection report to Estyn. As it currently stands the Action Short of Strike Action (ASOS) being taken by the NAHT is limiting the monitoring and evaluation visits in the primary sector.

26/09/2023

Treat

31/08/2024

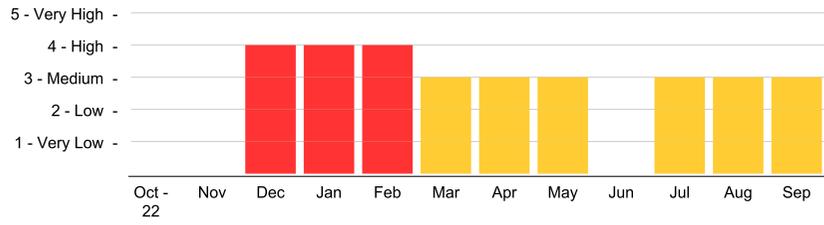
School Profiler and School Risks and Issues: A school profiler is used across the Directorate and by internal partners to record school risks and issues; this feeds into a monthly School Risks and Issues meeting that provides oversight of all schools and allows support to be provided in a timely and coherent way. These meetings continue to be held monthly with clear actions taken to support schools.

26/09/2023

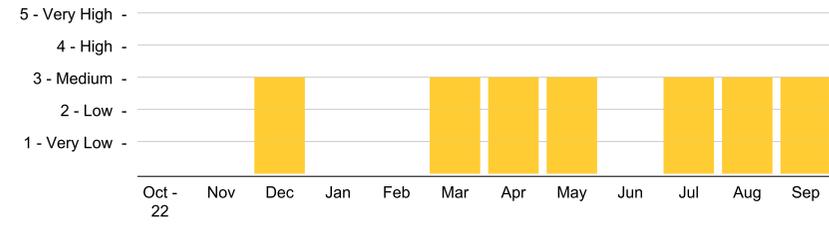
Treat

31/08/2024

Current Impact : 3 - Medium



Current Likelihood : 3 - Medium



## Risk on a Page

Risk Title : Safeguarding

Risk ID : 153

Description : If our safeguarding arrangements are not sufficiently robust (particularly with regards being able to fund, recruit and retain sufficient qualified social workers; ensure placement sufficiency for looked after children and be able to provide or commission sufficient social care for adults with assessed care and support needs), then we will not be doing everything we possibly can to prevent the death, injury or neglect of a child or vulnerable adult and consequential reputational damage.

Risk Level : Corporate

Responsible Officer : David.Howes

Councillor : Louise Gibbard

Inherent Risk : 25

Last Update : 06/11/2023

Historical RAG :	Oct-22	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep-23
	16	16	16	16	16	16	16	16	16	16	16	16

### Current Control Measures

### Last Update

### Risk Response

### Projected Completion

Work with the Health Board to review the current level of partner financial contributions to the funding of integrated intermediate care services (inc maximising regional and national income opportunities) to ensure an effective service offer that reduces or delays recourse to long term managed care (within the Council's overall available financial resources)

16/06/2023

Treat

31/03/2024

Monitor the effectiveness of safeguarding arrangements bi-monthly at the childrens and adults performance scrutiny panels, the corporate safeguarding board and the regional safeguarding board, quarterly at CMT and monthly at PFM and take appropriate remedial action

07/03/2023

Treat

01/03/2024

Invest in the Council's direct care provision services to maximise capacity and reduce reliance on independently commissioned care services for adults (within the Council's overall available financial resources)

07/03/2023

Treat

01/03/2024

Provide specific advice to Welsh Government as to how they can safely implement the eliminate profit from children services policy commitment (including supporting the growth of not for profit looked after children care provision) to avoid inadvertently exacerbating the current lack of placement sufficiency for looked after children

07/03/2023

Treat

01/03/2024

Implement new models for the commissioning local independent domiciliary care provision to build capacity inc. by supporting providers to provide a fair and competitive wage to their staff (within the Council's overall available financial resources)

07/03/2023

Treat

01/03/2024

Invest in increasing the number of Foster Wales Swansea foster carers and the number of in-house residential care beds for children (both locally and regionally) whilst decreasing reliance on independently commissioned foster and residential care placements (within the Council's overall available financial resources)

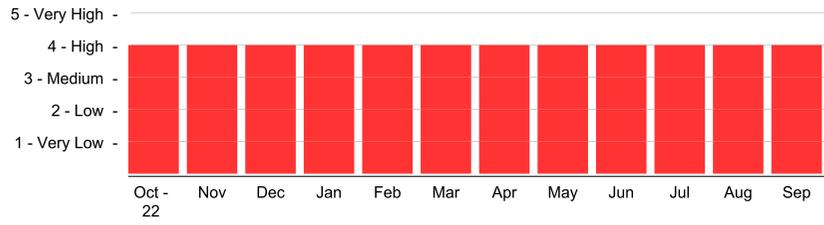
07/03/2023

Treat

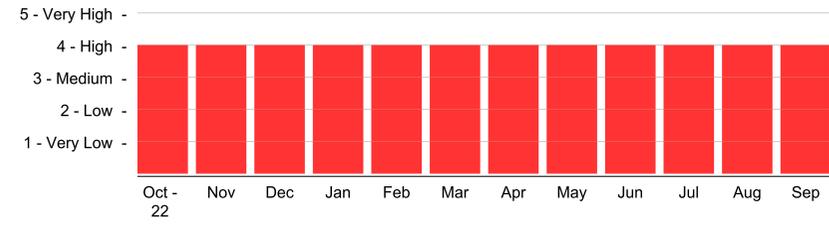
01/03/2024

Current Control Measures	Last Update	Risk Response	Projected Completion
Implement effective recruitment processes both within the Directorate and the corporate centre (including maintaining a sufficient workforce infrastructure) to ensure that there are no avoidable delays in recruiting to essential posts determined as necessary to maintain a safe and effective social services function (within the Council's overall available financial resources)	07/03/2023	Treat	01/03/2024
Implement a weekly Directorate workforce planning meeting to consider and prioritise all new recruitment requests to ensure that new recruitment is focussed on the maintenance of a safe and effective service and complies with current spending restrictions and supports delivery of the Council's MTFP	07/03/2023	Treat	01/03/2024
Prioritise and target resources at maintaining care and support for those individuals in most critical need or at risk of suffering harm as part of the emergency planning infrastructure and re-prioritisation of the Councils COVID-19 Recovery Plan.	07/03/2023	Treat	01/03/2024
Remodel the workforce infrastructure for social services including investment in capacity of alternatively qualified staff (both frontline and back-office staff) to take on functions that can be safely delivered by a non-registrant workforce (within the Council's overall financial resources)	07/03/2023	Treat	01/03/2024
Recruit agency social workers to cover critical gaps in social work capacity	07/03/2023	Treat	01/03/2024
Prioritise maintaining investment in and maximising income for the funding of prevention and wellbeing services that reduce or delay recourse to statutory services and managed care and support for children and adults who would otherwise develop care and support needs (within the Council's overall available financial resources)	07/03/2023	Treat	01/03/2024
Implement a 'grow your own' strategy to support an increase in the number of internal staff to pursue the social work qualification	07/03/2023	Treat	01/03/2025
Prioritise a sufficient budget allocation (within the Council's overall available financial resources) to maintain the Council meeting at least the minimum level of statutory service across childrens and adults services	07/03/2023	Treat	01/03/2024
Implement a social work academy in children services to support newly qualified staff to gain the skills and experience to become competent child protection practitioners	07/03/2023	Treat	01/03/2024
Work with NPT Council and the Swansea Bay Health Board to implement a recruitment strategy for overseas staff to fill critical workforce shortages across health and social care	07/03/2023	Treat	01/03/2024

Current Impact : 4 - High



Current Likelihood : 4 - High



## Risk on a Page

Risk Title : Financial Control - Budgetary Control, Annual Budget and MTFP Delivery

Risk ID : 159

Description : If we fail to deliver the Council's MTFP, budget and maintain sufficient in year budgetary financial control, and in particular do not ensure we contain service overspending, especially now inflation is embedded at levels far above the expectation of around 2%, then we will not be able to respond appropriately to continuing austerity, demographic pressures, increasing demand and pay and price pressures, and changing public expectations in both current and future years.

Risk Level : Corporate

Responsible Officer : Ben.Smith

Councillor : Robert Stewart

Inherent Risk : 25

Last Update : 17/10/2023

Historical RAG :	Oct-22	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep-23
	25	25	25	25	25	20	25	25	25	25	25	25

### Current Control Measures

### Last Update

### Risk Response

### Projected Completion

As part of the quarterly Revenue and Capital Budget Monitoring Reports to Cabinet, continue to monitor and report on slippage in Capital schemes and the effects on Capital schemes of price inflation affecting supplies and materials, including mitigating actions such as agreeing cost increases through FPR7 procedures.

10/07/2023

Tolerate

31/03/2024

Identify uncontrollable inflation pressures as variances in the monthly PFM budget reporting cycles and quarterly through to Cabinet.

10/07/2023

Tolerate

31/03/2024

Compliance within Financial Procedure rules so that spend remains within budget, including permitted virements.

10/07/2023

Treat

31/03/2024

Services to ensure that inflation pressures are managed and contained within cash limits agreed at the time the budget and MFTP are set.

10/07/2023

Treat

31/03/2024

Extant spending restrictions published to all staff and reviewed and many controls continue to be directly exercised by CMT in relation to filling vacant posts, restructures, regrades and committing contract sums

10/07/2023

Treat

31/03/2024

Agreed and well established quarterly reporting plan in place to document and record at Cabinet all actions or non actions in services to contain spending

10/07/2023

Treat

31/03/2024

PFM (Performance and Financial Management/Monitoring) process monthly is well established and understood by all officers with appropriate escalation mechanism to S151 Officer, Chief Executive and Cabinet if non compliance

10/07/2023

Treat

31/03/2024

Agree modest virements in conjunction with the S151 Officer and report more sizeable issues for decision through Cabinet on S151 Officer advice around releases from central inflation provision (£4m) and

10/07/2023

Treat

31/03/2024

**Current Control Measures**

contingency (£3.5m) in year.

The S151 Officer to issue forthright and formal advice on the adequacy of budgets as part of budget setting, including the central inflation provision and contingency over the medium term taking into account all known pressures including prices.

Further development work to progress on transformation agenda over medium term through Achieving Better Together reshaping programme.

Last Update

Risk Response

Projected Completion

10/07/2023

Treat

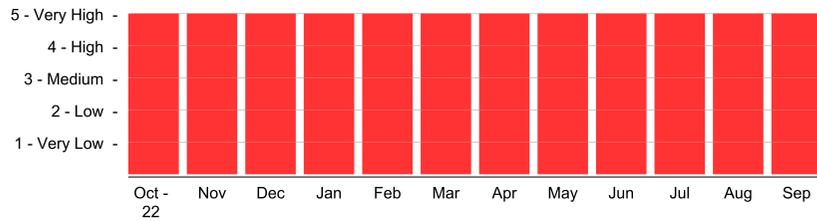
31/03/2024

10/07/2023

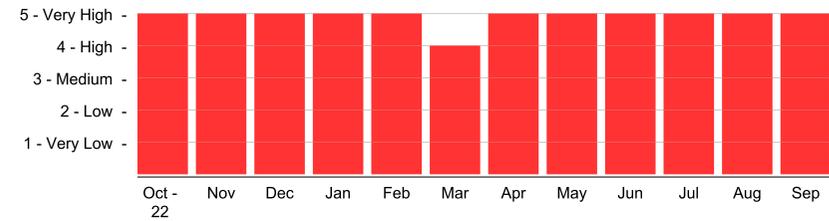
Treat

31/03/2024

Current Impact : 5 - Very High



Current Likelihood : 4 - Very High



# Risk on a Page

Risk Title : Cyber, data and digital security

Risk ID : 222

Description : If the council does not have robust cyber, data and digital security measures and systems and behaviours in place, embedded and working as best as they can be then it will not be protected from cyber threats, disruption to service delivery, possible loss of information including confidential information and associated fines and reputational damage.

Risk Level : Corporate

Responsible Officer : Sarah.Lackenby

Councillor : Andrea Lewis

Inherent Risk : 20

Last Update : 09/10/2023

Historical RAG :	Oct-22	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep-23
	15	15	15	15	15	15	15	15	15	15	15	15

Page 286

### Current Control Measures

DR test training completed for Digital Services team. Simulated test of a cyber attack. Training to be provided to HoS and CMT

Last Update

13/09/2023

Risk Response

Treat

Projected Completion

30/11/2023

Constant monitoring and surveillance of cyber risks by Security Office using system and tools in place. Situation reported monthly to Digital Services Board and Information Governance Board chaired by SIRO.

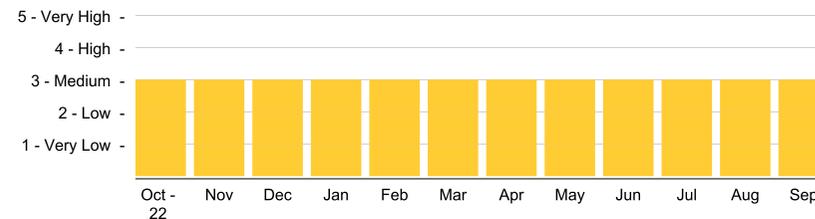
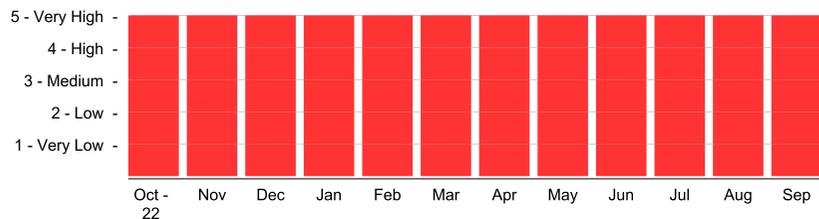
13/09/2023

Treat

31/12/2023

Current Impact : 5 - Very High

Current Likelihood : 3 - Medium



# Risk on a Page

Risk Title : Emergency Planning, Resilience and Business Continuity

Risk ID : 235

Description : If we do not have sufficient emergency planning, resilience and business continuity arrangements in place, then we will not be able to respond effectively in an emergency, provide the necessary civic leadership or continue to run vital services and ensure compliance with the legal requirements of the Civic Contingencies Act 2004 as a Category 1 Responder, which may lead to reputational damage, a loss of political and community confidence, increased potential for loss of life, prolonged recovery following a major/business continuity incident which will deny service to the public and increase operating costs.

Risk Level : Corporate

Responsible Officer : Ness.Young

Councillor : David Hopkins

Inherent Risk : 16

Last Update : 27/10/2023

Historical RAG :	Oct-22	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep-23
	9	9	9	9	9	9	9	9	9	9	9	9

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**Current Control Measures**

EMS Delivery plan under development for 23-24 16th Feb 23.

Last Update

13/09/2023

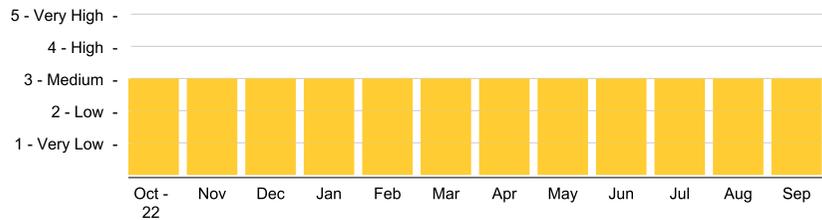
Risk Response

Treat

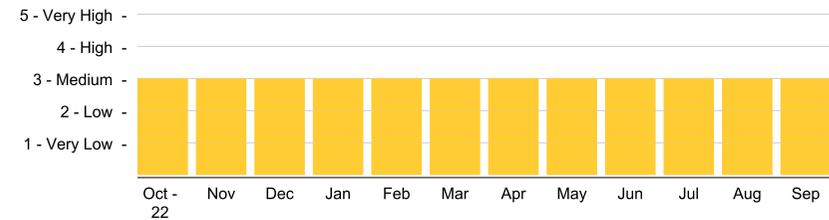
Projected Completion

31/03/2024

Current Impact : 3 - Medium



Current Likelihood : 3 - Medium



# Risk on a Page

Risk Title : Health & Safety

Risk ID : 236

Description : If the Authority does not have a robust framework of Health & Safety Policies and procedures that are reviewed regularly, or in the event of significant change, it may lead to legal non-compliance, the realisation of adverse events including reputational damage, injury, financial loss and litigation by regulators.

Risk Level : Corporate

Responsible Officer : Ness.Young

Councillor : David Hopkins

Inherent Risk : 25

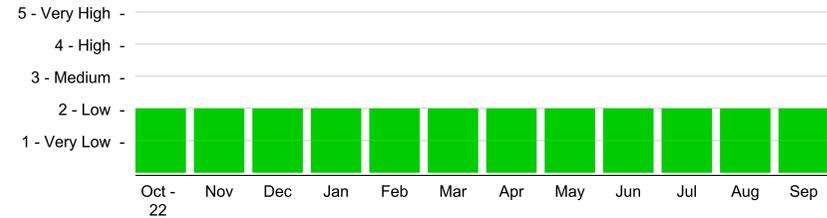
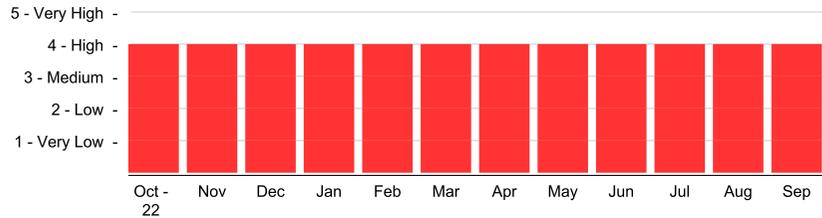
Last Update : 27/10/2023

Historical RAG :	Oct-22	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep-23
	8	8	8	8	8	8	8	8	8	8	8	8

Page 288

Current Impact : 4 - High

Current Likelihood : 2 - Low



# Risk on a Page

Risk Title : Delivering the Regeneration Programme

Risk ID : 269

Description : If the local economy and infrastructure is not transformed and supported to be resilient to economic challenges and changes to government policy on climate change, including flood risk and associated regulatory restrictions, and does not take advantage of opportunities to attract new development and investment, then it will not fulfil its potential as a regional centre to raise aspirations, improve services, lift skills, improve connectivity, create well-paid employment opportunities and improve the well-being of Swansea citizens.

Risk Level : Corporate

Responsible Officer : Mark.Wade

Councillor : Robert Stewart

Inherent Risk : 25

Last Update : 01/11/2023

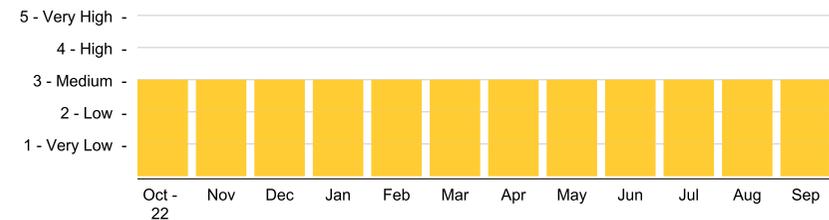
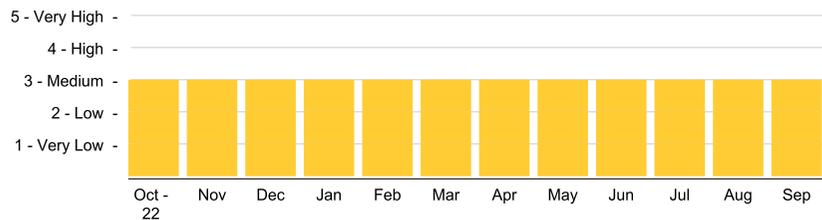
Historical RAG :	Oct-22	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep-23
	9	9	9	9	9	9	9	9	9	9	9	9

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Current Control Measures	Last Update	Risk Response	Projected Completion
Continue dialogue with Welsh Government on viability funding to support Urban Splash investment	25/09/2023	Treat	31/12/2023
Prepare and submit a LUF round 3 bid for City Centre to provide gap funding to support infrastructure and Urban Splash investment.	02/09/2023	Treat	31/12/2023
Urban Splash now appointed as long-term investment partner to deliver future phases of investment and to capitalise on the progress made via city deal projects. Initial design phases underway.	26/04/2023	Treat	31/12/2023

Current Impact : 3 - Medium

Current Likelihood : 3 - Medium



## Risk on a Page

Risk Title : Impact of Poverty

Risk ID : 290

Description : If there is increased demand on Council services due to an increased number of residents experiencing the impact of poverty due to the pandemic and cost of living pressures. Then the impact includes increased debt, reduction in household income and negative impact on health and well-being.

