



City and County of Swansea

Notice of Meeting

You are invited to attend a Meeting of the

Audit Committee

At: Guildhall, Swansea
On: Tuesday, 13 August 2019
Time: 2.00 pm
Chair: Paula O'Connor (Independent Chair)

Membership:

Councillors: C Anderson, P M Black, D W Helliwell, T J Hennegan, P R Hood-Williams, O G James, P K Jones, J W Jones, E T Kirchner, M B Lewis, S Pritchard, L V Walton and T M White

Agenda

	Page No.
1 Apologies for Absence.	
2 Disclosures of Personal and Prejudicial Interests. www.swansea.gov.uk/disclosuresofinterests	
3 Minutes. To approve & sign the Minutes of the previous meeting(s) as a correct record.	1 - 7
4 Draft Statement of Accounts 2018/19 - City and County of Swansea.	8 - 178
5 Reports of the Wales Audit Office: -	
a City and County of Swansea - Audit Enquiries to Those Charged with Governance and Management.	179 - 190
b Draft ISA 260 Report.	191 - 210
6 Overview of the Overall Status of Risk - Quarter 1 2019/20. (For Information)	211 - 284
7 Revenue Financial Outturn 2018/19. (For Information)	285 - 302
8 Draft Annual Governance Statement.	303 - 330
9 Internal Audit Annual Report 2018/19.	331 - 364

10	Internal Audit Annual Plan 2019/20 Monitoring Report for the Period 1 April 2019 to 30 June 2019.	365 - 379
11	Internal Audit Moderate Rating Follow Up Report - Young People's Services 2019/20. (Verbal)	
12	Internal Audit Recommendation Follow-up Report Q1 2019/20.	380 - 386
13	Audit Committee Action Tracker Report. (For Information)	387 - 390
14	Audit Committee Work Plan. (For Information)	391 - 398
15	Scrutiny / Wales Audit Office Reports (For Information):	
a	Progress addressing Wales Audit Office Recommendations relating to Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities. (For Information)	399 - 415
b	Progress in implementing the Recommendations of the Wales Audit Office Review of Housing Adaptations in Wales Report. (For Information)	416 - 423
c	Wales Audit Office Report - Local Government Services to Rural Communities. (For Information)	424 - 467
d	Local Government Services to Rural Communities. (For Information)	468 - 479

Next Meeting: Monday, 16 September 2019 at 2.00 pm

Huw Evans

Huw Evans
Head of Democratic Services
Tuesday, 6 August 2019

Contact: Democratic Services: - 636923

Agenda Item 3



City and County of Swansea

Minutes of the **Audit Committee**

Committee Room 5 - Guildhall, Swansea

Tuesday, 11 June 2019 at 2.00 pm

Present:

Councillor(s)

C Anderson
P K Jones
M B Lewis
T M White

Councillor(s)

T J Hennegan
J W Jones
S Pritchard

Councillor(s)

P R Hood-Williams
E T Kirchner
L V Walton

Lay Member:

Paula O'Connor

Officer(s)

Simon Cockings
Michelle Davies
Tracey Meredith
Jeremy Parkhouse
Richard Rowlands
Ben Smith
Sian Williams

Chief Auditor
Cash Management & Accounts Receivable Manager
Chief Legal Officer
Democratic Services Officer
Strategic Delivery & Performance Manager.
Chief Finance Officer / Section 151 Officer
Service Centre Manager

Also Present

Jason Garcia
David Williams

Wales Audit Office
Wales Audit Office

Apologies for Absence

Councillors(s): P M Black, O G James and W G Thomas.

1 Election of the Chair for the 2019-2020 Municipal Year.

Resolved that Paula O'Connor be elected Chair for the 2019-2020 Municipal Year.

(Paula O'Connor (Independent Chair) presided)

2 Election of the Vice-Chair for the 2019-2020 Municipal Year.

Resolved that Councillor P R Hood-Williams be elected Vice-Chair for the 2019-2020 Municipal Year.