Risk Level : Corporate

Responsible Officer : Amy.Hawkins

Councillor : Alyson Pugh

Inherent Risk : 16

Last Update : 09/10/2023

Historical RAG :	Oct-22	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep-23
	9	9	9	9	9	9	9		9	9	6	9

### Current Control Measures

Provide targeted advice on financial inclusion to people who are struggling with accessing the support to manage their debts, to address their needs in a timely, effective manner.

Last Update

31/08/2023

Risk Response

Treat

Projected Completion

31/03/2024

Provide weekly access to Welfare Rights Advice helpline for frontline social care staff to improve their knowledge on benefit entitlements and directly apply this to the people they support in order to increase take-up of benefits.

31/08/2023

Treat

31/03/2024

Support people to gain employment through referrals into mentoring and development of employability skills as part of an agreed personal development plan, to improve the number of people increasing their household income through employment.

31/08/2023

Treat

31/03/2024

Directly support people through Local Area Co-ordination to access the support they require in a place and time that meets their needs, to address the impacts of poverty and its effects on their health and well-being.

31/08/2023

Treat

31/03/2024

Increased demand on council services due to an increased number of residents experiencing the impact of poverty due to the cost of living crisis and the ongoing impact of the pandemic. The impact includes increased debt, reduction in household income and negative impact on health and well-being.

31/08/2023

Treat

31/03/2024

The cost of living payments have been automatically been paid to those who we have details for other's the online application is open. Additional funding has been allocated for energy crisis payments which residents are accessing.

Further funding has been allocated to community and voluntary organisations for addressing food poverty and addressing period poverty, along with new 'holiday food' schemes for Summer 2023.

The provision of Employability support, Debt and Benefit advice and guidance commissioned and in-house, increase take up of benefit entitlements, skills support and administration of Covid Self isolation payments. Work across the Authority through the Poverty Forum and with external partners through the Poverty Partnership Forum to identify risk management strategies to mitigate the impact.

31/08/2023

Treat

31/03/2024

**Current Control Measures**

Co-ordinate targeted and time-bound grant schemes for helping people with Cost of Living challenges (e.g. fuel poverty) to reduce the impact of poverty on people and businesses.

Last Update

31/10/2022

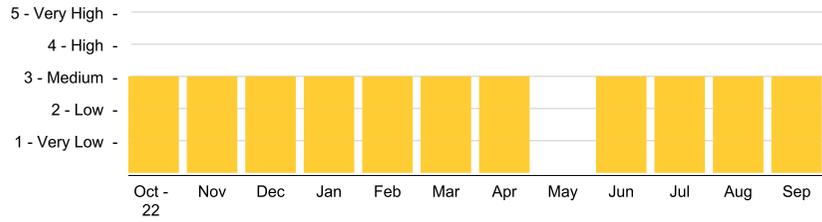
Risk Response

Treat

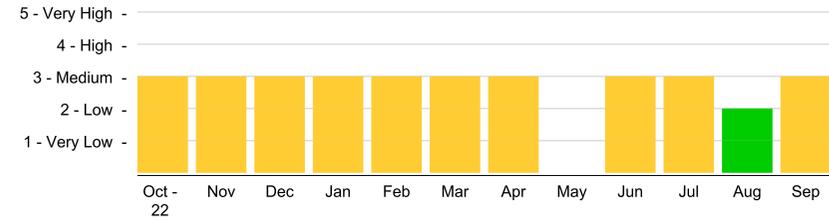
Projected Completion

31/12/2023

Current Impact : 3 - Medium



Current Likelihood : 3 - Medium



# Risk on a Page

Risk Title : Cost of living crisis

Risk ID : 334

Description : If the cost of living crisis continues or gets worse, then it will lead to greater pressure on housing supply, increased housing costs, higher levels of homelessness and increased demand on housing, tenancy support, homelessness and other Council services.

Risk Level : Corporate

Responsible Officer : Carol.Morgan

Councillor : Andrea Lewis

Inherent Risk : 25

Last Update : 26/10/2023

Historical RAG :	Oct-22	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep-23
			16	16	16	16	16	16	16	16	16	16

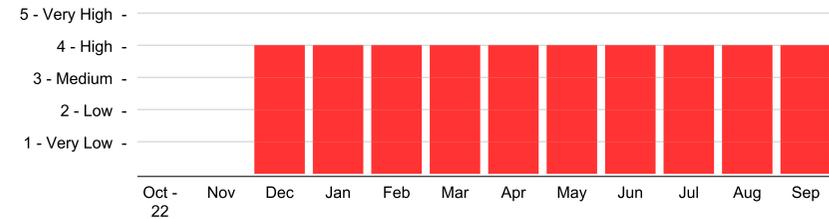
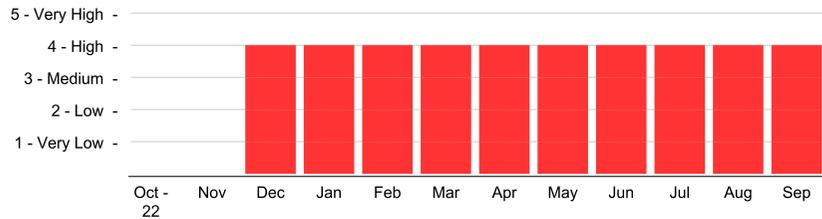
### Current Control Measures

	Last Update	Risk Response	Projected Completion
Lobby Welsh Government to supply more financial resources to Local Authorities to tackle the cost of living crisis.	16/12/2022	Treat	15/12/2023
increase supply of social housing via the More Homes Programme, Planning policy and indirectly through the allocation of social Housing Grant to Registered Social Landlords.	16/12/2022	Treat	15/11/2023

Page 292

Current Impact : 4 - High

Current Likelihood : 4 - High



# Risk on a Page

Risk Title : Workforce recruitment and retention

Risk ID : 335

Description : If the Council is not able to recruit and retain the right staff, then there may be reduced workforce capacity and capability, leading to lower staff morale and productivity, poor work quality, increased staff costs and reduced staff well-being / higher sickness rates.

Risk Level : Corporate

Responsible Officer : Rachael.Davies

Councillor : David Hopkins

Inherent Risk : 12

Last Update : 23/10/2023

Historical RAG :	Oct-22	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep-23
			6		6	6	6	6	6	6	6	6

### Current Control Measures

Quarterly reporting provided to Directorates for PFM to highlight areas of concern and consider targeted approaches accordingly.

Last Update

13/07/2023

Risk Response

Tolerate

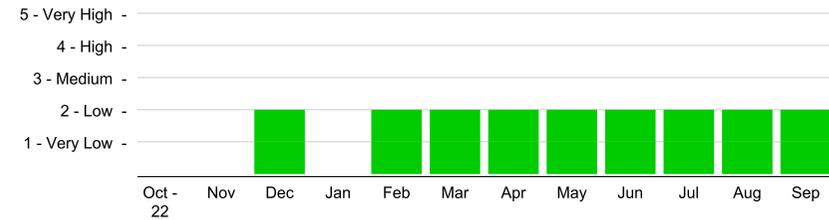
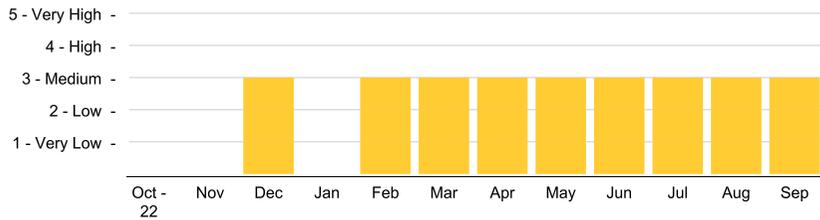
Projected Completion

30/09/2023

Page 293

Current Impact : 3 - Medium

Current Likelihood : 2 - Low



# Risk on a Page

Risk Title : Mandatory training

Risk ID : 336

Description : If the Council does not implement, monitor and ensure the completion of mandatory training, then the Council may not fulfil its statutory and regulatory obligations or ensure the safe and effective operation and delivery of services.

Risk Level : Corporate

Responsible Officer : UI

Councillor : David Hopkins

Inherent Risk : 12

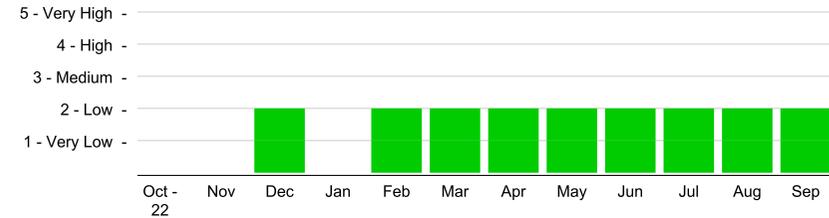
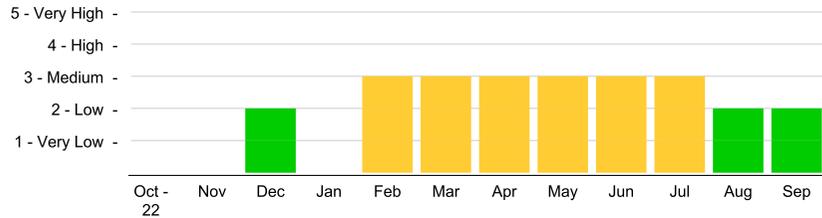
Last Update : 23/10/2023

Historical RAG :	Oct-22	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep-23
			4		6	6	6	6	6	6	4	4

Page 294

Current Impact : 2 - Low

Current Likelihood : 2 - Low



# Risk on a Page

Risk Title : Social Cohesion

Risk ID : 337

Description : If we do not manage to continue to improve community involvement and break down barriers amongst people in terms of economic disparities, encourage tolerance to avoid social discord and strengthen community development throughout all ages, then we could see increasing community tensions, disorder and civic unrest exacerbated by the cost of living crisis and perceived differences and people not feeling heard or listened to.

Risk Level : Corporate

Responsible Officer : David.Howes

Councillor : Alyson Pugh

Inherent Risk : 16

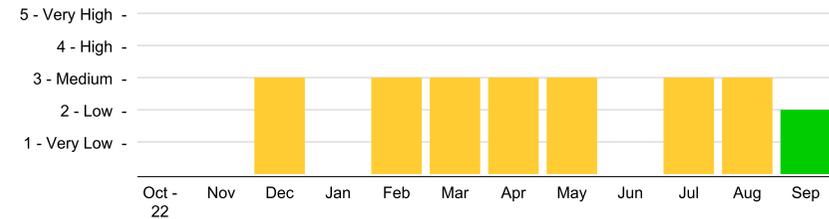
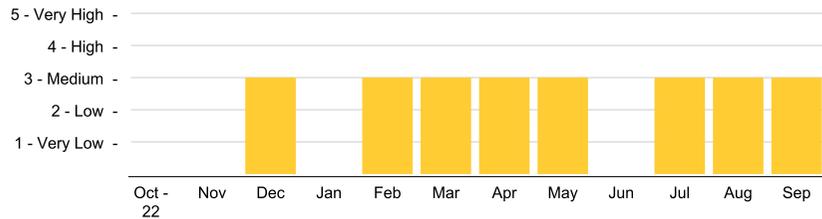
Last Update : 06/11/2023

Historical RAG :	Oct-22	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep-23
			9		9	9	9	9		9	9	6

Page 295

Current Impact : 3 - Medium

Current Likelihood : 2 - Low



# Risk on a Page

Risk Title : Net Zero 2030 target

Risk ID : 338

Description : If we do not transform the Council to meet the collective net zero commitments asked of public bodies by Welsh Government at sufficient pace and scale, then there is a possibility that the net zero target will not be met by 2030.

Risk Level : Corporate

Responsible Officer : Mark.Wade

Councillor : Andrea Lewis

Inherent Risk : 25

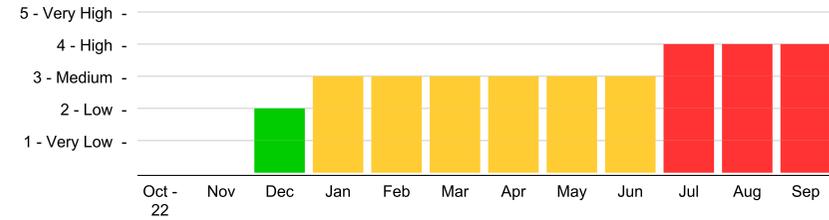
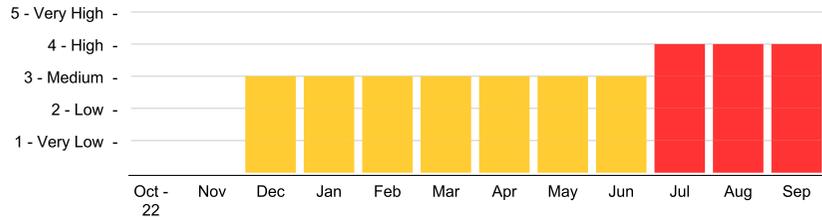
Last Update : 23/10/2023

Historical RAG :	Oct-22	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep-23
			6	9	9	9	9	9	9	16	16	16

Page 296

Current Impact : 4 - High

Current Likelihood : 4 - High



# Risk on a Page

Risk Title : Successful and Sustainable Swansea Corporate Transformation Plan

Risk ID : 350

Description : If the council does not successfully deliver the Successful and Sustainable Swansea Corporate Transformation Plan it will struggle to deliver its wellbeing objectives and to respond effectively to the external challenges it is facing up to 2028.

Risk Level : Corporate

Responsible Officer : Ness.Young

Councillor : Andrea Lewis

Inherent Risk : 12

Last Update : 16/10/2023

Historical RAG :	Oct-22	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep-23
								8	8	8	8	8

### Current Control Measures

Transformation Delivery Board to receive quarterly progress reports on all programmes within the CTP to monitor progress and address any performance issues should they arise.

Last Update

18/05/2023

Risk Response

Treat

Projected Completion

31/03/2024

Ensure effective governance arrangements are in place and maintained to oversee implementation of the CTP and undertake annual review of arrangements in March each year to ensure ongoing suitability.

18/05/2023

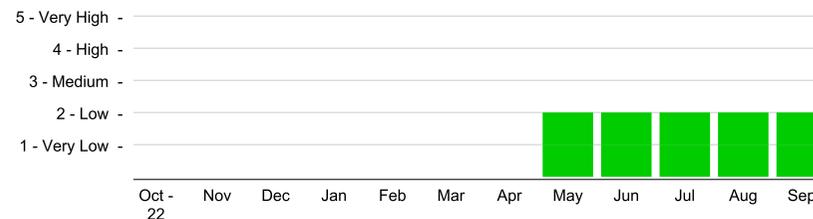
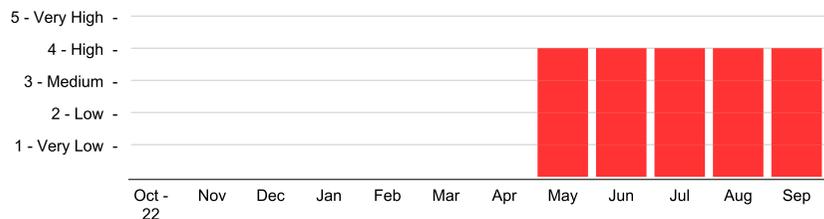
Treat

31/03/2024

Page 297

Current Impact : 4 - High

Current Likelihood : 2 - Low



# Risk on a Page

Risk Title : Development of New Waste Strategy - Transformation Programme

Risk ID : 360

Description : If the development of a new Waste Strategy is not adequately resourced, with timely decision making, then there is a risk of the new strategy being ineffective and its implementation being delayed. This may mean the Council not meeting future increased statutory recycling targets or benefitting from financial and environmental benefits.

Risk Level : Corporate

Responsible Officer : Chris.Howell

Councillor : Andrew Stevens

Inherent Risk : **12**

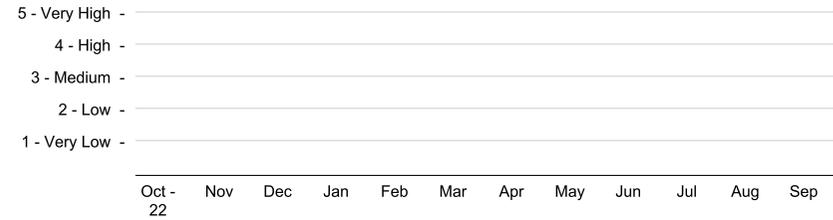
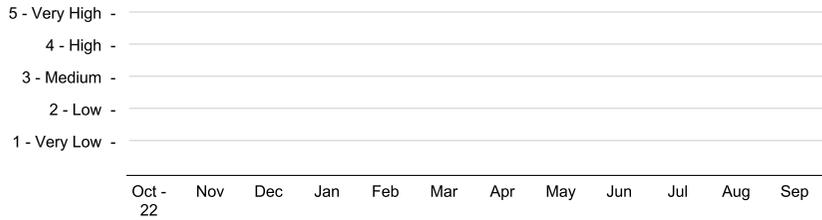
Last Update : 08/11/2023

Historical RAG : Oct-22 Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep-23

Page 298

Current Impact :

Current Likelihood :





## Review of Swansea Council's Risk Management Arrangements

### 1. PURPOSE

- 1.1 To review to the Council's Risk Management Policy, Framework and practice and make recommendations for improvement to bring it in line with current good practice.

### 2. BACKGROUND

- 2.1 The Council has been working to improve its risk management arrangements over the past couple of years in line with the existing risk management policy and framework. This has included: improving and ensuring consistency in how risks are described, ensuring risks are linked to corporate priorities, improving compliance reviewing and updating risks each month, a new risk register, improvements made to control measures to make them SMARTer and the introduction of residual and inherent risk.
- 2.2 In July 2023 APSE (funded by the WLGA) provided a risk management training session with Cabinet and CMT at which the council's risk register and risk management practices were explored and discussed. The outcome of this session was consensus that further improvement was required to the council's risk management policy, framework, and practice. A review was therefore commissioned to identify specific improvement proposals. The Review should ensure that the management of risks is an embedded management behaviour, so that less time is spent on monitoring and ensuring compliance.

### 3. SCOPE

- 3.1 The Council's risk management framework, policy and practice are all within the scope of the review. It will cover all aspects of the risk management cycle, including monitoring risks. Any recommendations will strike any appropriate balance between being robust and being manageable within existing resources and pressures. In addition, the outcome of the Review must be implementable in the Councils risk application.
- 3.2 The review will, inter alia, consider the following:
- Current good practice in respect of risk management.
  - The difference between risks and issues and how both should be identified, managed and monitored.
  - Creating a "target" for reducing residual risk.

- How risks (at different levels) are linked or clumped around themes and linked to performance measures and actions, e.g. corporate plan steps.
- the development of a risk management e-learning training course.

#### **4. METHODOLOGY**

- 4.1 The methodology proposed combines desktop research with interviews, as follows:

##### **Phase 1 (underway):**

Undertake a desktop review of current good practice, e.g. Institute of Risk Management, other organisations and advice from regulators,

##### **Phase 2 (November 2023):**

Compare the council's framework, policy and practice with the good practice identified in phase 1 and identify proposals for improvement.

Inform Leadership Team and take their views on the review of the risk management policy and framework.

Meet Chair of the Governance and Audit Committee to discuss emerging findings and to seek their input into the review.

Meet the Strategic Governance Group to discuss and seek their views on identified proposals for improvement.

##### **Phase 3 (December 2023)**

Produce a report for the Governance and Audit Committee (15 January 2024) seeking comments on proposed changes to the Council's Risk Management Framework, Policy, and Practice from 1 April 2024.

##### **Phase 4 (January 2024)**

Produce a Cabinet report for 15 February 2024 setting out the findings of the review and making recommendations for improvement to be implemented by 31 March 2024.

#### **5. GOVERNANCE**

- 5.1 The review will be undertaken by the Corporate Performance Manager, with support from the Director of Corporate Services.

**Richard Rowlands**  
**Corporate Performance Manager**  
**16 October 2023**

# Integrated Impact Assessment Screening Form – Appendix C

Please ensure that you refer to the Screening Form Guidance while completing this form.

## Which service area and directorate are you from?

Service Area: SDU

Directorate: Corporate Services

### Q1 (a) What are you screening for relevance?

- New and revised policies, practices or procedures
- Service review, re-organisation or service changes/reductions, which affect the wider community, service users and/or staff
- Efficiency or saving proposals
- Setting budget allocations for new financial year and strategic financial planning
- New project proposals affecting staff, communities or accessibility to the built environment, e.g., new construction work or adaptations to existing buildings, moving to on-line services, changing location
- Large Scale Public Events
- Local implementation of National Strategy/Plans/Legislation
- Strategic directive and intent, including those developed at Regional Partnership Boards and Public Services Board, which impact on a public bodies functions
- Medium to long term plans (for example, corporate plans, development plans, service delivery and improvement plans)
- Setting objectives (for example, well-being objectives, equality objectives, Welsh language strategy)
- Major procurement and commissioning decisions
- Decisions that affect the ability (including external partners) to offer Welsh language opportunities and services
- Other

### (b) Please name and fully describe initiative here:

Quarter 2 2023/24 Corporate Risk Overview. High level summary of the overall status of Corporate Risk in the Council during Q2.

### Q2 What is the potential impact on the following: the impacts below could be positive (+) or negative (-)

	High Impact		Medium Impact		Low Impact		Needs further Investigation	No Impact
	+	-	+	-	+	-		
Children/young people (0-18)	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Older people (50+)	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Any other age group	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Future Generations (yet to be born)	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Race (including refugees)	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Asylum seekers	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Gypsies & travellers	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Religion or (non-)belief	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Sex	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Sexual Orientation	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Gender reassignment	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Welsh Language	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Poverty/social exclusion	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Carers (inc. young carers)	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Community cohesion	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Marriage & civil partnership	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Pregnancy and maternity	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Human Rights	<input type="checkbox"/>	<input checked="" type="checkbox"/>						

## Integrated Impact Assessment Screening Form – Appendix C

**Q3** What involvement has taken place/will you undertake e.g. engagement/consultation/co-productive approaches?  
Please provide details below – either of your activities or your reasons for not undertaking involvement

Not applicable - Quarter 2 2023/24 Corporate Risk Overview. High level summary of the overall status of Corporate Risk in the Council during Q2.

---

**Q4** Have you considered the Well-being of Future Generations Act (Wales) 2015 in the development of this initiative:

- a) Overall does the initiative support our Corporate Plan's Well-being Objectives when considered together?  
Yes  No
- b) Does the initiative consider maximising contribution to each of the seven national well-being goals?  
Yes  No
- c) Does the initiative apply each of the five ways of working?  
Yes  No
- d) Does the initiative meet the needs of the present without compromising the ability of future generations to meet their own needs?  
Yes  No

---

**Q5** What is the potential risk of the initiative? (*Consider the following impacts – equality, socio-economic, environmental, cultural, legal, financial, political, media, public perception etc...*)

High risk

Medium risk

Low risk

---

**Q6** Will this initiative have an impact (however minor) on any other Council service?

Yes

No

If yes, please provide details below

---

**Q7** Will this initiative result in any changes needed to the external or internal website?

Yes

No

If yes, please provide details below

---

**Q8** What is the cumulative impact of this proposal on people and/or communities when considering all the impacts identified within the screening and any other key decisions affecting similar groups/ service users made by the organisation?

*(You may need to discuss this with your Service Head or Cabinet Member to consider more widely if this proposal will affect certain groups/ communities more adversely because of other decisions the organisation is making. For example, financial impact/poverty, withdrawal of multiple services and whether this is disadvantaging the same groups, e.g., disabled people, older people, single parents (who are mainly women), etc.)*

## Integrated Impact Assessment Screening Form – Appendix C

**Outcome of Screening – Quarter 2 2023/24 Corporate Risk Overview. High level summary of the overall status of Corporate Risk in the Council during Q2.**

- Q9 Please describe the outcome of your screening using the headings below:**
- **Summary of impacts identified and mitigation needed (Q2)**
  - **Summary of involvement (Q3)**
  - **WFG considerations (Q4)**
  - **Any risks identified (Q5)**
  - **Cumulative impact (Q7)**

(NB: This summary paragraph should be used in the ‘**Integrated Assessment Implications**’ section of corporate report)

**Full IIA to be completed**

**Do not complete IIA – please ensure you have provided the relevant information above to support this outcome**

NB: Please email this completed form to the Access to Services Team for agreement before obtaining approval from your Head of Service. Head of Service approval is only required via email.

<b>Screening completed by:</b>
<b>Name: R Rowlands</b>
<b>Job title: Strategic Delivery &amp; Performance Manager</b>
<b>Date: 16/11/23</b>
<b>Approval by Head of Service:</b>
<b>Name: Lee Wenham</b>
<b>Position: Head of Communications &amp; marketing</b>
<b>Date: 16/11/23</b>

Please return the completed form to [accesstoservices@swansea.gov.uk](mailto:accesstoservices@swansea.gov.uk)

# Agenda Item 9



## Report of the Director of Corporate Services

Governance and Audit Committee – 6 December 2023

### Audit Wales Recommendations Tracker

**Purpose:** The report presents a tracker providing progress updates meeting Audit Wales recommendations.

**Report Author:** Richard Rowlands

**Finance Officer:** Paul Roach

**Legal Officer:** Debbie Smith

**Access to Services Officers:** Rhian Millar / Catherine Window

#### For Information

#### 1. Background

- 1.1 All relevant recommendations from Audit Wales national and local reports are recorded in a tracker and are monitored for progress.
- 1.2 The tracker is attached at Appendix A for information.
- 1.3 The tracker lists the relevant Audit Wales report, the recommendations, the actions that the Council intends to undertake to implement the recommendations, progress to date and target dates for completion.

#### 2. Summary

- 2.1 The first sheet in the tracker lists all the Audit Wales recommendations that are considered closed and complete as at November 2023. The second sheet in the tracker lists all the Audit Wales recommendations that are considered open, as at November 2023:
  - 2.1.1 'A missed opportunity' – Social Enterprises. This national report looked at how local authorities are working to grow and make the most of Social Enterprises. Recommendations regarding self-evaluation and leadership on the poverty agenda have been implemented. A draft

Action Plan for 'A missed opportunities' recommendations is under review and further details will follow in 2024/25.

- 2.1.2 'Together we can' – Community resilience and self-reliance. This national report looked at how local authorities are creating the conditions needed to help communities thrive as independently as possible. The Council has implemented recommendations on self-evaluation. Actions to address the gaps have been identified and progress is recorded in Appendix A with completion dates identified during 2023/24 and 2024/25.
- 2.1.3 'Time for change' – Poverty in Wales. This national report looked at the challenge of poverty in Wales and how government is responding. Recommendations regarding leadership on the poverty agenda, experience mapping to create inclusive services for people in poverty, a single web landing page for people seeking help, streamlining and improving application and information services for people in poverty and complying with the socio-economic duty are in place. Swansea's Tackling Poverty Strategy, which is cited as good practice, provides a foundation for further improvements, which will be undertaken with a refresh of the strategy and performance framework to be in place by March 2024.
- 2.1.4 Direct Payments for Adult Social Care. This national report looked at how local authorities manage and encourage take up of Direct Payments and whether these services present value for money. The Council has implemented several recommendations from the report. Further work is required to review how advocacy services are considered at first point of contact to provide independent advice for Direct Payments to service users and Carers; further information will follow in 2024/25.
- 2.1.5 'Cracks in the Foundations' – Building Safety in Wales. This national report looked at how Welsh Government, local authorities and their key partners are implementing the requirements of the Building Safety Act 2022. The Council intends to expand on existing action plans to implement the Act by April 2024 and discussions have commenced to consider regional / collaborative working to include "hubs" of expertise to address the inevitable shortage of specialisms resulting from the introduction of the new building safety regime.
- 2.1.6 Setting of well-being objectives. This report set out to answer the question 'to what extent has the Council acted in accordance with the sustainable development principle when setting its new well-being objectives'. The report concluded that the Council had applied the Sustainable Development Principle in setting its Well-being Objectives and that embedding its approach to engagement and performance monitoring would further strengthen this. Recommendations on improving consultation and engagement and considering the impact of future financial savings and risks have been implemented. Work to

revise service planning to help measure progress implementing the Councils Well-being Objectives will be considered during the 2024/25 planning cycle.

2.1.7 Update on the progress the Council is making around its Transformation Programme. This report describes if the Council is effectively planning and monitoring its approach to its organisational transformation programme and the delivery of associated savings. The overall view in the report is that whilst many aspects of the Council's strategic approach to planning, monitoring, and delivering its new Transformation Programme are well defined, some key arrangements could be strengthened to enable the Transformation Programme to adapt to the ongoing financial pressures and achieve its ambitions. The Council has outlined several actions to address the recommendations to be implemented during 2023/24.

### **3. Integrated Assessment Implications**

3.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage.
- Consider opportunities for people to use the Welsh language.
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

3.1.1 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

3.1.2 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

3.1.3 This report is a 'for information' report and so is not relevant for an IIA.

**4. Legal Implications**

4.1 There are no legal implications.

**5. Financial Implications**

5.1 There are no financial implications.

**Background papers:** None

**Appendices:**

Appendix A – Audit Wales recommendations tracker.

## Appendix A

Ref	Audit Wales Report	Recommendation Reference	All Wales Recommendations	Swansea Specific Recommendations	Actions to Achieve Recommendation	Progress to date	Target date for completion	Responsible Officer	Closed (yes/no)
						Nov-23			
1	Equality Impact Assessments: More than a Tick Box Exercise?  Publication Date: September 2022  <a href="https://www.audit.wales/news/making-equality-impact-assessments-more-just-tick-box-exercise">https://www.audit.wales/news/making-equality-impact-assessments-more-just-tick-box-exercise</a>	Recommendation 4	Reviewing public bodies' current approach for conducting EIAs	N/a	See Report of the Cabinet Member for Culture and Equalities to Service Improvement and Finance Scrutiny Performance Panel 6th December 2022.	We have developed an Integrated Impact Assessment (IIA) process. Our Integrated Impact Assessment was designed to meet the requirements of existing and new Welsh legislation such as the Public Sector Equality Duty, the Well Being of Future Generations Act (2015) and the new Socio-economic duty (2021). Our IIA process also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers and the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language. We have received positive feedback from officers on our new IIA process	Complete	Lee Wenham	Yes
2	'A missed opportunity' – Social Enterprises.  Publication Date: September 2022  <a href="https://www.audit.wales/publication/missed-opportunity-social-enterprises">https://www.audit.wales/publication/missed-opportunity-social-enterprises</a>	SE-1	<b>Conduct self evaluation</b> To get the best from their work with and funding of Social Enterprises, local authorities need to ensure they have the right arrangements and systems in place. We recommend that local authority officers use the checklist in Appendix 2 to: <input type="checkbox"/> self-evaluate current Social Enterprise engagement, management, performance and practice; <input type="checkbox"/> identify opportunities to improve joint working; and <input type="checkbox"/> jointly draft and implement an action plan with timeframes and responsibilities clearly set out to address the gaps and weaknesses identified through the self-evaluation.	N/a	See Column 1	The Council welcomes the opportunity to evaluate its current position and identify actions, improvements and transformative work required to enable, promote and support the Social Enterprise sector in Swansea. Through the two oversight groups that coordinate the delivery of the Corporate Priority 'Tackling Poverty and Enabling Communities' – these are the Swansea Council Poverty Forum and Enabling Communities Group – we have undertaken an internal review of the evaluation tool.	Complete	Lee Cambule	Yes
		SE-3	<b>Leadership on the poverty agenda</b> To ensure the local authority delivers its S.16 responsibilities to promote Social Enterprises we recommend that it reports on current activity and future priorities following the evaluation of its Action Plan including the Annual Report of the Director of Social Services.	N/a	See Column 1	We are compliant with the Section 16 duties in relation to promoting and reporting on Social Enterprises through the Annual Report of the Director of Social Services.	Complete	Lee Cambule	Yes
3	'Together we can' – Community resilience and self-reliance  Publication Date: January 2023  <a href="https://www.audit.wales/publication/together-we-can-community-resilience-and-self-reliance">https://www.audit.wales/publication/together-we-can-community-resilience-and-self-reliance</a>	Recommendation 1	To strengthen community resilience and support people to be more self-reliant, local authorities need to ensure they have the right arrangements and systems in place. We recommend that local authorities use the evaluation tool (attached) to: • self-evaluate current engagement, management, performance and practice; • identify where improvement is needed; and • draft and implement an action plan with timeframes and responsibilities clearly set out to address the gaps and weaknesses identified in completing the evaluation tool.	N/a	See Column 1	The Council welcomes the opportunity to evaluate its current position and identify actions, improvements and transformative work required to enable communities in Swansea to become resilience and self-reliant. Through the two oversight groups that coordinate the delivery of the Corporate Priority 'Tackling Poverty and Enabling Communities' – these are the Swansea Council Poverty Forum and Enabling Communities Group – we have undertaken an internal review of the evaluation tool.	Complete	Lee Cambule	Yes
4	'Time for change' – Poverty in Wales  Publication Date: November 2022  <a href="https://www.audit.wales/publication/time-change-poverty-wales">https://www.audit.wales/publication/time-change-poverty-wales</a>	Recommendation 3	<b>Leadership on the poverty agenda</b> we note that just over a third of councils have lead members and lead officers for addressing poverty. Given the importance of effective leadership in driving the poverty agenda forward and breaking silos within councils and between public bodies, we recommend each council designate a cabinet member as the council's poverty champion and designate a senior officer to lead and be accountable for the anti-poverty agenda.	N/a	See Column 1	Swansea is one of few councils in Wales with a Cabinet Member, senior officer and Tackling Poverty team responsible for leading on tackling poverty. A communications campaign to raise awareness and the profile of this structure with our partners and stakeholders is the next step. We continue to engage with Welsh Local Government Association (WGLGA) colleagues and their newly established Poverty Group to share knowledge and opportunities for learning. This will allow us to explore innovations and new ways to improve our approach to tackling poverty.	Complete	Lee Cambule	Yes

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						Nov-23			
		Recommendation 5	<b>Experience mapping to create inclusive services for people in poverty.</b> we highlight that people in poverty are often in crisis, dealing with extremely personal and stressful issues, but they often find it difficult to access help from councils because of the way services are designed and delivered. We recommend that councils improve their understanding of their residents' 'lived experience' through meaningful involvement in decision-making using 'experience mapping' and/or 'Poverty Truth Commissions' to review and improve accessibility to and use of council services.	N/a	See Column I	Swansea's Poverty Truth Commission is referenced in the report. Lived experience is vital in driving our strategic approach to tackling poverty. This includes recognising the extent of the journey that people experience when they are in or at risk of poverty, as these journeys can be very different depending on a range of factors. Experience mapping will help us to understand the experience of people living in poverty and develop the right policies, changes and services. Swansea launched the first Poverty Truth Commission in Wales last month. This presents an opportunity to spearhead this approach and work closely with the commission and others to improve accessibility and use of council services.	Complete	Lee Cambule	Yes
		Recommendation 6	<b>Single web landing page for people seeking help.</b> we highlight the difficulties people in poverty face accessing online and digital services. To ensure people are able to get the information and advice they need, we recommend that councils optimise their digital services by creating a single landing page on their website that: <input type="checkbox"/> is directly accessible on the home page; <input type="checkbox"/> provides links to all services provided by the council that relate to poverty; <input type="checkbox"/> provides information on the work of partners that can assist people in poverty.	N/a	See Column I	The Council recently launched a dedicated web page - <a href="https://www.swansea.gov.uk/costoflivinghelp">https://www.swansea.gov.uk/costoflivinghelp</a> with information and advice on support for people in or at risk of poverty. This includes links to Council services such as Local Area Coordinators and to external websites including Welsh Government and Citizens Advice. The intention is to use feedback on this site to explore what improvements could be made. The corporate Digital Strategy supports this recommendation and there are further opportunities to address difficulties people in poverty face in accessing online and digital services as we refresh the Tackling Poverty Strategy.	Complete	Lee Cambule	Yes
		Recommendation 7	<b>Streamlining &amp; improving application &amp; information services for people in poverty.</b> we note that no council has created a single gateway into services. As a result, people have to complete multiple application forms that often record the same information when applying for similar services. We highlight that whilst it is important that councils comply with relevant data protection legislation, they also need to share data to ensure citizens receive efficient and effective services. We recommend that councils: <input type="checkbox"/> establish corporate data standards and coding that all services use for their core data; <input type="checkbox"/> undertake an audit to determine what data is held by services and identify any duplicated records and information requests; <input type="checkbox"/> create a central integrated customer account as a gateway to services; <input type="checkbox"/> undertake a data audit to provide refresher training to service managers to ensure they know when and what data they can and cannot share; <input type="checkbox"/> review and update data sharing protocols to ensure they support services to deliver their data sharing responsibilities.	N/a	See Column I	The corporate Digital Strategy supports this recommendation, along with the Information Management Policy. The joint campaign to increase pension credit take-up between Swansea and Neath Port Talbot is included in the report as a good example of targeting those most in need to provide support and assistance. Development of our Corporate Personal Debt Recovery Policy is cited as good practice but there is also a view that council services are generally more focused on helping people in crisis than prevention. Developing strategic approaches to prevention and poverty in the refreshed Tackling Poverty strategy will support this. Through the Coordinated Crisis Support programme, we - along with our partners - have piloted a multi-agency referral process and a Wales Accord on Sharing Personal Information (WASPI) data sharing agreement is in place across Employability providers through our Swansea Working Partnership and both demonstrate this recommendation. Community Hubs are referenced in the report as offering councils the opportunity to help people at the point of crisis and the development of the City Centre Hub will	Complete	Lee Cambule	Yes

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		Recommendation 8	<p><b>Complying with the socio-economic duty.</b> we set out that while all councils undertake some form of assessment to determine the likely socio-economic impact of policy choices and decisions, approaches vary and are not always effective. We recommend that councils review their integrated impact assessments or equivalent to:</p> <ul style="list-style-type: none"> <li>□ ensure that they draw on relevant, comprehensive and current data (nothing over 12 months old) to support analysis;</li> <li>□ ensure integrated impact assessments capture information on: <ul style="list-style-type: none"> <li>o involvement activity setting out those the service has engaged with in determining its strategic policy such as partners, service users and those it is co-producing with;</li> <li>o the cumulative impact/mitigation to ensure the assessment considers issues in the round and how it links across services provided across the council;</li> <li>o how the council will monitor and evaluate impact and will take corrective action;</li> <li>o an action plan setting out the activities the Council will take as a result of the Integrated Impact Assessment.</li> </ul> </li> </ul>	N/a	See Column I	<p style="text-align: center;">Nov-23</p> <p>Swansea Council is recognised in the report for its comprehensive Integrated Impact Assessment (IIA) approach that provides a robust measurement of the socio-economic impact of strategic decisions. To ensure that we draw on relevant, comprehensive and current data, we will work with Data Cymru utilising their new 'A View of Poverty' data tool. The importance of robust, quality data to inform policy development is highlighted and we will develop a Swansea-centric dashboard of data and intelligence relating to tackling poverty.</p>	Complete	Lee Cambule	Yes
5	<p>Public Sector Readiness for Net Zero Carbon by 2030</p> <p>Publication Date: July 2022</p> <p><a href="https://www.audit.wales/publication/public-sector-readiness-net-zero-carbon-2030">https://www.audit.wales/publication/public-sector-readiness-net-zero-carbon-2030</a></p>	Recommendation 1		In order to meet its net zero ambition, the Council needs to fully cost its action plan and ensure that it is aligned with its Medium Term Financial Plan.	See Column I	Delivery Plan approved 15th December Cabinet, 2022.	Complete	Geoff Bacon	Yes
6	<p>Direct Payments for Adult Social Care</p> <p>Publication Date: June 2022</p> <p><a href="https://www.audit.wales/publication/direct-payments-adult-social-care">https://www.audit.wales/publication/direct-payments-adult-social-care</a></p>	Recommendation 1	Local Authorities should review public information in discussion with service users and carers to ensure it is clear, concise and fully explains what they need to know about Direct Payments.	N/a	See Column I	Co-production is at the centre of DP development in Swansea. A DP forum has been created and arrangements for developing DP services are developed co-productively via this group.	Complete	Amy Hawkins	Yes
		Recommendation 2	Local Authorities should undertake additional promotional work to encourage the take up of Direct Payments.		See Column I	A Strategic Manager post has been created to promote take up of Direct Payments and ensure that these services are optimised for people where this option is preferred.	Complete	Amy Hawkins	Yes
		Recommendation 4	Local Authorities should ensure information about DP is available at the front door to social care and are included at the initial discussion on the available care options for service users and carers.		See Column I	<p>The Strategic Manager is actively introducing measures to improve knowledge and understanding of Direct Payments across our Social Work Teams. Steps taken to achieve recommendation 4 include:</p> <ul style="list-style-type: none"> <li>• Training and information sessions for Common Access Point Staff.</li> <li>• Ongoing training and information sessions for all Social Work Teams.</li> <li>• Ongoing work between the Carers Centre and the Direct Payments Team to ensure the Carers Centre can provide information and advice about Direct Payments at the first point of contact.</li> </ul>	Complete	Amy Hawkins	Yes