3 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 K Jones – Minute No.9 - Internal Audit Annual Plan 2018/19 - Monitoring Report for the Period 1 January 2019 to 31 March 2019 – Governor of Bishop Vaughan Comprehensive School – personal.

Councillor P R Hood-Williams - Minute No.9 - Internal Audit Annual Plan 2018/19 - Monitoring Report for the Period 1 January 2019 to 31 March 2019 – Governor of Cila Primary School – personal.

Councillor T M White - Minute No.9 - Internal Audit Annual Plan 2018/19 - Monitoring Report for the Period 1 January 2019 to 31 March 2019 – Member of Governing Body of School – personal.

Paula O'Connor – Agenda as a whole – Employee of Velindre NHS Trust – Providing Internal Audit Service as Head of Internal Audit to Swansea Bay University Health Board – Personal.

4 Minutes.

Resolved that the Minutes of the previous meeting of the Audit Committee were approved as a correct record.

- Monthly Corporate Risk Tracking – March 2019

The Chair stated that she had met with the Strategic Delivery & Performance Manager and Chief Auditor to observe the new Risk Management software. She added that the software, which was still being developed, would improve quality and enhance the review and monitoring of risks.

5 Service Centre - Accounts Receivable - Update at May 2019. (For Information)

Ben Smith, Chief Finance Officer, Sian Williams, Service Centre Manager and Michelle Davies, Cash Management & Accounts Receivable Manager provided a report which provided an update on the Service Centre, Accounts Receivable function.

It was outlined that as a result of an internal audit on the Accounts Receivable function carried out in December 2018, an assurance level of moderate was given. An action plan was developed to address the issues identified and appropriate implementation steps put in place.

Details of the action plan, including the high and medium risks and progress to date were outlined. Appendix A provided the Accounts Receivable Final Audit report.

The Committee discussed the following: -

- Good practice arrangements agreed with Legal Services;
- The connection between the reduction in staff resources and the drop in recovery of invoices from 95% to 85%;
- Comparing the cash loss from the reduction in the recovery of invoices to the cost of staff reduction and the relative small amount of debt involved compared to other areas, e.g. Council Tax / NNDR;
- Recognition of the consequences of staff reduction and the number involved (12 staff reduced to 6);
- The process of debt recovery, including prioritising the recovery of larger debts and the need to provide a legal basis for debts;
- How internal departments of the Authority had responsibility within the debt recovery process;
- How the process seemed confused following reminder letters being issued;
- Write off procedures and how the process of recovering debts are exhausted prior to them being written off;
- Working / negotiating with partner organisations regarding outstanding debts;
- How outstanding debt has little impact upon accounting procedures within the Authority unless debts get written off;

The Chair expressed concern that the debt recovery process was weak and the decentralisation of procedures was prolonging the recovery process. She added that a follow up report was required (and requested that the audit scope cover the decentralised processes), within 6 months to provide the Audit Committee with assurances in the effectiveness of the debt recovery process.

Resolved that: -

- 1) The contents of the report be noted;
- 2) A follow up report on progress be provided within the next 6 months.

6 Corporate Risk Policy & Framework. (For Information)

Richard Rowlands, Strategic Delivery & Performance Manager presented a 'for information' report which provided the Council's Corporate Risk Policy and associated Framework.

It was outlined that the Audit Committee was consulted on the draft Risk Policy on 11 July 2017 before it was subsequently approved at Cabinet in August 2017.

Appendix A provided the Corporate Risk Policy and Appendix B provided the Corporate Risk Framework.

The Chair referred to the Committee's responsibility for challenging and providing independent assurance to Members on the adequacy of the Risk Management Policy and Framework, the development and operation of risk management and monitoring progress in addressing risk related issues. She expressed concern that at present, the Committee were not able to monitor risks and hoped that the new

system would provide the information required, providing the Committee with assurance.

The Committee discussed the following: -

- Improving the quality of risk controls;
- The need for consistency going forward;
- Contingency actions and working with risk owners to improve matters.