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		Recommendation 5	Local Authorities should provide training to Social Workers on Direct Payments to ensure they fully understand their potential and feel confident promoting it to service users and carers.		See Column I	A comprehensive information and training schedule is underway. Detailed information packs have been developed and social work training is being provided. To date relevant teams trained include: Community Initial Assessments Team, Local Area Coordination, North Hub Social Work Team, Swansea University Student Social Workers. • Further training sessions are currently scheduled for West Hub, CAP, Hospital SW Teams, Traumatic Brain Injury Service, Sensory Services, Mental Health Teams, Older Peoples Mental Health Teams. • All other social work teams across the Directorate will receive this information and training over the coming months. • Weekly 'drop in' sessions have also been developed to enable social work practitioners to access Direct Payments Team advice and receive support and guidance.	Complete	Amy Hawkins	Yes
		Recommendation 6	Welsh Government and local authorities to work together (with Social Care Wales and the All-Wales Direct Payments Forum) to develop a joint Recruitment and Retention Plan for Personal Assistants.		See Column I	Recruitment of PAs in Swansea is progressing well. New initiatives to recruit PAs are working and at October '22 the team have a bank of approximately 180 people who would like to become PAs.	Complete	Amy Hawkins	Yes
		Recommendation 7	Clarify policy expectations in plain accessible language and set out: • What Direct Payments can pay for; • How application and assessment processes, timescales and review processes work; • How monitoring individual payments and the paperwork required to verify payments will work; • How unused monies are to be treated and whether they can be banked; and • How to administer and manage pooled budgets. Public information should be reviewed regularly (at least every two years) to ensure they are working effectively and remain relevant.		See Column I	The current DP Policy is under review and a Project Board has recently been established to assist with this work. The revised DP Policy will address each of the areas referred to above and will be kept under review by the Project Board.	Complete	Amy Hawkins	Yes
		Recommendation 9	Welsh Government and local authorities to work together to establish a system to fully evaluate Direct Payments that captures all elements of the process – information, promotion, assessing, managing and evaluating impact on wellbeing and independence. Managing and evaluating impact on wellbeing and independence.		See Column I	The Strategic Manager is working closely with colleagues from across the department to establish enhanced performance management arrangements. These arrangements will enable a robust analysis of all aspects of the Direct Payment service. To date Welsh Government has not published or consulted on any proposal to develop new data sets or performance management arrangements. The department will collaborate with Welsh Government to develop these arrangements as required	Complete	Amy Hawkins	Yes
		Recommendation 10	Annually publish performance information for all elements of Direct Payments to enable a whole system view of delivery and impact to support improvement.		See Column I	To date Welsh Government has not engaged local authorities to develop these requirements. Currently the department has systems in place for monitoring of key performance metrics via our monthly Performance and Finance Monitoring programme. Monitoring also occurs via the Adult Services Scrutiny Performance Panel.	Complete	Amy Hawkins	Yes



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						Nov-23			
	<p>'A missed opportunity' – Social Enterprises.</p> <p>Publication Date: December 2022</p> <p><a href="https://www.audit.wales/publication/missed-opportunity-social-enterprises">https://www.audit.wales/publication/missed-opportunity-social-enterprises</a></p>	Recommendation 2	<p><b>Deliver Action Plan</b></p> <p>To drive improvement we recommend that the local authority:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> formally approve the completed Action Plan;</li> <li><input type="checkbox"/> regularly report, monitor and evaluate performance at relevant scrutiny committees; and</li> <li><input type="checkbox"/> revise actions and targets in light of the authority's evaluation and assessment of its performance.</li> </ul>	N/a	<p>We will co-produce, approve, publish and promote our regional vision for Social Enterprises.</p>	<p>A draft Action Plan for 'A missed opportunities' recommendations is under review and further details regarding this action will follow.</p>	2024/25	Lee Cambule	In progress
					<p>We will create an engagement plan for continuous communication and interaction with Social Enterprise providers across Swansea.</p>	<p>A draft Action Plan for 'A missed opportunities' recommendations is under review and further details regarding this action will follow.</p>	2024/25	Lee Cambule	In progress
					<p>We will complete mapping and analysis of existing Social Enterprises across Swansea.</p>	<p>A draft Action Plan for 'A missed opportunities' recommendations is under review and further details regarding this action will follow.</p>	2024/25	Lee Cambule	In progress
					<p>We will support and deliver the Regional Social and Micro Enterprise Project Plan in line with key milestones, resources and constraints.</p>	<p>A draft Action Plan for 'A missed opportunities' recommendations is under review and further details regarding this action will follow.</p>	2024/25	Lee Cambule	In progress
					<p>We will implement a framework for developing and promoting Social Enterprises in Swansea.</p>	<p>A draft Action Plan for 'A missed opportunities' recommendations is under review and further details regarding this action will follow.</p>	2024/25	Lee Cambule	In progress
					<p>We will implement a framework for performance and financial monitoring and reporting relating to the work of Local Authorities in developing and promoting Social Enterprises in Swansea.</p>	<p>A draft Action Plan for 'A missed opportunities' recommendations is under review and further details regarding this action will follow.</p>	2024/25	Lee Cambule	In progress
					<p>We will work with our partners to promote Social Enterprises in Swansea and the value of social enterprise.</p>	<p>A draft Action Plan for 'A missed opportunities' recommendations is under review and further details regarding this action will follow.</p>	2024/25	Lee Cambule	In progress
					<p>We will develop the Council's relationships with local people and communities to increase awareness and understanding of social enterprise and help them to get more involved in developing new initiatives in their areas.</p>	<p>A draft Action Plan for 'A missed opportunities' recommendations is under review and further details regarding this action will follow.</p>	2024/25	Lee Cambule	In progress
					<p>We will work with our partners to improve the skills and capabilities relevant to Social Enterprises in Swansea.</p>	<p>A draft Action Plan for 'A missed opportunities' recommendations is under review and further details regarding this action will follow.</p>	2024/25	Lee Cambule	In progress
					<p>We will explore and recommend how information on and access to social and micro enterprises is best held and share that link with people with care and support needs to the people providing that support.</p>	<p>A draft Action Plan for 'A missed opportunities' recommendations is under review and further details regarding this action will follow.</p>	2024/25	Lee Cambule	In progress
					<p>We will advise on available quality standards for social and micro enterprise.</p>	<p>A draft Action Plan for 'A missed opportunities' recommendations is under review and further details regarding this action will follow.</p>	2024/25	Lee Cambule	In progress
	<p>'Together we can' – Community resilience and self-reliance</p> <p>Publication Date: January 2023</p> <p><a href="https://www.audit.wales/publication/together-we-can-community-resilience-and-self-reliance">https://www.audit.wales/publication/together-we-can-community-resilience-and-self-reliance</a></p>	Recommendation 2	<p>To help local authorities address the gaps they identify following their self-evaluation, we recommend that they:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> formally approve the completed Action Plan arising from the evaluation exercise;</li> <li><input type="checkbox"/> regularly report, monitor and evaluate performance at relevant scrutiny committees; and</li> <li><input type="checkbox"/> revise actions and targets in light of the authority's evaluation and assessment of its performance.</li> </ul>	N/a	<p>We will explore what community resilience and self-reliance means with our partners and with the people we support to develop a co-produced set of terms and definitions.</p>	<p>Proposed definitions for communities, community resilience and community self-reliance have been developed by the Enabling Communities group. Engagement of these definitions will be incorporated into the public consultation for the refreshed Tackling Poverty Strategy.</p>	Mar-24	Lee Cambule	In progress

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	reliance					Nov-23			
					We will develop a clear approach that embeds principles such as co-production, social value and strengths-based approaches to ensure that communities play a key role in developing community resilience and self-reliance.	Findings of the recent Tackling Poverty Survey (August 2023) are being reviewed to identify principles and key elements of our approach to community resilience and self-reliance. Further co-production work is dependent on establishing the right mechanisms for engaging people with lived experience.	Jun-24	Lee Cambule	In progress
					We will build on our existing partnership arrangements and wider networks, forums and groups to develop collaborative opportunities to improve community resilience and self-reliance across Swansea.	A review of governance bodies aligned with our Corporate Priority 'Tackling Poverty and Enabling Communities' is underway, to identify the existing arrangements and develop potential improvements.	Jun-24	Lee Cambule	In progress
					We will develop the tools and infrastructure to conduct and sustainably maintain a mapping of community assets.	A project is being established as part of the Enabling Communities Transformation Programme to deliver this action; a Programme Brief is currently out for review and discussions on a lead for this project are also underway.	Jan-24	Lee Cambule	In progress
					We will conduct and sustainably maintain knowledge of local individuals and organisations supporting community resilience and self-reliance across Swansea.	A project is being established as part of the Enabling Communities Transformation Programme to deliver this action; a Programme Brief is currently out for review and discussions on a lead for this project are also underway.	Mar-24	Lee Cambule	In progress
					We will conduct a co-productive approach to planning and delivering programmes and initiatives to improve community resilience and self-reliance across Swansea.	Current milestone plans include a pilot of this approach working collaboratively with key local areas to deliver the approach and relevant initiatives to improve community resilience and self-reliance.	Sep-24	Lee Cambule	In progress
					We will explore existing relationships and develop new partnerships / collaborative working practices throughout communities across Swansea.	Once the project has been established, mapping of relationships and partnerships will be a key activity.	Jul-24	Lee Cambule	In progress
					We will utilise opportunities to encourage people to be more active in their community, either through volunteering with the council, local volunteering in their communities or with our partners.	Work on the Corporate Volunteering Policy is continuing alongside the development of a handbook, toolkit and planning for additional developments including a local strategic plan. Shared Prosperity Funding will support implementation of the volunteering policy.	Dec-24	Lee Cambule	In progress
4	'Time for change' – Poverty in Wales Publication Date: November 2022 <a href="https://www.audit.wales/publication/time-change-poverty-wales">https://www.audit.wales/publication/time-change-poverty-wales</a>	Recommendation 2	<b>Local strategies, targets &amp; performance reporting for tackling &amp; alleviating poverty</b> We highlight that councils and partners have prioritised work on poverty, but the mix of approaches and a complicated delivery landscape mean that ambitions, focus, actions and prioritisation vary widely. We highlight that evaluating activity and reporting performance are also variable with many gaps. We recommend that the councils use their Wellbeing Plans to provide a comprehensive focus on tackling poverty to coordinate their efforts, meet local needs and support the revised national plan targets and actions. This should: <input type="checkbox"/> include SMART local actions with a greater emphasis on prevention; <input type="checkbox"/> include a detailed resourcing plan for the length of the strategy; <input type="checkbox"/> be developed with involvement from other public sector partners, the third sector, and those with experience of poverty; <input type="checkbox"/> include a robust set of consistent outcome indicators and measures to increase understanding of poverty locally; <input type="checkbox"/> be subject to annual public reporting to enable a whole system view of poverty locally to help	N/a	Refresh the Tackling Poverty Strategy	Swansea Council's Tackling Poverty Framework is referenced as good practice, having a vision with themes and outcomes linked to relevant plans. Swansea's cross-organisational co-ordination approach involving senior officers is also highlighted as good practice. The Council's strong position provides the foundation for more engagement and commitment to tackling poverty in Swansea. The refresh of the Swansea Tackling Poverty Strategy will include SMART actions with an emphasis on prevention, revisiting and incorporating the Prevention Strategy (2017) approaches. Work has started on the refresh via the internal Poverty Forum and it will be developed further with involvement of partners via our Poverty Partnership Forum, Food Poverty Network, the Poverty Truth Commission and wider public. We will develop a Tackling Poverty Performance Framework linking national outcomes to corporate indicators to performance measures realised by our services.	Mar-24	Lee Cambule	In progress

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			improve delivery and support.			Nov-23			
					Develop a Poverty Performance Framework	A second draft performance framework is currently under review internally prior to wider circulation, review and approval. This performance framework will align the key themes, outcomes, indicators and performance measures across the scope of the Corporate Priority, so that all parties involved in contributing to Tackling Poverty and Enabling Communities (as well as the refreshed strategy) can understand how their performance contributes to delivering our aims and objectives.	Mar-24	Lee Cambule	In progress
5	Direct Payments for Adult Social Care  Publication Date: June 2022  <a href="https://www.audit.wales/publication/direct-payments-adult-social-care">https://www.audit.wales/publication/direct-payments-adult-social-care</a>	Recommendation 3	Local Authorities should ensure advocacy services are considered at first point of contact to provide independent advice for Direct Payments to service users and Carers.	N/a		This is an area where further work is required. Adult services has commissioned advocacy services to meet general advocacy obligations arising under the SSWBA. Further work will be undertaken to understand how these commissioned services can assist with this recommendation. The Direct Payments team has commenced a pilot project with our Community Initial Assessment Social Work Team. This involves matching Direct Payment staff with social work practitioners to provide support to service users at first point of contact. This initiative is designed to address technical and process questions and ensure that service users are in the strongest position possible to understand how DP could benefit them.	2024/25	Amy Hawkins	In progress
6	'Cracks in the Foundations' – Building Safety in Wales  Publication Date: August 2023  <a href="https://www.audit.wales/publication/cracks-foundations-building-safety-wales">https://www.audit.wales/publication/cracks-foundations-building-safety-wales</a>	Recommendation 5	Local authorities should develop local action plans that articulate a clear vision for building control to be able to plan effectively to implement the requirements of the Act. The Plans should: • be based on an assessment of local risks and include mitigation actions; • set out how building control services will be resourced to deliver all their statutory responsibilities; • illustrate the key role of building control in ensuring safe buildings and be linked to well-being objectives and other corporate objectives; and • include outcome measures that are focused on all building control services, not just dangerous structures.	N/a	Expand on existing action plans taking account of the requirements of the new building safety act.	Action plans in draft form.	Apr-24	Mark Wade	In progress
		Recommendation 6	Local authorities should urgently review their financial management of building control and ensure they are fully complying with Regulations. This should include: • establishing a timetable of regular fee reviews to ensure charges reflect the cost of services and comply with the Regulations; • annually reporting and publishing financial performance in line with the Regulations; • ensuring relevant staff are provided with training to ensure they apply the Regulations and interpret financial reporting correctly; and • revise fees to ensure services are charged for in accordance with the Regulations.		Fees and charges are determined on an annual basis following prescribed methodology to achieve cost recovery of the fee earning activities of the service. Financial statement produced year end and made available for public scrutiny. All relevant staff will continue to receive appropriate training.	Actioned and ongoing.	Complete and ongoing	Mark Wade	In progress
		Recommendation 7	Local authorities should work with partners to make better use of limited resources by exploring the potential for collaboration and regionalisation to strengthen resilience through a cost benefit analysis of partnering with neighbouring authorities, establishing joint ventures and/or adopting a regional model where beneficial.		Local authority partnership arrangements are long established and continue to be utilised. Discussions commenced to consider regional / collaborative working to include "hubs" of expertise to address the inevitable shortage of specialisms resulting from the introduction of the new building safety regime.	Discussions commenced, requires Welsh Government direction.	Apr-25	Mark Wade	In progress
		Recommendation 8	Local authorities should review risk management processes to ensure that risks are systematically identified, recorded, assessed, mitigated and subject to regular evaluation and scrutiny.		Corporate risk register established and monitored monthly. Long established quality management systems in place and closely monitored.	Established systems in operation	Complete and ongoing	Mark Wade	In progress

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7	Digital Strategy Review  Publication Date: October 23	Recommendation 1	N/a	R1 When the Council conducts future reviews of its digital strategy, to help ensure it learns from the reviews and shares this learning widely the Council should: • determine if it had sufficient and appropriate information at the outset to determine the value and benefits of delivering the strategy overall and individual digital projects; • assess whether digital projects were delivered on time, to cost with perceived benefits being realised and identify any barriers preventing successful delivery of projects; • review the timeliness of its monitoring and reporting of progress to assess if emerging risks and issues were highlighted earlier enough for officers to deliver mitigating actions; and • review the effectiveness of the governance arrangements for its digital strategy to ensure they effectively support its delivery.	Audit Wales report and response to recommendations to be reported to Service Improvement, Regeneration and Finance Scrutiny Panel on 12th December 2023 and to follow thereafter to Governance & Audit Committee for information	See column G	See column G	Sarah Lackenby	In progress
	Setting of well-being objectives  Publication Date: August 2023  <a href="https://www.audit.wales/publication/city-and-county-swansea-council-setting-well-being-objectives">https://www.audit.wales/publication/city-and-county-swansea-council-setting-well-being-objectives</a>			The Council should continue to build on the progress it has made in applying the sustainable development principle in the setting of its well-being objectives by: • ensuring that any future Service Plans also takes the opportunity to include expand the number of measures which focus on outcomes and impacts.	ensuring that cumulatively its refreshed Service Plans are able to effectively measure progress on delivering its WBOs, ensuring that any future Service Plans also takes the opportunity to include expand the number of measures which focus on outcomes and impacts.	When next reviewing service plans, examine how the golden thread between the steps in the corporate plan and the detail set out within service plans can be possibly strengthened.	Review during 2024/25 cycle	Richard Rowlands	In progress
9	Update on the progress the Council is making around its Transformation Programme  Publication Date: October 2023	N/a	N/a	To ensure the longer-term ambitions and objectives across all the twelve transformation programmes are clear  To ensure detailed planning documents have clearly defined timescales for when the Council plans to achieve the specified benefits and outcomes.  To ensure the MTFP demonstrates how savings are being delivered by the Council, differentiating between business as usual and transformation related savings  To ensure the Transformation Delivery Board can identify interdependencies and opportunities between the twelve programmes  To ensure the performance information focuses on benefits and outcomes as well as specific programme activities	All twelve programmes have identified intended outcomes and benefits in the Programme Description document which was agreed by Cabinet in April 2023  All Programme Sponsors will be asked to develop timescales for the planned achievement of intended outcomes and benefits, following TDB on 14 December  The MTFP for 2024-28 will explain how savings are being delivered and will show how much is expected to be delivered through transformation.  Transformation Delivery Board receives highlight reports on each programme using a corporate template which requires reference to be made to links with other programmes  All programme Sponsors have been asked to ensure that they include information on benefits and outcomes as they develop their programme metrics	All Programme Sponsors have been asked to review and update their intended outcomes and benefits for consideration by the Transformation Delivery Board on 14 December 2023  Planning documents will be updated and approved by individual programme boards and shared with TDB in March 2024.  Savings delivery is being reported in quarterly budget monitoring reports to Cabinet and savings related to transformation can be distinguished from business as usual.  The new highlight report will be tested at TDB on 14 December.  TDB will review effectiveness of the programme's performance indicators in March 2024 ahead of the new financial year.	14-Dec-23  31-Mar-24  31-Mar-24  14-Dec-23  31-Mar-24	Ness Young  Ness Young  Ness Young  Ness Young	In progress  In progress  In progress  In progress
	Future / Pending Audits / Reports								
	Springing Forward (waiting for Swansea feedback)								
	Use of performance information – with a focus on service user feedback and outcomes								
	Thematic Review – Unscheduled Care								
	Thematic review – Financial Sustainability								
	Thematic review – commissioning and contract management								



# Agenda Item 10



## Report of the Director of Corporate Services

Governance & Audit Committee – 6 December 2023

### **Audit Wales – Setting of Well-being Objectives – City & County of Swansea**

<b>Purpose:</b>	To make available to the committee ‘for information’ the Audit Wales report and the Council’s response into the setting of well-being objectives. The Audit Wales report fulfils the duty on the Auditor General to carry out examinations to assess the extent to which public bodies have acted in accordance with the sustainable development principle when setting their well-being objectives.
<b>Report Author:</b>	Richard Rowlands
<b>Finance Officer:</b>	Paul Roach
<b>Legal Officer:</b>	Debbie Smith
<b>Access to Services Officer:</b>	Rhian Millar
<b>For Information</b>	

#### **1. Introduction**

- 1.1 The Well-being of Future Generations (Wales) Act 2015 (the Act) places a ‘well-being duty’ on 48 public bodies. The duty requires those bodies to set and publish ‘well-being objectives’ that are designed to maximise their contribution to achieving each of the Act’s seven national well-being goals. They must also take all reasonable steps, in exercising their functions, to meet those objectives.
- 1.2 The Auditor General must carry out examinations to assess the extent to which public bodies have acted in accordance with the sustainable development principle when setting their well-being objectives.
- 1.3 To do something in accordance with the sustainable development principle means acting ‘in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future

generations to meet their own needs'. To achieve this, a public body must take account of the five ways of working: long term, integration, involvement, collaboration, and prevention.

## **2. Aim of the examination**

2.1 The aim of this examination was to:

- explain how Swansea Council (the Council) applied the sustainable development principle throughout in the process of setting its well-being objectives;
- provide assurance on the extent that the Council applied the sustainable development principle when setting its well-being objectives; and
- identify opportunities for the Council to further embed the sustainable development principle when setting well-being objectives in future.

2.2 Audit Wales set out to answer the question 'to what extent has the Council acted in accordance with the sustainable development principle when setting its new well-being objectives'. They did this by exploring the following questions:

- Was the process the Council put in place to set its well-being objectives underpinned by the sustainable development principle?
- Has the Council considered how it will make sure it can deliver its well-being objectives in line with the sustainable development principle?
- Has the Council put in place arrangements to monitor progress and improve how it applies the sustainable development principle when setting its well-being objectives?

2.3 Appendix 1 of the Audit Wales report lists the positive indicators Audit Wales used to inform their examination and report.

## **3. Findings**

3.1 Audit Wales found that the Council had applied the Sustainable Development Principle in setting its Well-being Objectives (WBO's). They concluded that embedding its approach to engagement and performance monitoring will further strengthen this.