7 Overview of the Overall Status of Risk Q4 2018/19. (For Information)

Richard Rowlands, Strategic Delivery & Performance Manager presented a 'for information' report which presented an overview of the status of risk in the Council during Quarter 4, 2018/19 to provide assurance to the Committee on the operation of the risk management policy and framework within the Council.

Appendix A provided the Quarter 4, 2018/19 period and compared an overview of the position to Quarter 3, 2018/19. The Corporate Risk Register was provided at Appendix B and the Directorate Risk Register at Appendix C.

The Committee discussed the following: -

- Retention of data after closing risks;
- The prevention of slippage by ensuring risks are monitored / reviewed monthly;
- Inclusion of bio diversity matters in the risk register;
- Ability of Audit Committee Members to monitor and comment upon risks with the introduction of the new system;
- Risk associated with the City Deal not being signed;
- Timescale for rolling out the new system;
- The Authority being pro-active in respect of risks.

The Chair commented that the new risk system would improve the quality of detail provided in the Risk Register. She added that the owners of high level risks would be invited to the Committee to report on their risk.

8 Audit Committee Training Programme 2019/20.

Simon Cockings, Chief Auditor presented the Audit Committee Training Programme for 2019/20, which was provided at Appendix 1.

It was added that Updated guidance issued by Cipfa in 2018 recommended the following Core Areas of Knowledge for Audit Committee Members:

- Audit Committee Role and Functions
- Risk Management
- Financial Management and Accounting
- Governance & Values of Good Governance
- External Audit

- Internal Audit
- Counter Fraud

The Chair stated that future training should be focussed upon any changes in specific areas.

The Committee discussed the following: -

- Training being provided prior to meetings in order for Members to have a better understanding of subjects;
- The training programme being updated and reported to the next meeting;
- Only Financial Management and Accounting training being provided at the next scheduled meeting;
- Whether future training on governance was needed in light of the Deputy Chief Executive's recent presentation to the committee
- Terminology / acronyms be explained in future presentations;
- The ownership of the Committee Training Programme and the arrangement that all subsequent training would in future be the responsibility of Democratic Services and would no longer be the responsibility of the Chief Auditor going forward.

Resolved that: -

- 1) The Audit Committee Training Programme be noted;
- 2) The Chair / Democratic Services report an amended Training Programme to the next scheduled meeting;
- 3) All future Committee training requirements / arrangements be the responsibility of Democratic Services.

9 Internal Audit Annual Plan 2018/19 - Monitoring Report for the Period 1 January 2019 to 31 March 2019.

The Chief Auditor presented a report which presented the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 January 2019 to 31 March 2019.

A total of 27 audits were finalised during the quarter. The audits finalised were provided at Appendix 1, which also showed the level of assurance given at the end of the audit and the number of recommendations made and agreed. A total of 213 audit recommendations were made and management agreed to implement 209, i.e. 98% of the recommendations made were accepted against a target of 95%.

Appendix 2 showed that by the end of March 2019, 87% of the planned reviews had been completed to at least draft report stage, with an additional 3% of the planned audits in progress. As a result, approximately 90% of the Audit Plan was either completed or in progress. It was noted that the remaining 10% of the planned jobs have been carried forward to the 2019/20 plan.

The Internal Audit Section had seen a significant increase in the levels of sickness absence in quarter 2 and quarter 3 of 2018/19. A cumulative total of 142 days sickness as at the 31/03/19, against an annual budget of 66 days were recorded. As noted previously, the vast majority of this absence was in relation to three members of staff being off work long term as a result of non-work related issues / illness during the year.

The Committee were also provided with details of grants certified and significant issues which led to a moderate rating issued in the quarter.

Information regarding additional work and details of follow-ups completed between 1 January 2019 to 31 March 2019 were specified, including Bishop Gore Comprehensive School, Portmead Primary School and Cleaning Services audits. In all cases, the follow up review confirmed that significant progress had been made in implementing the recommendations made, with all of the High and Medium Risk recommendations being fully implemented.