3.2 Audit Wales made the following recommendation:

- The Council should continue to build on the progress it has made in applying the sustainable development principle in the setting of its well-being objectives by:
  - embedding its new Consultation and Engagement strategy and its Co-Production Policy and using them to draw on the views of the full diversity of its citizens in designing and delivering its WBO's;

- clearly demonstrating how future financial savings and risks might impact the delivery of its WBO's;
- ensuring that cumulatively its refreshed Service Plans are able to effectively measure progress on delivering its WBO's; and
- ensuring that any future Service Plans also takes the opportunity to include / expand the number of measures which focus on outcomes and impacts.

#### **4. Updated Council response**

- 4.1 The Council was pleased that the report acknowledged that the Council had applied the sustainable development principle to the setting of its well-being objectives.
- 4.2 The Councils updated Consultation and Engagement Strategy was approved by Council in May. The Council commissioned Coproduction Wales to work with us to improve our knowledge and capacity for undertaking more co-productive activity across the Council. A Coproduction champions network has been established and regular training opportunities have been provided to council staff. Pilot projects have been selected to put co-production into practice and work has begun on producing a Coproduction Policy for the Council, which is scheduled to go to Council in December.
- 4.3 In addition to the new Consultation and Engagement Strategy and the recent work with Coproduction Wales, the Council also recently piloted a digital citizens' panel to improve engagement as part of its part 6 performance duties under the Local Government and Elections Act 2021 to help strengthen how we engage with citizens on our WBO's. A survey was also undertaken in October 2023 to seek resident and service users views to help the Council understand how they feel about our performance and to ensure that the Councils future planning and priority setting aligns with what is needed.
- 4.4 When next reviewing service plans, the Council will look to include more information on collaboration with partners to deliver its WBO's and will also examine how the golden thread between the steps in the corporate plan and the detail set out within service plans can be possibly strengthened.
- 4.5 The Council has identified corporate performance and success measures for 2023/24 but will continue to keep these under review, including outcome measures, to measure the steps to deliver our well-being objectives and their impact; although alternative and perhaps more sustainable ways to measure the citizens perspective are also being investigated. The Council is developing its performance management and reporting arrangements to integrate performance measures with corporate risks and updates on delivering the steps in the corporate plan, which will provide a more holistic and comprehensive view on performance meeting our WBO's. The

residents survey and the development of population outcome indicators for the PSB well-being plan and links to each of our WBO's will help supplement this work. That said, the Council still believes that a national outcomes framework would help local authorities address this issue and would also allow benchmarking to take place.

- 4.6 The Council is reviewing its plans for the prevention strategy and will reflect on its financial planning to see if it can further strengthen how its considered future financial risks and savings targets could impact the delivery of the Councils WBO's. The Council will implement any changes to its performance management framework as a result of the above as quickly as possible, while making sure any changes have been fully explored and consulted on before being implemented.
- 4.7 As part of budget planning for the coming year Cabinet/Corporate Management Team are seeking to align any proposed budget decisions with the current WBO's so there is an ongoing alignment between the objectives, the budget and Medium-Term Financial Plan and the individual service plans.

## **5. Service Improvement, Regeneration and Finance Scrutiny Panel**

- 5.1 The Service Improvement, Regeneration and Finance Scrutiny Panel considered the Audit Wales report and the Councils response on 17th October 2023. The letter from the Convener of the Service Improvement, Regeneration and Finance Scrutiny Panel to the Cabinet Member for Corporate Service and Performance is attached at Appendix B.

## **6. Integrated Assessment Implications**

- 6.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
  - Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - Foster good relations between people who share a protected characteristic and those who do not.
  - Deliver better outcomes for those people who experience socio-economic disadvantage.
  - Consider opportunities for people to use the Welsh language.
  - Treat the Welsh language no less favourably than English.
  - Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

- 6.1.1 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the ‘well-being goals’.
- 6.1.2 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.
- 6.1.3 This report sets out the findings from a recent Audit Wales examination on the extent to which the Council has acted in accordance with the sustainable development principle when setting its new well-being objectives; there is no direct impact on people or communities.

## **7. Financial Implications**

- 7.1 None.

## **8. Legal Implications**

- 8.1 None.

**Background Papers:** None

### **Appendices:**

- Appendix A Audit Wales report. Setting of well-being objectives – City and County of Swansea Council
- Appendix B Letter from the Convener of the Service Improvement, Regeneration and Finance Scrutiny Panel to the Cabinet Member for Corporate Service and Performance dated 31 October 2023.
- Appendix C IIA

## Setting of well-being objectives – City and County of Swansea Council

Audit year: 2022-2023

Date issued: July 2023

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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## Background: Our examinations of the setting of well-being objectives

- 1 The Well-being of Future Generations (Wales) Act 2015 (the Act) places a 'well-being duty' on 48 public bodies. The duty requires those bodies to set and publish 'well-being objectives' that are designed to maximise their contribution to achieving each of the Act's seven national well-being goals.<sup>1</sup> They must also take all reasonable steps, in exercising their functions, to meet those objectives.
- 2 The Auditor General must carry out examinations to assess the extent to which public bodies have acted in accordance with the sustainable development principle when setting their well-being objectives.<sup>2</sup> We are carrying out a rolling programme of these examinations, up to early 2025.<sup>3</sup>
- 3 To do something in accordance with the sustainable development principle means acting 'in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs'. To achieve this, a public body must take account of the five ways of working: long term, integration, involvement, collaboration, and prevention.<sup>4</sup>
- 4 We designed an assessment framework to enable us to assess the extent to which public bodies have applied the sustainable development principle when setting their well-being objectives. **Appendix 1** sets out further information on our approach, including a set of 'positive indicators' that illustrate what good could look like.
- 5 In designing our approach, we considered what we could reasonably expect from public bodies at this point in time. Public bodies should now be familiar with the sustainable development principle and ways of working and be seeking to apply them in a meaningful way. At the same time, we appreciate that public bodies are still developing their experience in applying the sustainable development principle when setting well-being objectives. Therefore, the examinations include consideration of how public bodies are applying their learning and how they can improve in future.

<sup>1</sup> The seven national well-being goals are; a prosperous Wales, a resilient Wales, a healthier Wales, a more equal Wales, a Wales of cohesive communities, a Wales of vibrant culture and thriving Welsh language, and a globally responsible Wales.

<sup>2</sup> Section 15 (1) (a) Well-being of Future Generations (Wales) Act 2015

<sup>3</sup> The Auditor General must carry out examinations over the period set out in the Act, which begins one year before a Senedd election and ends one year and one day before the following Senedd election.

<sup>4</sup> Section 5 Well-being of Future Generations (Wales) Act 2015

## Carrying out our examination at City and County of Swansea Council

- 6 The aim of this examination was to:
  - explain how City and County of Swansea Council (the Council) applied the sustainable development principle throughout in the process of setting its well-being objectives;
  - provide assurance on the extent that the Council applied the sustainable development principle when setting its well-being objectives; and
  - identify opportunities for the Council to further embed the sustainable development principle when setting well-being objectives in future.
- 7 We set out to answer the question ‘to what extent has the Council acted in accordance with the sustainable development principle when setting its new well-being objectives’. We did this by exploring the following questions:
  - Was the process the Council put in place to set its well-being objectives underpinned by the sustainable development principle?
  - Has the Council considered how it will make sure it can deliver its well-being objectives in line with the sustainable development principle?
  - Has the Council put in place arrangements to monitor progress and improve how it applies the sustainable development principle when setting its well-being objectives?
- 8 We discussed the timing of the examination with the Council, and we tailored the delivery to reflect its specific circumstances.
- 9 We gathered our evidence in the following ways:
  - reviewing key documents;
  - running a workshop with key officers and Members who were involved with setting the well-being objectives; and
  - carrying out a final clarification meeting on outstanding issues with key individuals in addition to the above.
- 10 We also provided some informal feedback to officers on the key findings from our work prior to sharing this report.

## How and when the Council set its well-being objectives

- 11 The Council's new Corporate Plan 2023-2028 – ‘Delivering a successful and sustainable Swansea’ (the Corporate Plan) was adopted by the Council on the 30 March 2023. The Corporate Plan is structured around the Council's six new Well-being Objectives, these being:

- safeguarding people from harm....so that our citizens are free from harm and exploitation;
  - improving education and skills....so that everyone in Swansea gains the skills and qualifications they need to succeed in life;
  - transforming our economy and infrastructure....so that Swansea has a thriving mixed use City Centre and a local economy that will support the prosperity of our citizens;
  - tackling poverty and enabling communities....so that every person in Swansea can achieve their potential;
  - delivering on nature recovery and climate change....so that we maintain and enhance nature and biodiversity in Swansea, reduce our carbon footprint and tackle climate change;
  - transformation and financial resilience....so that we and the services that we provide are sustainable and fit for the future;
- 12 The Council is required to publish a well-being statement under the Well-being of Future Generations Act, which it has incorporated into its new Corporate Plan that is published on the Council's website.
- 13 Over the last twelve months the Council, in recognition of the need to update its corporate arrangements, has been undertaking an extensive refresh of its corporate policy and strategic landscape, including refreshing its Digital and Workforce Strategies. A key part of this refresh has also been to review its approach to its Corporate Plan and in how it positions its new Well-being Objectives (WBOs). In the drafting of its new Corporate Plan the Council has applied lessons learned from the previous setting of WBOs. These key lessons included:
- the development of a clearer long-term vision for Swansea that the new WBO's are more closely aligned with; and
  - a focus on ensuring that there was better alignment between the Council's and the Public Service Boards (PSB) WBOs.

## What we found

The Council has applied the Sustainable Development Principle in setting its Well-being Objectives. Embedding its approach to engagement and performance monitoring will further strengthen this

## The process for setting well-being objectives

### Evidence Base

- 14 The Council has used a wide range of evidence to inform the setting of its well-being objectives. It has clearly shown how it has used evidence which considers short, medium and longer-term risks and needs. This included:
- Annual Report and self-Assessment 2021-2022
  - Council's Recovery Plan
  - Council's Policy Commitments Statement 7 July 2022
  - Council's Corporate Risk Register
  - Swansea PSB Assessment of Local Wellbeing 2022;
  - Welsh Government's Future Trends Report
  - Future Generations Commissioners Report 2020
- 15 For five of its WBOs, other than for the one focused on Safeguarding where a slightly different process was used, the Council drafted a document that describes why the priority area has become a WBO and provided an analysis of the evidence that it has used to inform its decision. For each of the five WBOs, the Council undertook a detailed IIA assessment which provides additional consideration of wider impacts. In our view, this approach provides a clear rationale and evidence base for the setting of the Council's WBOs.

### Consultation and Involvement

- 16 Whilst the Council did seek to engage citizens directly on its new WBOs, through a specific consultation exercise, the response rate was low and this engagement did not reach the full diversity of the population. In addition to this specific consultation the Council also drew evidence from existing engagement and consultation

exercises for example; its 'WBO temperature check'<sup>5</sup> from Spring 2022, its climate change survey in 2021 and a stakeholder consultation workshop around its approach to economic development which took place in June 2021. However, in our view the Council needs to strengthen how it engages with citizens on its WBOs.

- 17 The Council has reflected on its approaches to engagement and involvement and has recognised that it needs to do more to engage particular groups such as older people. It has recently adopted a new Consultation and Engagement Strategy and this and its recent work with the 'Coproduction Lab' and resultant proposed Coproduction Policy should provide useful frameworks for continuing to improve engagement and coproduction with its citizens.

## Planning to improve well-being

- 18 The Council's Corporate Plan and the Individual IIA's completed for five of the WBOs include a clear narrative of how the WBOs consider the National Goals, the five Ways of Working, how the new WBO supports the Council's other WBOs and wider impacts. The IIA also show the relationship between the Council WBOs and PSB WBOs. Having this wider understanding of the impact of its WBOs should ensure the Council is better placed to design and deliver effective steps to improve the well-being of Swansea.
- 19 The Council's WBOs have been set with the consideration of addressing both short and longer term needs/challenges and preventing things from getting worse. Good examples of this are its WBO around climate change and with its centralised approach to tackling poverty. In support of its approach to prevention the Council has an existing Prevention Strategy 2018-21. Whilst the principles in its Prevention Strategy should remain relevant, it could be brought up to date to ensure it effectively supports the Council's new Corporate Plan.
- 20 The Corporate Plan includes some measures which seek to measure the broader impacts on well-being for example: 'Report regularly on collaboration successes with Climate Charter signatories, PSB, citizens, schools, businesses, community groups and environmental partners'. Expanding its range of measures to include those which are outcome focused will enable the Council to strengthen how it measures its progress on improving the well-being of its citizens.
- 21 The Corporate Plan recognises the importance of working in partnership with others to deliver its WBOs and includes examples of exiting collaborations such as those around school improvement, safeguarding, economic regeneration and health. The Corporate Plan includes a brief narrative on how the Council will collaborate to deliver its WBOs. Whilst this recognition of the need to work with others is positive it will be important that the more detailed Service Plans include

<sup>5</sup> Council survey where citizens were asked their views about the Council's existing Well-being Objectives and performance delivering them and whether they were the right objectives to improve well-being in Swansea now and in the future.

more information on how and when it will collaborate with partners to deliver of its WBOs.

## **Delivering the well-being objectives**

- 22 The key mechanism for delivering its WBOs will be through steps and service objectives detailed within its recently refreshed Service Planning framework. At the time of our examination the Council was in the process of completing its Service Plans. The Council's new Service Plan template now requires services to demonstrate how their priorities support the Council's WBOs and to define what measures/KPIs and targets will be used to determine progress. It will be important that once Service Plans have been completed, the Council takes stock to ensure that the cumulative steps, actions and measures outlined within the Service Plans enable it to effectively deliver and measure the progress it is making on its WBOs.
- 23 In the development of its Corporate Plan the Council agreed several guiding principles which in our view were helpful in ensuring that the Corporate Plan was set in a context of available resources. Examples of these guidelines include:
- development of the Corporate Plan and Medium-Term Financial Plan should be coterminous.
  - the Policy Commitments<sup>6</sup> should be steps, or incorporated into steps, to deliver each Priority.
  - steps to deliver each WBO should only be included in the Plan if they are fully funded.
- 24 This approach should provide a helpful baseline for the Council to clearly show how its resources are being used to deliver its WBOs. In our view it will be important for the Council to ensure that its ongoing financial planning reflects how future financial risks and savings targets will impact the delivery of its WBOs.

## **Monitoring the well-being objectives**

- 25 The Council's Annual Report 2021-2022 captures the progress it made on delivering its prior WBOs and that information helped shape its new WBOs and steps to deliver them. Including success measures in its new Corporate Plan and introducing a revised self-reflection tool, which requires services to specifically reflect on their performance against the Council's WBOs, should enable it to more effectively capture evidence to measure and track its progress.
- 26 For some of its WBOs, such as the one around tackling poverty, the Council has set a basket of measures that will cut across the organisation, including Finance, Housing, Education and Economic Development. Whilst some of the Council's WBOs are by definition more cross cutting in nature, in our view the Council should

<sup>6</sup> Policy Commitments drawn from the Political Manifesto of the current administration.

continue to develop measures for its other WBOs that both cut across the organisation and are more focus on outcomes and impacts.

- 27 The Council will continue to monitor progress on its current WBOs through its existing quarterly and annual performance monitoring arrangements. At the time of our review, aspects of its Performance Management Framework (PMF) and supporting software were being refreshed. It will be important that any new or refreshed PMF is embedded quickly to ensure that the Council is able to effectively monitor its progress on its WBOs.

## Recommendations

R1 The Council should continue to build on the progress it has made in applying the sustainable development principle in the setting of its well-being objectives by:

- embedding its new Consultation and Engagement strategy and its Co-Production Policy and using them to draw on the views of the full diversity of its citizens in designing and delivering its WBOs;
- clearly demonstrating how future financial savings and risks might impact the delivery of its WBOs;
- ensuring that cumulatively its refreshed Service Plans are able to effectively measure progress on delivering its WBOs; and
- ensuring that any future Service Plans also takes the opportunity to include expand the number of measures which focus on outcomes and impacts.

# Appendix 1

## Key questions and what we looked for

The table below sets out the question we sought to answer in carrying out this examination, along with some sub-questions to guide our evidence gathering. It also includes some 'positive indicators' that have been tailored to this examination, adapted from those we have previously used to inform our sustainable development principle examinations. This list is not a checklist, but rather an illustrative set of characteristics that describe what good could look like.

<b>To what extent has the body acted in accordance with the sustainable development principle when setting its new well-being objectives?</b>	
<b>Planning: Was the process the body put in place to set its well-being objectives underpinned by the sustainable development principle?</b>	
	<b>Positive indicators</b>

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**To what extent has the body acted in accordance with the sustainable development principle when setting its new well-being objectives?**

**Has the body used data and other intelligence to understand need, risks and opportunities and how they might change over time?**

- The body has a clear and balanced assessment of progress against previous well-being objectives that has been used to inform the body's understanding of the 'as is'/ short-term need.
- The body has set well-being objectives based on a good understanding of current and future need, risk and opportunities, including analysis of future trends. This is likely to be drawn from a range of local and national sources, such as:
  - Public Services Boards' well-being assessments
  - Regional Partnership Boards' population assessments
  - The results of local involvement/ consultation exercises
  - Service monitoring and complaints
  - Future Trends report
  - Natural Resources Wales' State of Natural Resources Report (SoNaRR) for Wales and Area Based Assessments
- The body has sought to understand the root causes of problems so that it can address negative cycles and intergenerational challenges through its well-being objectives.

**Has the body involved others in developing its well-being objectives?**

- The body uses the results of involvement to help select its well-being objectives. That involvement – whether primary, secondary or a combination – reflects the full diversity of the population.
- Involvement reflects good practice and advice from the Future Generations Commissioner.

**To what extent has the body acted in accordance with the sustainable development principle when setting its new well-being objectives?**

<p><b>Has the body considered how the objectives can improve well-being and have a broad impact?</b></p>	<ul style="list-style-type: none"> <li>• The well-being objectives have been designed to improve well-being in the broadest sense and make a contribution across the seven national well-being goals.</li> <li>• The well-being objectives have been designed to reflect and capitalise on the connections between different areas of work.</li> <li>• There is a well-developed understanding of how the well-being objectives impact on/ relate to what other public bodies are trying to achieve and opportunities to work together.</li> </ul>
<p><b>Has the body designed the objectives to deliver longer-term benefits, balanced with meeting short-term needs?</b></p>	<ul style="list-style-type: none"> <li>• The body has set objectives that are sufficiently ambitious and have been designed to drive activity across the organisation.</li> <li>• The objectives are designed to meet short and longer-term need. Where objectives are set over a short to medium timeframe, they are set in the context of longer-term considerations or ambitions.</li> </ul>
<p><b>Resourcing and delivery: Has the body considered how it will make sure it can deliver its well-being objectives in line with the sustainable development principle?</b></p>	
<p><b>Has the body considered how it can resource the well-being objectives?</b></p>	<ul style="list-style-type: none"> <li>• Resources have been allocated to ensure the objectives can be delivered over the short and medium-term, but the body has also considered longer-term resources, risks and/or how it can resource longer-term objectives.</li> </ul>

**To what extent has the body acted in accordance with the sustainable development principle when setting its new well-being objectives?**

	<ul style="list-style-type: none"> <li>• The body has allocated resources to deliver preventative benefits, where these are described in its well-being objectives.</li> </ul>
<p><b>Has the body considered how it can work with others to deliver their objectives?</b></p>	<ul style="list-style-type: none"> <li>• The body is drawing on its knowledge of partners objectives/ activity, its relationships and collaborative arrangements to make sure it can deliver on cross-cutting ambitions.</li> </ul>
<p><b>Monitor and review: Has the body put in place arrangements to monitor progress and improve how it applies the sustainable development principle when setting its well-being objectives?</b></p>	
<p><b>Has the body developed appropriate measures and monitoring arrangements?</b></p>	<ul style="list-style-type: none"> <li>• Performance measures are designed to reflect the sustainable development principle, e.g., by focusing on outcomes that cut across departmental/ organisational boundaries and deliver multiple (including preventative) benefits over the longer term.</li> <li>• There is a 'golden thread' that will allow the body to clearly and transparently report on progress to meeting the objectives.</li> </ul>
<p><b>Is the body seeking to learn from and improve how it has applied the sustainable</b></p>	<ul style="list-style-type: none"> <li>• The body shows self-awareness and a commitment to improving how it applies the sustainable development principle so that it can do so in a meaningful and impactful way.</li> </ul>

## To what extent has the body acted in accordance with the sustainable development principle when setting its new well-being objectives?

### development principle to setting its well-being objectives?

- The body has learnt from setting previous well-being objectives and from applying the sustainable development principle more generally and has improved the process for setting its new well-being objectives.
- The body has or plans to reflect on how it has applied the sustainable development principle in this round of setting well-being objectives.