The Committee asked questions of the Officer, which were responded to accordingly. Discussions included the following: -

- Reasons for deferrals and deferred audits being dealt with in quarter 1 of the new financial year;
- The process of adding new audits onto the annual plan with the assistance of heads of service;
- The debt recovery audit being deferred and included in the Accounts Receivable follow-up audit scheduled for September/October 2019 with the results being reported to Committee as part of the standard Fundamental Audit Recommendation Tracker Report, as in previous years.

The Chair added that she would be meeting the Chief Finance Officer and Chief Auditor following the meeting to discuss some audit reports in order to understand the risks and to seek assurance. She would report back to the Committee in August 2019.

Resolved that the contents of the report be noted.

10 Audit Committee - Action Tracker. (For Information)

The Chief Auditor provided the Audit Committee Action Tracker 'for information'.

He added that some actions had been closed and that an updated version of the Contract Procedure Rules were due to be reported to Council for approval.

11 Audit Committee - Work Plan 2019-20. (For Information)

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

The Chair stated that the Committee needed to agree a manageable workload. She added that Corporate Directors would be attending future meetings to provide

assurance on governance, risk and internal control within their areas of responsibility.

The Chief Auditor stated that control of the Audit Committee Work Plan would now be the responsibility of Democratic Services with immediate effect.

12 Wales Audit Office Recommendations Following Review of Audit Committee Effectiveness. (Verbal)

The Chair commented that good progress had been made against the Wales Audit Office (WAO) recommendations following the review of the Audit Committee effectiveness. She added that WAO would build the progress into the facilitated session.

Jason Garcia, Wales Audit Office stated that there had been a lot of debate surrounding risk and that potentially, the Committee could concentrate upon Corporate Risks and seek assurances from Officers regarding those risks. He added that the work of the Committee was about balance.

13 Audit Committee Terms of Reference.

The Audit Committee terms of reference were provided 'for information'.

The meeting ended at 3.25 pm

Chair

Agenda Item 4



Report of the Section 151 Officer

Audit Committee – 13 August 2019

Draft Statement of Accounts 2018/19

Purpose:	The report presents the Draft Statement of Accounts for 2018/19 and is presented to the Audit Committee for Information and Review.
Report Author:	Amanda Thomas
Finance Officer:	Amanda Thomas
Legal Officer:	Debbie Smith
Access to Services Officer:	Catherine Window
For Information	

1. Background

- 1.1 Legislation requires the Council to produce an annual Statement of Accounts in respect of each Financial year as follows:-
- **By 15th June** following the year to which the Accounts relate – Accounts to be drafted and signed by the Section 151 Officer
 - **By 15th September** 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 2018/19 have been prepared and were signed by the Section 151 Officer on 20th May 2019. A copy is appended at Appendix 'A' to this report.
- 1.3 The Accounts have been formally presented to the Council's auditors – Wales Audit Office – who have completed the audit of the Accounts.
- 1.4 As part of the audit process the Accounts were made available for inspection by the public for a four week period from 24th June 2019 to 19th July 2019.

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. Equality and Engagement Implications

- 3.1 The Council is subject to the Public Sector Equality Duty (Wales) 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 Act.
- 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.
- Our Equality Impact Assessment process ensures that we have paid due regard to the above.

- 3.2 There are no equality and engagement issues associated with this report; any relevant items within the budget for the past three years have been subject to the Equality Impact Assessment process.

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 2018/19.

Statement of Accounts 2018/19



Swansea Council | Cyngor Abertawe

Contents

Introduction	4
Narrative Report	5
Expenditure and Funding Analysis	14
Comprehensive Income and Expenditure Statement	16
Group Income and Expenditure Statement	17
Movement in Reserves Statement	19
Group Movement in Reserves Statement	22
Balance Sheet	24
Group Balance Sheet	26
Cash Flow Statement	28
Group Cash Flow Statement	29
Notes to the Accounts:	
1. Accounting Policies	30
2. Accounting standards that have been issued but have not yet been adopted	52
3. Critical judgements in applying accounting policies	53
4. Assumptions made about the future and other sources of estimation uncertainty	54
5. Material items of income and expense	57
6a) Note to the Expenditure and Funding Analysis	57
6b) Segmental Income	60
7. Expenditure and Income Analysed by Nature	61
8. Adjustments Between Accounting Basis and Funding Basis Under Regulations	61
9. Events After the Balance Sheet Date	65
10. Movements In Earmarked Reserves	66
11. Other Operating Expenditure	67
12. Financing and Investment Income and Expenditure	67
13. Taxation and Non Specific Grant Income	67
14. Property, Plant and Equipment	68
15. Heritage Assets	81
16. Investment Properties	82
17. Financial Instruments	86
18. Short Term Debtors	91
19. Cash and Cash Equivalents	91
20. Short Term Creditors	91
21. Provisions	92
22. Unusable Reserves	93
23. Cash Flow Statement - Operating Activities	97
24. Reconciliation of Liabilities arising from Financing Activities	98
25. Trading Operations	98
26. Members' Allowances	99
27. Officers' Remuneration	100
28. Grant Income	109

Contents

29. Related Parties	110
30. Group Accounts	116
31. Capital Expenditure and Capital Financing	118
32. Termination Benefits	119
33. Pension Schemes Accounted For As Defined Contribution Schemes	119
34. Defined Benefit Pension Schemes	120
35. Contingent Liabilities	128
36. Council Tax	131
37. National Non-Domestic Rates (NNDR)	132
38. Nature and extent of risks arising from Financial Instruments	132
Housing Revenue Account Income and Expenditure Statement	138
Movement on the HRA Balance	139
Notes to the Housing Revenue Account:	
1. Housing Stock	140
2. Capital expenditure	140
3. Depreciation charges and impairment	140
Chief Finance Officer's Certificate and Statement of Responsibilities for the Statement of Accounts	141
Annual Governance Statement 2018/19	142
Glossary of Terms	164

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 245,500 people live within the boundaries of the Council of which:

- 42,000 are aged under 16
- 54,800 are of pensionable age
- 22,000 are aged 75 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:

Chief Finance Officer
Swansea Council
Guildhall
Swansea
SA1 4PE

Narrative Report

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 2019.
- * 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.

Narrative Report

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.

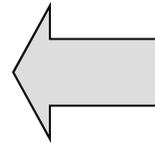
Capital expenditure covers spending on assets such as roads, redevelopment and the major renovation of buildings. These assets will provide benefits to the community for several years and the expenditure is largely financed by borrowing, capital grants and the sale of fixed assets. Amounts borrowed for 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.

Narrative Report

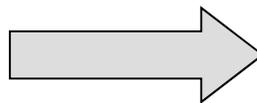
Revenue spending in 2018/2019

	£'m	%
Revenue support grant	239.9	30
Non domestic rates	79.1	10
Council tax (including Reduction Scheme)	115.9	15
Other income (rents, fees and charges, specific grants)	361.9	45
	796.8	100



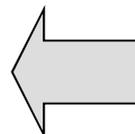
Where our money comes from

What we spend it on



	£'m	%
Employees	350.6	44
Capital charges	35.7	4
Running costs	379.5	48
Precepts/Levies	35.1	4
Reserve transfers	-4.1	0
	796.8	100

	£'m	%
Resources	116.5	15
People - Poverty & Prevention	20.4	3
People - Social Services	167.7	21
People - Education	236.3	30
Place	178.3	22
Housing Revenue Account (HRA)	34.2	4
Reserve transfers	-4.1	0
Other	47.5	5
	796.8	100



And the services it provides

Authority services

The revenue outturn position of the Authority for 2018/19 resulted in an increase in expenditure on services of £2.267m compared to adjusted budget. In addition, the revenue outturn position reflects a further £3.511m 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 operating costs and adjust to reducing grant levels.