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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

To:  
**Councillor David Hopkins,**  
**Cabinet Member for Corporate**  
**Services and Performance**

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31 October 2023

Summary: This is a letter from the Service Improvement, Regeneration and Finance Scrutiny Performance Panel to the Cabinet Member for Corporate Services and Performance concerning the meeting held on 17 October 2023 and the Audit Wales Report – Setting of Well-being Objectives. This letter does not require a response.

Dear Councillor Hopkins,

On the 17 October, the Service Improvement, Regeneration and Finance Scrutiny Performance Panel met to discuss the Audit Wales Report – Setting of Well-being Objectives. The Panel are grateful to Richard Rowlands, Corporate Performance Manager for attending and appreciated the opportunity to hear Audit Wales present their report findings and ask questions.

Audit Wales informed us that overall, Swansea Council has applied the sustainable development principle when setting its new well-being objectives and embedding its approach to engagement and performance monitoring will further strengthen this. Audit Wales shared good practice from Swansea Council including the robust setting and selecting of wellbeing objectives, good understanding of how wellbeing objectives support national goals and ensuring that the corporate plan is set in the context of available resources to deliver well-being objectives.

There are opportunities for the Council to develop processes further and Audit Wales focussed on three. These were, increasing the diversity of consulted citizens, strengthening how progress on outcomes is measured and expanding the range of outcome measures, and thirdly once the process of completing service plans has been carried out to look at the cumulative actions and measures to evaluate progress on well-being objectives.

The officer reported that the Council was pleased with the report and updated us on progress made with areas for improvement including the updated Consultation Engagement Strategy, digital panels, and the progress with co-production. We noted that consultation is a challenging area for many Councils. We asked Audit Wales for clarity on expectations of diversity and additionally, what is their benchmark for

**OVERVIEW & SCRUTINY / TROSOLWG A CHRAFFU**

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I dderbyn yr wybodaeth hon mewn fformat arall neu yn Gymraeg, cysylltwch â'r person uchod  
To receive this information in alternative format, or in Welsh please contact the above

consultations. Audit Wales informed us there is no formal benchmark and that this is mainly judged on offering a broad range of engagement activity. Regarding diversity, Swansea Council was found to have lower engagement levels of older citizens. In both cases Audit Wales preferred to base its judgement on effort to engage rather than numbers engaged. We felt that in absence of a benchmark examples of good practice would be useful. Audit Wales have agreed to consider sharing examples of good practice in engagement in future. The officer felt that a national outcomes framework would be helpful, and benchmarking has become more difficult since the removal of the public accountability measures.

We asked whether Integrated Impact Assessments are an adequate means of monitoring well-being objectives and were informed that they are viewed as the start of a process to provide evidence of a report considering well-being objectives followed by further monitoring, self-assessments, and performance reports.

We were interested in how future financial challenges will be balanced against the need to meet well-being objectives and how this could be viewed by Audit Wales. Audit Wales recognised the competing pressures, who will measure well-being objectives realistically against funds available. The officer highlighted internal work from financial officers who have established processes in place to ensure that the Council's financial resources are aligned to the achievement of the Council's well-being objectives and delivery of the statutory obligations. Additionally, financial resilience forms part of our corporate risk register.

Continuing this concern, we asked if any financial implications had been mapped out to cost out how much meeting the well-being objectives would be, for instance how much is being put towards investment in consultation. Audit Wales responded to say they have not carried out a financial impact assessment, but this would be something the Council may consider for themselves as part of an action plan for carrying out the recommendations. Although the Council officer could not offer a detailed response, said that financial implementation of the well-being objectives are assessed during the budget setting process.

### **Your Response**

We are interested in any thoughts you may have on the contents of this letter but in this instance, we require no formal written response.

Yours sincerely,



### **Councillor Chris Holley**

Convener, Service Improvement, Regeneration and Finance Scrutiny Performance Panel

✉ [cllr.chris.holley@swansea.gov.uk](mailto:cllr.chris.holley@swansea.gov.uk)

# Integrated Impact Assessment Screening Form – Appendix C

Please ensure that you refer to the Screening Form Guidance while completing this form.

## Which service area and directorate are you from?

Service Area: SDU

Directorate: Corporate Services

### Q1 (a) What are you screening for relevance?

- New and revised policies, practices or procedures
- Service review, re-organisation or service changes/reductions, which affect the wider community, service users and/or staff
- Efficiency or saving proposals
- Setting budget allocations for new financial year and strategic financial planning
- New project proposals affecting staff, communities or accessibility to the built environment, e.g., new construction work or adaptations to existing buildings, moving to on-line services, changing location
- Large Scale Public Events
- Local implementation of National Strategy/Plans/Legislation
- Strategic directive and intent, including those developed at Regional Partnership Boards and Public Services Board, which impact on a public bodies functions
- Medium to long term plans (for example, corporate plans, development plans, service delivery and improvement plans)
- Setting objectives (for example, well-being objectives, equality objectives, Welsh language strategy)
- Major procurement and commissioning decisions
- Decisions that affect the ability (including external partners) to offer Welsh language opportunities and services
- Other

### (b) Please name and fully describe initiative here:

Audit Wales report: Setting of well-being objectives – City and County of Swansea Council. This report sets out the findings from a recent Audit Wales examination on the extent to which the Council has acted in accordance with the sustainable development principle when setting its new well-being objectives.

### Q2 What is the potential impact on the following: the impacts below could be positive (+) or negative (-)

	High Impact		Medium Impact		Low Impact		Needs further Investigation	No Impact
	+	-	+	-	+	-		
Children/young people (0-18)	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Older people (50+)	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Any other age group	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Future Generations (yet to be born)	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Race (including refugees)	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Asylum seekers	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Gypsies & travellers	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Religion or (non-)belief	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Sex	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Sexual Orientation	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Gender reassignment	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Welsh Language	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Poverty/social exclusion	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Carers (inc. young carers)	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Community cohesion	<input type="checkbox"/>	<input checked="" type="checkbox"/>						

## Integrated Impact Assessment Screening Form – Appendix C

Marriage & civil partnership	<input type="checkbox"/>	<input checked="" type="checkbox"/>				
Pregnancy and maternity	<input type="checkbox"/>	<input checked="" type="checkbox"/>				
Human Rights	<input type="checkbox"/>	<input checked="" type="checkbox"/>				

**Q3 What involvement has taken place/will you undertake e.g. engagement/consultation/co-productive approaches?  
Please provide details below – either of your activities or your reasons for not undertaking involvement**

This report sets out the findings from a recent Audit Wales examination on the extent to which the Council has acted in accordance with the sustainable development principle when setting its new well-being objectives. Consultation or engagement is not needed or relevant to this report.

**Q4 Have you considered the Well-being of Future Generations Act (Wales) 2015 in the development of this initiative:**

- a) Overall does the initiative support our Corporate Plan’s Well-being Objectives when considered together?  
Yes  No
- b) Does the initiative consider maximising contribution to each of the seven national well-being goals?  
Yes  No
- c) Does the initiative apply each of the five ways of working?  
Yes  No
- d) Does the initiative meet the needs of the present without compromising the ability of future generations to meet their own needs?  
Yes  No

**Q5 What is the potential risk of the initiative? (Consider the following impacts – equality, socio-economic, environmental, cultural, legal, financial, political, media, public perception etc...)**

High risk

Medium risk

Low risk

**Q6 Will this initiative have an impact (however minor) on any other Council service?**

- Yes       No      If yes, please provide details below

**Q7 Will this initiative result in any changes needed to the external or internal website?**

- Yes       No      If yes, please provide details below

## Integrated Impact Assessment Screening Form – Appendix C

**Q8 What is the cumulative impact of this proposal on people and/or communities when considering all the impacts identified within the screening and any other key decisions affecting similar groups/ service users made by the organisation?**

*(You may need to discuss this with your Service Head or Cabinet Member to consider more widely if this proposal will affect certain groups/ communities more adversely because of other decisions the organisation is making. For example, financial impact/poverty, withdrawal of multiple services and whether this is disadvantaging the same groups, e.g., disabled people, older people, single parents (who are mainly women), etc.)*

**Outcome of Screening – This report sets out the findings from a recent Audit Wales examination on the extent to which the Council has acted in accordance with the sustainable development principle when setting its new well-being objectives; there is no direct impact on people or communities.**

**Q9 Please describe the outcome of your screening using the headings below:**

- **Summary of impacts identified and mitigation needed (Q2)**
- **Summary of involvement (Q3)**
- **WFG considerations (Q4)**
- **Any risks identified (Q5)**
- **Cumulative impact (Q7)**

(NB: This summary paragraph should be used in the ‘**Integrated Assessment Implications**’ section of corporate report)

This report sets out the findings from a recent Audit Wales examination on the extent to which the Council has acted in accordance with the sustainable development principle when setting its new well-being objectives; there is no direct impact on people or communities.

Full IIA to be completed

Do not complete IIA – please ensure you have provided the relevant information above to support this outcome

NB: Please email this completed form to the Access to Services Team for agreement before obtaining approval from your Head of Service. Head of Service approval is only required via email.

<b>Screening completed by:</b>
<b>Name:</b> R Rowlands
<b>Job title:</b> Strategic Delivery & Performance Manager
<b>Date:</b> 16/11/23
<b>Approval by Head of Service:</b>
<b>Name:</b> Lee Wenham
<b>Position:</b> Head of Communications & marketing
<b>Date:</b> 16/11/23

Please return the completed form to [accesstoservices@swansea.gov.uk](mailto:accesstoservices@swansea.gov.uk)



## Report of the Director of Corporate Services

Governance and Audit Committee – 6 December 2023

### **Audit Wales Letter - Review of Council's Transformation Programme**

<b>Purpose:</b>	This covering report seeks to provide an overview of the update letter issued by Audit Wales, regarding the progress Swansea Council is making around its Transformation Programme.
<b>Policy Framework:</b>	Transformation Strategy 2023-28
<b>Consultation:</b>	Access to Services, Finance, Legal.
<b>Recommendation(s):</b>	It is recommended that:  1) The Governance and Audit Committee read and review this information taking note of the recommendations and making comments.
<b>Report Author:</b>	Ness Young
<b>Finance Officer:</b>	Paul Roach
<b>Legal Officer:</b>	Debbie Smith
<b>Access to Services Officer:</b>	Rhian Millar

#### 1. Introduction

- 1.1 In October 2023, Audit Wales provided feedback, in the form of a letter, to Swansea Council about the audit work having been undertaken in relation to the council's Transformation Programme. The focus of this work was to understand if the council is effectively planning and monitoring its approach to its organisational transformation programme and the delivery of associated savings.
- 1.2 The letter (attached as Appendix A) reflected on the several iterations that the council's approach to transformation has been through, noting that it was appropriate for the council to reassess its Transformation Programme in November 2022, and establish a refreshed approach through its current 'Successful and Sustainable Swansea Transformation Programme 2022 and beyond'.

- 1.3 Given the significant refocus of the council's Transformation Programme over the last year, the feedback mainly covers this more recent period.
- 1.4 In undertaking this work, Audit Wales had observed meetings of the various Boards responsible for the oversight of the Transformation Programme, reviewed key documents and had interviewed key individuals.

## **2. Findings**

2.1 The feedback letter notes that the *'overall view is that whilst many aspects of the council's strategic approach to planning, monitoring, and delivering its new Transformation Programme are well defined, some key arrangements could be strengthened to enable the Transformation Programme to adapt to the ongoing financial pressures and achieve its ambitions.'*

2.2 The main findings are set out below. The letter is divided into three main areas of feedback, as follows:

### *2.3 Transformation vision and strategy*

2.3.1 The council has a clear transformation vision.

2.3.2 There is good integration between the council's new 2022 Transformation Strategy and its Corporate Plan.

2.3.3 Some of the twelve transformation programmes could more clearly describe their ambitions over the longer term.

### *2.4 Transformation planning and delivery*

2.4.1 The council's Transformation Programme Plan provides a clear overview of the twelve Transformation Programmes.

2.4.2 The council has refocused its arrangements for how its Members are involved in its transformation programmes.

2.4.3 The link between the council's Medium-Term Financial Plan (MTFP) and the current transformation programme could be more clearly defined.

### *2.5 Transformation governance and progress monitoring*

2.5.1 The council has taken positive steps to identify and apply the learning from its former approaches to transformation.

2.5.2 The council has used existing governance and reporting structures to provide oversight at the individual transformation programme level which should help to reduce the risk of duplication and additional bureaucracy.

- 2.5.3 The Transformation Delivery Board should assure itself that it has the capacity to discharge its oversight role and has a clear understanding of the trajectory of the combined programme.
- 2.5.4 The Transformation Delivery Board should refine how it receives updates on transformation programme progress.
- 2.5.5 In the initial meetings of the Transformation Delivery Board the challenge and scrutiny has largely been focused on process and not on outcomes and impact.
- 2.5.6 The way the Transformation Delivery Board communicates with individual Programmes is still to be formalised.
- 2.5.7 The current suite of transformation programme metrics and measures should be enhanced through the development of outcome measures.

### **3. Council Response**

3.1 The council welcomes the feedback from Audit Wales and in particular the useful suggestions to improve specific aspects of the overall programme delivery. The way in which the council is responding to the suggestions is set out below:

- i. To ensure the longer-term ambitions and objectives across all the twelve transformation programmes are clear

All twelve programmes have identified intended outcomes and benefits in the Programme Description document which was agreed by Cabinet in April 2023. All Programme Sponsors have been asked to review and update their intended outcomes and benefits for consideration by the Transformation Delivery Board on 14 December 2023

- ii. To make clearer the link between the Council's Medium-Term Financial Plan (MTFP) and the current transformation programme.

The MTFP for 2024-28, which is currently under development, will clearly articulate links to the corporate transformation programme.

- iii. To ensure detailed planning documents have clearly defined timescales for when the Council plans to achieve the specified benefits and outcomes.

All Programme Sponsors will be asked to develop timescales for the planned achievement of intended outcomes and benefits, following TDB on 14 December. Planning documents will be updated and approved by individual programme boards and shared with TDB in March 2024.

- iv. To ensure the MTFP demonstrates how savings are being delivered by the Council, differentiating between business as usual and transformation related savings

The MTFP for 2024-28 will explain how savings are being delivered and will show how much is expected to be delivered through transformation. Savings delivery is being reported in quarterly budget monitoring reports to Cabinet and savings related to transformation can be distinguished from business as usual.

- v. To ensure the Transformation Delivery Board can identify interdependencies and opportunities between the twelve programmes.

Transformation Delivery Board receives highlight reports on each programme using a corporate template which requires reference to be made to links with other programmes. The new highlight report will be tested at TDB on 14 December.

- vi. To formalise the reporting and communications between the TDB, the individual programmes, and the necessary democratic processes.

TDB minutes are sent to all programme leads and required to be shared at the next programme board meeting. Highlight reports to TDB must include issues to be escalated. The overall transformation programme is scrutinised by the Scrutiny Programme Committee and individual programmes (or elements thereof) are supported by the relevant Service Transformation Committees and scrutinised by relevant performance panels at their discretion. The STCs and Scrutiny Performance Panels each have an annual work programme and are working through these.

- vii. To ensure the performance information focuses on benefits and outcomes as well as specific programme activities.

All programme Sponsors have been asked to ensure that they include information on benefits and outcomes as they develop their programme metrics. TDB will review effectiveness of the programme's performance indicators in March 2024 ahead of the new financial year.

#### **4. Integrated Assessment Implications**

- 4.1 The council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.

- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage
- Consider opportunities for people to use the Welsh language
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

4.1.1 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

4.1.2 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

4.2 This report sets out the key feedback / findings from a recent Audit Wales examination on the extent to which the council has progressed in relation to the Transformation Programme. Consultation or engagement is not needed or relevant to this report, and there is no relevant impact to consider.

## **5. Financial Implications**

5.1 There are no financial implications associated with this report.

## **6. Legal Implications**

6.1 There are no legal implications associated with this report.

**Background Papers:** None

### **Appendices:**

Appendix A Audit Wales letter dated October 2023, reference no. 3854A2023

Appendix B IIA Screening Form



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**Reference:** 3854A2023

**Date issued:** October 2023

## Update on the progress the Council is making around its Transformation Programme

Dear Martin,

As part of our audit work, you will be aware that we have been undertaking work in relation to your Transformation Programme. I am pleased that we are now able to provide you with our feedback on this work in this letter.

In understanding the context for the Council's transformation journey to date, it is worth reflecting that the Council's approach to transformation has been through several iterations. Over the more recent past this has included the Council's 'Sustainable Swansea' Programme which ran from 2015-16 until October 2020 and its 'Achieving Better Together' (ABT) programme which ran between October 2020 and the summer of 2022. However, during 2021 and 2022 the ABT transformation programme was naturally focused on supporting the Council to respond to and help it recover from the pandemic. As such, given the need to refocus transformation activity going forward for the medium and longer-term, in our view it was appropriate for the Council to reassess its Transformation Programme in November 2022, and establish a refreshed approach through its current 'Successful and Sustainable Swansea Transformation Programme 2022 and beyond'.

Given the significant refocus of the Council's Transformation Programme over the last year, we have concentrated our feedback in this letter to cover this period. Whilst we have not directly focused our work on the former iterations of your Transformations Programme, where there are learnings from these programmes, that would be helpful in supporting improvement, these have been reflected in our findings below.

In undertaking our work, we have observed meetings of the various Boards responsible for the oversight of the Transformation Programme, reviewed key documents and have interviewed key individuals. Our work

has also drawn upon other work we have undertaken within the Council where this has helped to support our conclusions.

The focus of our work was to understand if the Council is effectively planning and monitoring its approach to its organisational transformation programme and the delivery of associated savings.

**Our overall view is that whilst many aspects of the Council's strategic approach to planning, monitoring, and delivering its new Transformation Programme are well defined, some key arrangements could be strengthened to enable the Transformation Programme to adapt to the ongoing financial pressures and achieve its ambitions.** In support of this conclusion, we have identified both strengths and areas for improvement around the Council's approach to transformation.

## Transformation vision and strategy

**The Council has a clear transformation vision.** In November 2022 the Council agreed a new 'Transformation Strategy 2022-2027 and Beyond'. Its new strategy sought to build on the areas progressed within its former transformation programme 'Achieving Better Together'. This clarity should enable the Council to focus on what needs to be delivered to achieve its transformation ambitions.

**There is good integration between the Council's new 2022 Transformation Strategy and its Corporate Plan.** Whilst its new Transformation Strategy was developed before its new Corporate Plan and new Well-being Objectives (WBOs), there is a strong alignment between these two strategic documents. Each of the Transformation Strategy's twelve transformation programmes have also been aligned to supporting the delivery of one of the Council's WBOs. In addition to this, one of the Council's six WBOs is specifically focused on 'Transformation and Financial Resilience'. Putting transformation central to the Council's strategic direction of travel should ensure that it has sufficient profile.

**Some of the twelve transformation programmes could more clearly describe their ambitions over the longer term.** The Council's 'Transformation Strategy 2022-2027 and Beyond' recognises that many of the twelve transformation programmes will run beyond 2027. For some of the individual transformation programmes there are clear longer-term time horizons that run beyond 2027, such as the 'Net Zero 2030 Programme' which runs until 2030, and the 'More Homes Programme' ambition of 1000 new homes over the next ten years. However, for other programmes such as the 'Future Community Hub' and 'Enabling Communities' there is less clarity on what their ambition is over the longer term. Having a clearer understanding of the longer-term ambitions and objectives across all the twelve transformation programmes will support how decisions are made using a longer-term context.

## Transformation planning and delivery

**The Council's Transformation Programme Plan provides a clear overview of the twelve Transformation Programmes.** The Programme Plan includes a consistent structure that outlines the outcomes, benefits and outputs expected to be delivered as part of the twelve individual Transformation

Programmes. However, the timescales around when these benefits and outcome will be delivered has not been specified in the 'Transformation Programme Plan'. We understand from the Council that that it has underpinned the overarching Transformation Programme Plan by more detailed programme planning documents at the individual Programme level. In our view it will be important that these more detailed planning documents have clearly defined timescales for when the Council plans to achieve the specified benefits and outcomes.

**The Council has refocused its arrangements for how its Members are involved in its transformation programmes.** The Council has recently established Member Service Transformation Committees (STCs) which closely align to the Council's WBOs and the twelve transformation programmes. The role of the new STCs, which replaced the former Corporate Development Committees, will be to contribute to the ongoing development of the Council's agreed transformation activities. Whilst these committees are new and therefore their effectiveness has yet to be determined, having these aligned to the transformation programmes should support the individual programmes as they continue to evolve.

**The link between the Council's Medium-Term Financial Plan (MTFP) and the current transformation programme could be more clearly defined.** The MTFP was approved in early March 2023 after the approval of the new 'Transformation Strategy 2022-27 and Beyond' in November 2022. However, this was before the detailed Transformation Programme Plan had been formally agreed in April 2023. Whilst the current MTFP refers to the new Transformation Strategy, the MTFP description of how savings will be delivered over the medium term, is set in the context of the former 'Achieving Better Together' programme. As the MTFP and new transformation programmes are refreshed to reflect the evolving context, including any future financial challenges, it will be important for the MTFP to demonstrate how savings are being delivered by the Council. In particular to clearly differentiate savings that are being delivered through business as usual, and those being achieved through the 'Transformation Programme Plan'.

## Transformation governance and progress monitoring

**The Council has taken positive steps to identify and apply the learning from its former approaches to transformation.** During late 2022 the Council reflected on its former transformation programmes, 'Sustainable Swansea' and 'Achieving Better Together' and identified several learnings. The key learnings including the need to:

- simplify the governance of the programme;
- ensure better alignment with other Council strategies; and
- develop clear lines of accountability.

Continuing to apply these lessons to its current Transformation Strategy should ensure it is better placed to deliver on its transformation objectives.

**The Council has used existing governance and reporting structures to provide oversight at the individual transformation programme level which should help to reduce the risk of duplication and additional bureaucracy.** To avoid unnecessary duplication most of the individual transformation

programmes within the 'Transformation Plan' have used existing governance and oversight arrangements to deliver and report on their progress. Other than for the Digital and Workforce Transformation Programmes where specific governance arrangements have been established. This approach is pragmatic and should, if managed effectively, ensure effort is directed towards delivering the twelve programmes and not on duplicating programme management.

**The Transformation Delivery Board should assure itself that it has the capacity to discharge its oversight role and has a clear understanding of the trajectory of the combined programme.** One of the key responsibilities of the Transformation Delivery Board (TDB) is to provide oversight of transformation as a whole programme. It is our view that as the current 'Transformation Plan' grows in scale and complexity, this oversight role will become even more critical. It should enable it to identify interdependencies and opportunities between the twelve programmes, that would be difficult to achieve with the existing governance arrangements of the individual programmes.

**The Transformation Delivery Board should refine how it receives updates on transformation programme progress.** The current quarterly reporting to Cabinet and Corporate Management Team (CMT) includes an update on progress against the key activities of the transformation programmes, an overall RAG status and where relevant, progress against savings targets. The reporting to Cabinet and CMT is positive, and whilst the early highlight reports to the TDB did not include progress against savings targets, this has now been addressed. Given the TDB role in overseeing transformation across the Council it will be important to include updates on savings targets and also on progress against allocated budgets, such as with the Digital and Workforce Programmes. Having clear transparent progress reporting on finances will enable the TDB to discharge its strategic role more effectively and to inform prioritisation of resources to support the overall programme.

**In the initial meetings of the Transformation Delivery Board the challenge and scrutiny has largely been focused on process and not on outcomes and impact.** There was a good level of challenge around process, in areas such as:

- the need for consistency of the RAG ratings between the twelve programmes. This has resulted in the requirement to apply a consistent RAG rating across the whole programme.
- the need to ensure that whilst individual programme highlight reports will be different, these are focused on the key issues, and do not contain too much detail. This has resulted in the requirement for all highlight reports to include common aspects such as escalation of risks, issues and decisions for TDB action.

However, given the broad remit of the TDB it will be important that over time at future TDBs there is a focus on strategic considerations and how the twelve programmes are delivering individual and collective impacts and outcomes to enable the Council to achieve its ambitions.

**The way the Transformation Delivery Board communicates with individual Programmes is still to be formalised.** The current way in which the TDB's challenge and direction are communicated to the individual programmes is through the individual Directors or Heads of Service represented at the TDB. Formalising the reporting and communications between the TDB, the individual programmes, and the necessary democratic processes, will ensure the actions of the TDB to be captured, monitored and effectively scrutinised, and any decisions be taken at the appropriate democratic and management levels and in a transparent and timely way.

**The current suite of transformation programme metrics and measures should be enhanced through the development of outcome measures.** We have seen that the Council has started to make some progress in trying to define a suite of metrics that will help it measure the progress of its transformation ambitions. This work is still at an early stage of development and could be more focused on trying to measure the benefits and outcomes articulated within the individual transformation programme plans as well as the specific programme activities. Whilst we recognise that this is challenging, working collaboratively to identify these types of outcome measures will enable the Council to capitalise on any shared learning and ultimately provide a better indication of the progress being made across its Transformation Programme to achieve its ambitions.

I trust that this summary of our work is useful to you as you continue your transformation journey. Finally, I would like to take this opportunity to thank you and your colleagues for their support in helping us to undertake our work.

Yours Sincerely

Audit Wales Engagement Team

# Integrated Impact Assessment Screening Form – Appendix B

Please ensure that you refer to the Screening Form Guidance while completing this form.

## Which service area and directorate are you from?

Service Area: SDU

Directorate: Corporate Services

### Q1 (a) What are you screening for relevance?

- New and revised policies, practices or procedures
- Service review, re-organisation or service changes/reductions, which affect the wider community, service users and/or staff
- Efficiency or saving proposals
- Setting budget allocations for new financial year and strategic financial planning
- New project proposals affecting staff, communities or accessibility to the built environment, e.g., new construction work or adaptations to existing buildings, moving to on-line services, changing location
- Large Scale Public Events
- Local implementation of National Strategy/Plans/Legislation
- Strategic directive and intent, including those developed at Regional Partnership Boards and Public Services Board, which impact on a public bodies functions
- Medium to long term plans (for example, corporate plans, development plans, service delivery and improvement plans)
- Setting objectives (for example, well-being objectives, equality objectives, Welsh language strategy)
- Major procurement and commissioning decisions
- Decisions that affect the ability (including external partners) to offer Welsh language opportunities and services
- Other

### (b) Please name and fully describe initiative here:

Audit Wales report: Transformation – This report sets out the key feedback / findings from a recent Audit Wales examination on the extent to which the council has progressed in relation to the Transformation Programme.

### Q2 What is the potential impact on the following: the impacts below could be positive (+) or negative (-)

	High Impact		Medium Impact		Low Impact		Needs further Investigation	No Impact
	+	-	+	-	+	-		
Children/young people (0-18)	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Older people (50+)	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Any other age group	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Future Generations (yet to be born)	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
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Asylum seekers	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Gypsies & travellers	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Religion or (non-)belief	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Sex	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Sexual Orientation	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Gender reassignment	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Welsh Language	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Poverty/social exclusion	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Carers (inc. young carers)	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Community cohesion	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Marriage & civil partnership	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Pregnancy and maternity	<input type="checkbox"/>	<input checked="" type="checkbox"/>						

# Integrated Impact Assessment Screening Form – Appendix B

Human Rights

**Q3 What involvement has taken place/will you undertake e.g. engagement/consultation/co-productive approaches? Please provide details below – either of your activities or your reasons for not undertaking involvement**

This report sets out the key feedback / findings from a recent Audit Wales examination on the extent to which the council has progressed in relation to the Transformation Programme. Consultation or engagement is not needed or relevant to this report, and there is no relevant impact to consider.

---

**Q4 Have you considered the Well-being of Future Generations Act (Wales) 2015 in the development of this initiative:**

- a) Overall does the initiative support our Corporate Plan's Well-being Objectives when considered together?  
Yes  No
- b) Does the initiative consider maximising contribution to each of the seven national well-being goals?  
Yes  No
- c) Does the initiative apply each of the five ways of working?  
Yes  No
- d) Does the initiative meet the needs of the present without compromising the ability of future generations to meet their own needs?  
Yes  No

---

**Q5 What is the potential risk of the initiative? (Consider the following impacts – equality, socio-economic, environmental, cultural, legal, financial, political, media, public perception etc...)**

High risk

Medium risk

Low risk

---

**Q6 Will this initiative have an impact (however minor) on any other Council service?**

Yes

No

If yes, please provide details below

---

**Q7 Will this initiative result in any changes needed to the external or internal website?**

Yes

No

If yes, please provide details below

---

**Q8 What is the cumulative impact of this proposal on people and/or communities when considering all the impacts identified within the screening and any other key decisions affecting similar groups/ service users made by the organisation?**

*(You may need to discuss this with your Service Head or Cabinet Member to consider more widely if this proposal will affect certain groups/ communities more adversely because of other decisions the organisation is making. For example, financial impact/poverty, withdrawal of multiple services and*

## Integrated Impact Assessment Screening Form – Appendix B

*whether this is disadvantaging the same groups, e.g., disabled people, older people, single parents (who are mainly women), etc.)*

**Outcome of Screening – This report sets out the key feedback / findings from a recent Audit Wales examination on the extent to which the council has progressed in relation to the Transformation Programme. Consultation or engagement is not needed or relevant to this report, and there is no relevant impact to consider.**

- Q9 Please describe the outcome of your screening using the headings below:**
- **Summary of impacts identified and mitigation needed (Q2)**
  - **Summary of involvement (Q3)**
  - **WFG considerations (Q4)**
  - **Any risks identified (Q5)**
  - **Cumulative impact (Q7)**

(NB: This summary paragraph should be used in the ‘**Integrated Assessment Implications**’ section of corporate report)

This report sets out the key feedback / findings from a recent Audit Wales examination on the extent to which the council has progressed in relation to the Transformation Programme. Consultation or engagement is not needed or relevant to this report, and there is no relevant impact to consider.

Full IIA to be completed

Do not complete IIA – please ensure you have provided the relevant information above to support this outcome

NB: Please email this completed form to the Access to Services Team for agreement before obtaining approval from your Head of Service. Head of Service approval is only required via email.

<b>Screening completed by:</b>
<b>Name:</b> R Rowlands
<b>Job title:</b> Strategic Delivery & Performance Manager
<b>Date:</b> 17/11/23
<b>Approval by Head of Service:</b>
<b>Name:</b> Lee Wenham
<b>Position:</b> Head of Communications & marketing
<b>Date:</b> 17/11/23

Please return the completed form to [accesstoservices@swansea.gov.uk](mailto:accesstoservices@swansea.gov.uk)

# Agenda Item 12



## Report of the Head of Democratic Services

Governance & Audit Committee – 6 December 2023

### Governance & Audit Committee Action Tracker Report

<b>Purpose:</b>	This report details the actions recorded by the Governance & Audit Committee and response to the actions.
<b>Report Author:</b>	Jeremy Parkhouse
<b>Finance Officer:</b>	N/A
<b>Legal Officer:</b>	N/A
<b>Access to Services Officer:</b>	N/A
<b>For Information</b>	

#### 1. Introduction

- 1.1 During the course of Governance & Audit Committee meetings various actions may be decided which are recorded on the minutes of the meetings.
- 1.2 As agreed in 2016/17 an Action Tracker process was put in place to ensure transparency over the outcomes of actions agreed by Committee.
- 1.3 The Action Tracker records the actions agreed by the Governance & Audit Committee and provides an outcome for each action.
- 1.4 The up to date Action Tracker 2023/24 is attached at Appendix 1.
- 1.5 The Action Tracker is regularly updated and any completed actions will be marked 'Completed' and coloured in grey.
- 1.6 The Action Tracker is reported to each Governance & Audit Committee meeting for information.

## **2. Integrated Assessment Implications**

2.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage
- Consider opportunities for people to use the Welsh language
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

2.1.1 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

2.1.2 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

2.2 There are no implications associated with this report.

## **3. Financial Implications**

3.1 There are no financial implications associated with this report.

## **4. Legal Implications**

4.1 There are no legal implications associated with this report.

**Background Papers:** None

### **Appendices:**

Appendix 1 Governance & Audit Committee Action Tracker 2023/24 (Recently closed actions highlighted).

### Governance & Audit Committee - Action Tracker 2023/2024

Date of Meeting	Minute Ref	Action	Nominated Officer(s)	Status / Timescale
25/10/23	47	<b>Audit Wales - City &amp; County of Swansea Detailed Audit Plan 2023</b>		
		The Chair requested that a written statement be provided by the Director of Finance to address the concern raised by Audit Wales at the lateness of the Statement of Accounts. It was noted that Audit Wales had been informed that the accounts would be with them before the end of October 2023.	Ben Smith	<b>Closed</b> Written statement circulated to the Committee by Director of Finance 26/10/23.
	47	Audit Wales stated that it planned to report on the Statement of Accounts in March 2024.	Audit Wales	<b>Ongoing</b>
25/10/23	46	<b>Report on the Audit Wales 'Together We Can' - Community Resilience and Self-Reliance Report Recommendations</b>		
		The Chair recognised the work already completed and the large amount of work outstanding, which could take time to complete. She requested that the Tackling Poverty Service Manager provides an update on the timelines at a future meeting.	Lee Cambule	<b>Ongoing</b>
25/10/23	45	<b>Report on the Audit Wales 'A Missed Opportunity' - Social Enterprises Report Recommendations</b>		
		The Chair recognised the work already completed and the large amount of work outstanding, which could take time to complete. She requested that the Tackling Poverty Service Manager provides an update on the timelines at a future meeting.	Lee Cambule	<b>Ongoing</b>
25/10/23	44	<b>The Governance and Assurance Arrangements of Swansea Council's Strategic Partnerships</b>		
		The Chair requested that future reports highlight the key challenges and achievements of the partnerships during the period being reported.	Richard Rowlands	<b>Ongoing</b>
25/10/23	43	<b>Public Services Ombudsman of Wales Annual Letter 2022-23</b>		
		The Chair requested that the Head of Digital & Customer Services circulates to the Committee details of 'various other' complaints dealt with by the Ombudsman.	Sarah Lackenby	<b>Ongoing</b>

25/10/23	40	<b>External Assessment Report 2023/24</b>		
		Consideration be given to having a full external review (not a peer review) to be undertaken within the next 5 years, be noted.	Simon Cockings	<b>Closed</b> - The issue has been raised with the Chief Executive and Director of Finance. Agreed that this will be considered in anticipation of the next review in due course.
25/10/23	38	<b>Absence Management Audit Report Update</b>		
		Ness Young, Director of Corporate Services highlighted that an update on the Council's Management Arrangements for Sickness Absence and Occupational Health was scheduled for Committee on 6 December 2023. The Chair noted that the report would therefore be moved to the meeting on 10 April 2024.	Rachael Davies	<b>Ongoing</b> Added to the agenda for 10 April 2023.
	38	The Head of Human Resources and Service Centre was requested to provide details of time lost due to accidents in the next update report.	Rachael Davies	<b>Ongoing</b>
25/10/23	37	<b>Employment of Agency Staff - 2023 Update</b>		
		The Head of Human Resources and Service Centre was requested to provide details of agency workers who had been employed on permanent contracts by the Authority and the cost of employing agency workers in previous years.	Rachael Davies	<b>Ongoing</b>
25/10/23	36	<b>Minutes</b>		
		Minute No.30 – Corporate Risk Overview 2023/24 – Quarter 1  In relation to discussions regarding Risk ID 159 - Financial Control – MTFP Delivery – amend the following: -  'The effect upon transformation savings was queried' to 'The sensitivity of transformation savings was queried.'	Jeremy Parkhouse	<b>Closed</b> Amendment included in the minutes of 25/10/23.
13/09/23	33	<b>Governance &amp; Audit Committee Work Plan</b>		
		The Director of Finance stated that the Draft Statement of Accounts 2022/23 and Audit Wales – Audit of Accounts Report – City & County of Swansea – Draft were delayed and would be deferred to the December Committee meeting.	Ben Smith / Audit Wales	<b>Closed</b> Included on the Committee agenda for 6 December 2023.
13/09/23	31	<b>Annual Review of Performance 2022-23 (including Self-Assessment Report)</b>		
		The suggested amendments to the draft report be updated prior to the report being presented to Council.	Ness Young / Richard Rowlands	<b>Closed</b> Report approved by Council on 9 November 2023.

13/09/23	30	<b>Education Directorate: Internal Control Environment 2023/2024</b>		
		The Chair noted that the monitoring of the position at Clydach Primary School would be done by the Education Performance Scrutiny Panel and added that the Committee would gain assurance from their findings. She requested that it be added to the Action Tracker Report.	Education Performance Scrutiny Panel	<b>Ongoing</b> The Panel are meeting with the Acting Head and Chair of Governors on 22 February 2024.
13/09/23	28	<b>Internal Audit Recommendation Follow-Up Report Quarter 1 2023/24</b>		
13/09/23	28	The Chair requested that in future, this report be combined with the quarterly monitoring report.	Nick Davies / Simon Cockings	<b>Closed</b> Report combined with Q2 Monitoring report for 6 December 2023 and for future meetings.
13/09/23	28	The Committee also queried the reporting of all outstanding high / medium risks that had not been actioned in future in order for long term outstanding risks to be identified.	Nick Davies / Simon Cockings	<b>Ongoing</b> For consideration. This will require the interrogation of the audit system and ultimately, some additional man hours to see the required information can be extracted. Feasibility to be investigated.
13/09/23	28	A report regarding external audit recommendations would be provided in December 2023 and the action added to the Action Tracker Report.	Ness Young / Richard Rowlands	<b>Closed</b> Included on the Committee agenda for 6 December 2023.
19/07/23	19	<b>Internal Audit Section - Fraud Function Annual Report for 2022/2023</b>		
		The Corporate Fraud Manager stated that he would provide responses regarding / action the following: - <ul style="list-style-type: none"> <li>• Provide reasons for closure in future reports.</li> <li>• Provide examples of cases studies in future training sessions.</li> </ul>	Jonathon Rogers	<b>Ongoing</b>  <b>Closed</b> - Response circulated in August 2023 regarding Housing Options advice on housing succession fraud.  <b>Closed</b> - Response circulated in October 2023 regarding agency staff / contractor investigations.
14/06/23	13	<b>Governance &amp; Audit Work Plan</b>		
		It was highlighted that there was not any training contained in the Work Plan. The Chair stated that future training was being considered. The Director of Corporate Services would discuss prior to the next meeting.	Chair / Ness Young	<b>Ongoing</b> A training session would be arranged as soon as possible.

14/06/23	7	<b>Accounts Receivable</b>		
		The Chair thanked the officers for a detailed report and requested an update be provided in approximately 6 months.	Rachael Davies / Michelle Davies	<b>Ongoing</b> Added to the Work Plan for 17 January 2024.
08/03/23	105	<b>Governance &amp; Audit Committee Action Tracker Report</b>		
		<p>The Chair highlighted the following: -</p> <ul style="list-style-type: none"> <li>Minute 90 (08/02/2023) – Audit Wales Reports – Readiness of the Public Sector for Net Zero Carbon by 2030 – Councillor A S Lewis (Deputy Leader of the Council) had updated the Climate Change and Nature Performance Panel regarding progress and would provide the Committee with a briefing note in order to provide assurance.</li> </ul>	Councillor Andrea Lewis / Geoff Bacon	<p><b>Ongoing</b></p> <p>Audit Wales have rightly identified the need for all public bodies to develop costed plans to meet political aspirations and legal obligations. It remains relatively early days and at this stage it is not realistic to have a fully costed plan that's aligned to the MTFP and beyond. The costed plan doesn't and couldn't align with a 4-year MTFP as the programme will develop and continues up until 2030.</p> <p>As yet there has been no statement from WG concerning additional funding. The council recognises its obligations and the expectations placed upon it and the wider public sector and will continue to develop its own methodology and share and learn best practice with others to try and ensure comparability and consistency where possible. Conversations are ongoing with Welsh Government Energy Services as to how an action plan can be refined and properly delivered which strikes a pragmatic balance between the realistic and affordable at a truly local, council wide level and what will require regional, national and international joint working and very substantial additional funding support . A future draft/interim report will follow when completed.</p>

<b>08/02/23</b>	<b>88</b>	<b>Social Services Absence Management Audit Report Update</b>		
		Comparators being provided in future reports to allow the Committee to observe if absences are reducing or not and Introducing measures that were aimed at reducing future sickness.	Rachael Davies	<b>Closed</b> Update provided at 25/10/23 meeting.
<b>27/09/22</b>		The Chair requested that an evaluation of the effectiveness of Occupational Health be completed.	Rachael Davies	<b>Closed</b> Duplicate with Minute No. 38 – 25/10/23.

# Agenda Item 13



## Report of the Head of Democratic Services

Governance & Audit Committee – 6 December 2023

### Governance & Audit Committee Work Plan

<b>Purpose:</b>	This report details the Governance & Audit Committee Work Plans to May 2024.
<b>Report Author:</b>	Jeremy Parkhouse
<b>Finance Officer:</b>	N/A
<b>Legal Officer:</b>	N/A
<b>Access to Services Officer:</b>	N/A
<b>For Information</b>	

#### 1. Introduction

- 1.1 The Governance & Audit Committee Work Plan to May 2024 in Terms of Reference Order is attached at Appendix 1.
- 1.2 The Additional Work programme Governance and Audit Committee as a result of the Local Government and Elections Act is attached at Appendix 2.
- 1.3 The Scrutiny Programme Committee Work Plan 2023/24 report is attached at Appendix 3.
- 1.4 The Scrutiny & Monitoring of External Audit / Inspection / Regulatory (AIR) Reports (2023/24) is attached at Appendix 4.
- 1.5 The updated Governance & Audit Committee Terms of Reference is attached at Appendix 5.
- 1.6 The dates included for the meetings in 2023/24 were approved at the Council's Annual Meeting on 18 May 2023.