The net overall overspend on Services reflects forecast and known pressures within both Social Services and Education budgets which have been partly reflected in 2019/20 budget proposals.

Neither of these are sustainable in the longer term and ongoing review and action will follow.

Other budget variations

Other budget savings during the year arose from reductions in capital repayments and interest charges (£7.688m). The MRP (Minimum Revenue Provision) Policy was reviewed in year 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.

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 2018/19 there was a net decrease in HRA reserves at year end of £0.625m (2017/18 net decrease £3.040m).

Details of the annual Revenue, Capital and HRA outturn reports can be found on the agenda of the Council's Cabinet for the meeting on 18th July 2019.

Narrative Report

Capital spending in 2018/2019

	£'000
External borrowing	30,838
Government grants	30,827
Other grants/contributions	1,967
Capital receipts	248
Revenue and reserves	30,439
Financing of previous years	2,192
	96,511

Where our money comes from

What services we spend it on

	£'000
Resources	1,015
Place Services	89,251
People Services	6,245
	96,511

Some of the assets it provided

People Services	£'000	Place Services	£'000
Education		Housing (GF)	
Pentrehafod Comp remodelling	3,418	Housing Disabled Facilities Grants	4,109
School capital maintenance	3,619	Sandfields Renewal Area	658
EOTAS new build	607	Housing other grants/loans	1,002
Place Services			
Housing (HRA)		Highways and Transportation	
HRA More Homes programme	941	Carriageways & Footways	5,304
HRA refurbishment (includes kitchens and bathrooms)	19,710	Local Transport Network fund schemes and Local Transport Fund	1,807
HRA Adaptation works	2,792	Active Travel Schemes	2,043
HRA Energy Efficiency	1,104		
HRA Wind & Weatherproofing (includes Hi-rise flats)	6,222	Other Services	
HRA Regeneration	7,570	Digital - laptops and accessories	604
HRA landscaping and enhancement	3,498	Leisure Centre improvements	904
		Other Buildings Capital Maintenance	1,531
Economic Development		Plantasia improvements	801
The Kingsway Urban Park	4,415	Property investment portfolio	8,242
City Centre Redevelopment - Swansea Central Phase 1	5,201		
Musgrave Engine House	695		

Narrative Report

The Authority maintains a number of provisions and reserves. Provisions are disclosed in Note 21 on pages 92 and 93. The information regarding reserves are disclosed in the Movement in Reserves Statement on pages 19 to 23 and Note 10 on page 66.

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 2019.

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 £83.178m (2017/18 £75.215m).

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 2019 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 2018/19 relates to the valuation undertaken on 31st March 2016.

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.

The Government is currently consulting on a public sector exit cap, which includes the LGPS, which if implemented would reduce some departure costs.

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.

Leisure Trust

On 1st October 2018, the management of the Authority's leisure centres was transferred to Wealdon Leisure Ltd (T/A Freedom Leisure), a not for profit leisure trust.

Plantasia

On 1st February 2019, the management of Plantasia was transferred to Parkwood Leisure Limited.

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 2018/19. 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 2018/19 CIPFA Code has removed the disclosure requirements for the analysis of debtors and creditors across public sector organisations. The 2017/18 comparative figures have been restated to reflect the new disclosure requirements.

The 2018/19 CIPFA Code has been amended to reflect the disclosure requirements under IAS 7 Statement of Cash Flows (Disclosure Initiative). From 2018/19 there is a new disclosure note that provides a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities (Note 24).

The section on revenue recognition in the 2018/19 CIPFA Code has been rewritten to reflect the adoption of IFRS 15 Revenue from Contracts with Customers. There are enhanced disclosures to reflect the amount of revenue, trade receivables and impairment losses on trade receivables that result from contracts with service recipients.