## **2. Integrated Assessment Implications**

2.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage
- Consider opportunities for people to use the Welsh language
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

2.1.1 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

2.1.2 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

2.2 There are no impact assessment implications associated with this report.

## **3. Financial Implications**

3.1 There are no financial implications associated with this report.

## **4. Legal Implications**

4.1 There are no legal implications associated with this report.

**Background Papers:** None.

**Appendices:**

- Appendix 1 - Governance & Audit Committee Work Plan to May 2024 in Terms of Reference Order.
- Appendix 2 - Additional Work Programme - Governance and Audit Committee as a result of the Local Government and Elections Act.
- Appendix 3 - Scrutiny Programme Committee Work Plan 2023/24
- Appendix 4 - Scrutiny & Monitoring of External Audit / Inspection / Regulatory (AIR) Reports (2023/24).
- Appendix 5 - Governance & Audit Committee Terms of Reference.

Governance & Audit Committee Workplan 2023/24

Appendix 1

Terms of Reference	14 June 2023	19 July 2023	13 September 2023	25 October 2023	6 December 2023	17 January 2024	28 February 2024	10 April 2024	June 2024 (24/25)
<b>Training</b>									
<b>Governance &amp; Assurance</b>	<p>Election of Chair &amp; Vice Chair</p> <p>Appointment of Committee Member on Annual Governance Group</p>	Complaints Update Report 2022/23		<p>Scrutiny Annual Report 2022-23.</p> <p>The Governance and Assurance Arrangements of Swansea Council's Strategic Partnerships – 6 Month Update</p> <p>Public Services Ombudsman for Wales Annual letter to the Council for the period 2022-23</p>			<p>Update on the Council's Transformation Programme, including Governance</p> <p>Annual Complaints Report</p>	<p>Draft Committee Work Programme 2024/25</p> <p>Update on the Council's management arrangements for sickness absence and occupational health</p>	<p>Annual Governance Statement 2023/24</p> <p>Draft Governance &amp; Audit Committee Annual Report 2023/24</p> <p>Election of Chair &amp; Vice Chair</p> <p>Appointment of Committee Member on Annual Governance Group</p>
<b>Internal Audit</b>	<p>IA Quarter 4 2022/23 Monitoring Report</p> <p>IA Quarter 4 2022/23 Recommendation Tracker Report</p> <p>Fleet Maintenance Update</p> <p>Accounts Receivable Update</p> <p>DBS Update</p>	Annual Report of School Audits 2022-23	<p>IA Quarter 1 2023/24 Monitoring Report</p> <p>Moderate Report - Catering and Cleaning Team 23/24</p> <p>IA Quarter 1 2023/24 Recommendation Tracking Report</p>	<p>Employment of Agency Staff Update</p> <p>Management of Absence Update</p> <p>Moderate Report – Clydach Primary School</p> <p>External Assessment Report 2023/24.</p>	IA Quarter 2 2023/24 Monitoring Report	<p>Accounts Receivable Update</p> <p>Fundamental Audits 2022/23 – Recommendation Tracker Report</p>	<p>IA Quarter 3 2023/24 Monitoring Report</p> <p>IA Quarter 3 2023/24 Recommendation Tracker Report</p> <p>IA Annual Plan Methodology Report 2024/25</p> <p>Draft IA Annual Plan 2024/25</p>	<p>IA Charter 2024/25</p> <p>IA Strategy &amp; Annual Plan 2024/25</p> <p>Employment of Agency Staff Update</p> <p>Management of Absence Update</p>	Internal Audit Annual Report 2023/24
<b>Risk Management &amp; Performance</b>			<p>Q1 Risk Monitoring Report</p> <p>The Annual Review of Performance 2022-</p>		Q2 Risk Monitoring Report	Performance Management update.	Q3 Risk Monitoring Report		Q4 Risk Monitoring Report

Governance & Audit Committee Workplan 2023/24

Appendix 1

			23 (including Self-Assessment Report)						
<b>Counter Fraud</b>		Corporate Fraud Annual Report 2022/23 and Corporate Fraud Annual Plan 2023/24			Corporate Fraud – Six Month Update				
<b>Operational matters / key risks</b>			Update on Internal Control Environment – Director of Education	Update on Internal Control Environment - Director of Social Services	Update on Internal Control Environment - Director of Finance		Update on Internal Control Environment – Director of Place	Update on Internal Control Environment – Director of Corporate Services	
<b>External Audit</b>	Audit Wales Report - City & County of Swansea Annual Audit Summary	Audit Wales Work Programme and Timetable – City and County of Swansea Council.		Audit Wales Work Programme and Timetable – City and County of Swansea Council.  Audit Wales – 2023 Audit Plan  'A Missed Opportunity' - Social Enterprises.  'Together we can' - Community Resilience and Self-Reliance	Audit Wales Work Programme and Timetable – City and County of Swansea Council.  Setting of well-being objectives – City and County of Swansea Council  Audit Wales Letter – Review of the Council's Transformation Programme  External Audit Recommendations.	Audit Wales - Audit of the Council's Digital Strategy 2023-28	Audit Wales Work Programme and Timetable – City and County of Swansea Council.	Audit Wales - Assurance and Risk Assessment - Financial Position Update  Audit Wales Report - City & County of Swansea Annual Audit Summary  Update on the Council's response to the Audit Wales 2023 Report on Social Enterprises  Audit Wales - Audit of Accounts Report - City & County of Swansea - Draft.	Audit Wales - 2024 Audit Plan  Update on the Council's response to the Audit Wales 2023 Report on Community Reliance and Self Reliance
<b>Financial Reporting</b>								Draft Statement of Accounts 2022/23	

**Additional Work programme Governance and Audit Committee**  
**As a result of the Local Government And Elections Act.**

Across all areas of the work programme, consideration and acknowledgement will be given to the views, feedback and assurance from the scrutiny and performance committees that robust overview and scrutiny has taken place of decisions, policies and proposals and the assurance then given to Audit committee when they are reviewing the area of work in relation to Assurance, risk environment, Regulatory compliance and overall governance.

Area of work	Owner	Frequency  <i>The frequencies are a guide and additional reviews may take place as and when the committee feel necessary.</i>	Month to present to committee
To review the Council's corporate governance arrangements against the good governance framework	Ness Young / Richard Rowlands	Every 2 years	See Annual Governance Statement
To review the Council's draft annual Self-Assessment Report,	Richard Rowlands	Annual	September
To review the Council's draft response to the Panel Performance Assessment Report	Richard Rowlands	Once every 4 years	TBC
To review the Council's draft response to any Auditor General's recommendations arising from a special inspection in respect of the Council's performance requirements	Ness Young	As and When required	TBC
To review the programme of work from regulators	Richard Rowlands	Annually	Quarterly

## Appendix 2

To review and assess the authority's ability to handle complaints effectively	Sarah Lackenby	Annual	January
To review the Annual Governance Statement prior to approval	Richard Rowlands	Annual	May
To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.	Richard Rowlands / Ness Young	Annual	Possibly covered to a degree in the self-assessment report but too early to say.
To consider the Council's framework of assurance	Richard Rowlands / Ness Young	Annual	See Internal Audit Assurance Map
To monitor the effective development and operation of risk management	Richard Rowlands	Each meeting	Quarterly Overview of Risk Reports
To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions	Simon Cockings	As and when required	Quarterly Monitoring Reports throughout the year.
To review the assessment of fraud risks and potential harm to the Council from fraud and corruption	Simon Cockings	Every 6 months	Fraud Function Annual Plan – March  Fraud Function Annual Report – July  Fraud Function Half-Year Update Report - December
To monitor the counter fraud strategy, actions and resources	Simon Cockings	Every 6 Months	Fraud Function Annual Plan – March  Fraud Function Annual Report – July

## Appendix 2

			Fraud Function Half-Year Update Report - December
To Receive proposals in relation to the appointment of external providers of internal audit services and to make recommendations	Simon Cockings	as and when	n/a
To review the governance and assurance arrangements for significant partnerships or collaborations	Director of Corporate Services / Richard Rowlands / Relevant Director	Annual / as and when new Partnerships or collaborations are established	June/July
To approve the internal audit charter and resources	Simon Cockings	Annual	Internal Audit Charter Report – April
To consider the Chief Internal Auditor's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements	Simon Cockings	Annual	Internal Audit Annual Report – May
To consider reports from the Chief Internal Auditor on Internal Audit's performance during the year including the performance of external providers of internal audit services	Simon Cockings	Every 6 months	Quarterly Monitoring Reports throughout the year.
To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations	Simon Cockings	Annual	Internal Audit Annual Report – May

## Appendix 2

To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Chief Internal Auditor. <b>To approve and periodically review safeguards to limit such impairments</b>	Simon Cockings	Annual	Internal Audit Charter Report – April
To receive reports outlining the action taken where the Chief Internal Auditor has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions	Simon Cockings	As and when	Quarterly Monitoring Reports throughout the year.
To consider reports dealing with the management and performance of the providers of internal audit services	Simon Cockings	As and when required	Quarterly Monitoring Reports throughout the year.
To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.	Simon Cockings	Quarterly	Quarterly Monitoring Reports throughout the year.
To contribute to the Quality Assurance and Improvement Programme and in particular the external quality assessment of internal audit that takes place at least once every five year	Simon Cockings	Every 5 Years	Internal Audit Annual Report – May
To consider the external auditor's annual letter, relevant reports, and to those charged with governance.	Ben Smith	Annual	External Auditor's annual letter – July

## Appendix 2

To review the annual statement of accounts.	Ben Smith	Annual	Report of S151 officer including Statement of Accounts – July
To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts	Ben Smith	Annual	External Audit Annual Report - July
To publish an annual report on the work of the committee.	Paula O'Connor	Annual	Draft Audit Committee Annual Report – May

## Scrutiny Programme Committee – Work Plan 2023/24

ACTIVITY	18 Jul 2023	19 Sep 2023	17 Oct 2023	14 Nov 2023	19 Dec 2023	16 Jan 2024
<b>Scrutiny Work Programme</b>	Agreement of Scrutiny Work Programme	Scrutiny Annual Report 2022/23				
<b>Cabinet Member Portfolio Responsibility Q &amp; A Sessions</b>		Active Travel (CM for Environment & Infrastructure)			Support for Businesses (CM for Investment, Regeneration, Events & Tourism)	Leader / Economy, Finance & Strategy
<b>Other Cabinet Member / Officer Reports</b>  Page 374			Scrutiny of Swansea Public Services Board (PSB Chair – Cllr Andrea Lewis)	- Annual Corporate Safeguarding Report (CM for Care Services / Director of Social Services) - Children & Young People's Rights Scheme (annual report) (CM for Community – Support)	Delivery of Corporate Priority – Tackling Poverty (annual item) (Leader / CM for Wellbeing)	
<b>Scrutiny Performance Panel Progress Reports</b>			Education	Service Improvement, Regeneration & Finance	Adult Services	Child & Family Services
<b>Pre-decision Scrutiny</b>	FPR7 Redevelopment of 277-278 Oxford Street - Community Hub Project		Oracle Fusion Project Implementation / Project Closure Report (Leader / CM for Service Transformation)			
<b>Final Scrutiny Inquiry Reports / Follow Up on Scrutiny Recs.</b>				- Follow Up on Bus Services Working Group (CM for Environment & Infrastructure) - Anti-Social Behaviour Inquiry Final Report		Follow Up on Road Safety Working Group (CM for Environ. & Infrastructure)

ACTIVITY	13 Feb 2024	19 Mar 2024	16 Apr 2024	14 May 2024		
<b>Scrutiny Work Programme</b>		Audit / Scrutiny Relationship – Discussion w/ Chair of Governance & Audit Committee		End of Year Review		
<b>Cabinet Member Portfolio Responsibility Q &amp; A Sessions</b>	Delivery against Workforce Development Strategy (CM for Corporate Services & Performance)					
<b>Other Cabinet Member / Officer Reports</b>  Page 375	Welsh Language Standards (annual report) (CMs for Education & Learning / Culture, Human Rights & Equalities)	- Scrutiny of Swansea Public Services Board (PSB Chair – Cllr Andrea Lewis) - Annual Complaints Report 2022-23 (CM for Service Transformation / CM for Care Services)	Crime & Disorder Scrutiny - Safer Swansea Community Safety Partnership (Joint Chairs of Safer Swansea Partnership)			
<b>Scrutiny Performance Panel Progress Reports</b>	Climate Change & Nature	Education	Service Improvement, Regeneration & Finance			
<b>Pre-decision Scrutiny</b>						
<b>Final Scrutiny Inquiry Reports / Follow Up on Scrutiny Recs.</b>				Follow Up on Co-production Working Group (CM for Community - Support)		

## **Scrutiny & Monitoring of External Audit / Inspection / Regulatory Reports (2023/24)**

The Chair of the Governance & Audit Committee and Chair of the Scrutiny Programme Committee decide between them the route that specific reports should take, i.e., whether reported to and monitored by G & A Committee or SPC, as deemed appropriate.

External reports that are relevant for Scrutiny are allocated either to the Scrutiny Programme Committee or referred to relevant Scrutiny Performance Panels and scheduled for discussion, as appropriate.

When a report has been issued to the Council and is available for Scrutiny, the relevant Scrutiny Chair / Convener is made aware, and it can be highlighted to Committee / Panel members within the next available meeting agenda.

Reporting to Scrutiny will typically require relevant Cabinet Members / Officers to attend meetings to discuss implications and present action plans along with statements about progress. Scrutiny Officers will engage with relevant Cabinet Members / Officers to forward plan the scheduling of Committee / Panel discussion at the right time, e.g., with a response / action plan (showing any progress to date), making the best use of time given pressure on scrutiny work plans / workloads.

The Committee / Panel can then receive assurance from Council leads about their response to any external reports and provide challenge to ensure improvement, making observations, and arranging further monitoring as necessary.

Depending on content, every report may not require the same level of involvement and consideration (given degree of importance or interest) therefore it will be up to relevant scrutiny lead member(s) to determine best approach in dealing with relevant reports. In certain cases, the Committee / Panel may take an exceptional approach to reports, e.g., being provided with information outside of meetings and only scheduling for discussion at a meeting with relevant Cabinet Member / Officer where there are specific issues, concerns about action / progress. Flexible approaches will relieve pressure on workloads and ensure best use of time and resources.

The Governance & Audit Committee is provided with a log of reports being dealt with by Scrutiny so that it can maintain an oversight of monitoring and be assured that reports are being effectively followed up.

Report Title	Type of Report	Lead Cabinet Portfolio	Scrutiny Committee / Performance Panel	Report(s) to Scrutiny	Monitoring by Scrutiny Complete (YES / NO?)
<a href="#">A report on education services in City and County of Swansea</a> (September 2022)	Estyn	Education & Learning	Education Panel	<a href="#">27 October 2022</a> <a href="#">15 December 2022</a> <a href="#">15 June 2023</a>	NO Further monitoring scheduled for 14 Dec 2023
<a href="#">‘Time for Change’ – Poverty in Wales</a> (November 2022)	Audit Wales (National)	Economy, Finance & Strategy AND Well-being	Scrutiny Programme Committee	<a href="#">17 January 2023</a>	NO Tackling Poverty is an annual item at Committee – actions arising from Audit to be followed up in Dec 2023
<a href="#">‘A missed opportunity’ – Social Enterprises</a> (November 2022)	Audit Wales (National)	Care Services	Adult Services Panel	<a href="#">5 September 2023</a>	NO Discussion on Action Plan / progress to be arranged – likely Mar 2024
<a href="#">‘Together We Can’ – Community Resilience and Self-Reliance</a> (January 2023)	Audit Wales (National)	Community (Support)	Adult Services Panel	<a href="#">7 August 2023</a>	YES
<a href="#">Rose Cross Residential Care Home Inspection</a> (May 2023)	CIW	Care Services	Adult Services Panel	<a href="#">28 June 2023</a>	YES

<a href="#">Ty Waunarlwydd Home For The Elderly Inspection</a> (June 2023)	CIW	Care Services	Adult Services Panel	<a href="#">28 June 2023</a>	YES
<a href="#">Setting of Wellbeing Objectives</a> (August 2023)	Audit Wales (National)	Corporate Services & Performance	Service Improvement, Regeneration and Finance	17 October 2023	YES
Digital Strategy Review	Audit Wales (National)	Service Transformation	Service Improvement, Regeneration and Finance	12 December 2023	
Building Safety in Wales	Building Control Wales	Corporate Services & Performance	Service Improvement, Regeneration and Finance	12 March 2024	
Use of Performance Information	Audit Wales (National)	Corporate Services & Performance	Service Improvement, Regeneration and Finance	9 April 2024	

**NOTE:**

Estyn: All individual School Estyn Inspection outcome summaries and links to full reports are included in Education Scrutiny Performance Panel agendas for information / awareness. The Panel will follow up on any where there are concerns and some when good practice has been highlighted.

## **Governance & Audit Committee – Terms of Reference**

### **Statement of Purpose**

The Governance and Audit Committee is a key component of the City and County of Swansea's corporate governance. It provides an independent and high level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of the Governance and Audit Committee is to provide independent assurance of the adequacy of the risk management framework, the internal control environment and the performance assessment of the Council. It provides an independent review of the governance, performance assessment, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

### **Membership**

The Local Government (Wales) Measure 2011 provides that two thirds of the members of the Committee are to be members of the council and one third must be lay members. Only one member of the Cabinet or Assistant to the Cabinet may sit on the Committee, and that person must not be the Leader. The Chair must be a lay member and the vice chair must not be a member of the Cabinet or an Assistant to the Cabinet.

### **Governance, Performance, Risk and Control**

- a) To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
- b) To review the Council's draft annual Self-Assessment Report, and make any appropriate recommendations for changes to the conclusions or actions the Council intends to make.
- c) To review the Council's draft response to the Panel Performance Assessment Report, and make any appropriate recommendations for changes.
- d) To review the Council's draft response to any Auditor General's recommendations arising from a special inspection in respect of the Council's performance requirements and to make any appropriate recommendations for changes.
- e) To review and assess the authority's ability to handle complaints effectively and to make any associated reports and

recommendations in relation to the authority's ability to handle complaints effectively.

- f) To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances.
- g) To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- h) To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
- i) To monitor the effective development and operation of risk management in the Council.
- j) To monitor progress in addressing risk related issues reported to the Committee.
- k) To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- l) To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- m) To monitor the counter fraud strategy, actions and resources.
- n) To review any proposals in relation to the appointment of external providers of internal audit services and to make recommendations.
- o) To review the governance and assurance arrangements for significant partnerships or collaborations.

#### **Internal Audit**

- p) To approve the internal audit charter and resources.
- q) To approve the risk-based internal audit plan, containing internal audit's resource requirements, the approach to using other sources of assurances and any work required to place reliance upon those other sources.
- r) To approve significant interim changes to the risk based internal audit plan and resource requirements.

- s) To make appropriate enquiries of both management and the Chief Internal Auditor to determine if there are any inappropriate scope or resource limitations.
- t) To consider the Chief Internal Auditor's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
- u) To consider the Chief Internal Auditor's annual report.
- v) To consider reports from the Chief Internal Auditor on Internal Audit's performance during the year including the performance of external providers of internal audit services.
- w) To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.
- x) To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Chief Internal Auditor. To approve and periodically review safeguards to limit such impairments.
- y) To consider summaries of specific internal audit reports as requested.
- z) To receive reports outlining the action taken where the Chief Internal Auditor has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- aa) To consider reports dealing with the management and performance of the providers of internal audit services.
- bb) To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
- cc) To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- dd) To contribute to the Quality Assurance and Improvement Programme and in particular the external quality assessment of internal audit that takes place at least once every five years.

- ee) To provide free and unfettered access to the Governance and Audit Committee Chair for the Chief Internal Auditor, including the opportunity for a private meeting with the Committee.

### **External Audit**

- ff) To consider the external auditor's annual letter, relevant reports, and to those charged with governance.
- gg) To consider specific reports as agreed with the external auditor.
- hh) To comment on the scope and depth of external audit work and to ensure it gives value for money.
- ii) To commission work from external audit.
- jj) To advise and recommend on the effectiveness of relationships between external audit and other inspector agencies or relevant bodies

### **Financial Reporting**

- kk) To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- ll) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

### **Accountability Arrangements**

- mm) To report to full Council on a regular basis on the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.
- nn) To report to Council on an annual basis and to publish an annual report on the Committee's work, its performance in relation to the Terms of Reference, and its effectiveness in meeting its purpose.
- oo) To raise the profile of probity generally within the Council and to report on matters of concern to the individual Cabinet Member, relevant Scrutiny Committee, Cabinet or to Council as necessary and appropriate.
- pp) To work in synergy with the Scrutiny Committees of the Council and liaise with other Council Committees as and when appropriate to avoid duplication in work programmes.

- qq) To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the Appendix 1 adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions
- rr) To publish an annual report on the work of the committee.

**Training and Development**

- ss) To attend relevant training sessions including specialist training tailored for Members of the Governance and Audit Committee.