To reflect the 2018/19 CIPFA Code's adoption of IFRS 9 Financial Instruments, CIPFA have fully revised the Financial Instruments section of the code. The revised section includes new classifications for financial assets and their measurement and a new expected losses approach to impairment of financial assets. From 2018/19 disclosure notes have been updated in accordance with the CIPFA Code to reflect the changes.

Financial outlook for the Authority.

On 28th February 2019 the Authority approved a medium term financial plan which highlighted potential revenue shortfalls rising from £24.9m in 2020/21 to £63.4m in 2022/23.

That report also contained a range of potential future savings options including continued focus on a range of cross cutting reviews as the pace and scale of transformative change needed to fit to forecast reducing real terms resources levels intensifies. These include reviews of asset use, greater commercialism, continued transformative business support and a range of new, zero based reviews.

Notwithstanding the information contained within the medium term financial plan, it is clear that the financial outlook for the Authority in terms of Central Government funding and support for both Revenue and Capital expenditure is likely to significantly reduce in real terms in the short/medium term in line with the UK Government budget plans, despite comments indicating an end to austerity. We await with interest the outcome of the Comprehensive Spending Review in 2019. 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 the precise details of funding available for 2020/21 and beyond have not been announced current indications are that an overall reduction in real terms support of circa 10-15% is quite feasible. The Authority is already undertaking work to plan for such reductions.

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 Wellbeing of Future Generations, the Environment Act and Education Additional Learning Needs.

Local Government reorganisation and perhaps, now much more likely, 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 a degree of likely increasing mandatory regional working on a range of services in the future.

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.

Narrative Report

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 will become clearer as the City Deal project develops, following the conclusion of the rapid independent review by government.

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 through the Swansea Bay Tidal Lagoon Task Force 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.

There remains inherent uncertainty arising from the prolonged Brexit negotiation process at national level. This has the potential to leave greater uncertainty over future prices, interest rates, value of investments, financial obligations and a wide range of regulatory and contractual arrangements. The Council also continues to incur some modest costs in preparing for all Brexit scenarios and may incur further future costs.

Further information

You can get more information about the accounts from the Chief Finance Officer, Swansea Council, Guildhall, Swansea, SA1 4PE.

Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax (and rent) payers how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Authority's Directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	2017/18				2018/19		
	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments (Note 6a)	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments (Note 6a)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000		£'000	£'000	£'000
	50,023	-13,349	36,674	Resources	44,301	-12,189	32,112
	5,808	1,222	7,030	People - Poverty & Prevention	5,799	1,125	6,924
	106,791	4,948	111,739	People - Social Services	112,896	5,138	118,034
	163,517	16,701	180,218	People - Education	166,480	20,095	186,575
	50,119	38,738	88,857	Place	53,952	26,991	80,943
	-33,426	8,944	-24,482	Housing Revenue Account (HRA)	-38,460	6,773	-31,687
	342,832	57,204	400,036	Net Cost of Services	344,968	47,933	392,901

Expenditure and Funding Analysis

2017/18				2018/19		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments (Note 6a)	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments (Note 6a)	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
-340,125	-37,346	-377,471	Other Income and Expenditure	-352,931	-45,472	-398,403
2,707	19,858	22,565	(Surplus) or Deficit on Provision of Services	-7,963	2,461	-5,502

Page 24

General Fund and HRA				General Fund and HRA		
-77,922			Opening Balance as at 1 April	-75,215		
2,707			Less/Plus Surplus or Deficit	-7,963		
-75,215			Closing Balance as at 31 March *	-83,178		

* 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.

2017/18				Note	2018/19		
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
135,629	-98,955	36,674	Resources		116,456	-84,344	32,112
19,298	-12,268	7,030	People - Poverty & Prevention		20,412	-13,488	6,924
159,320	-47,581	111,739	People - Social Services		167,652	-49,618	118,034
227,388	-47,170	180,218	People - Education		236,315	-49,740	186,575
188,564	-99,707	88,857	Place		178,276	-97,333	80,943
36,806	-61,288	-24,482	Housing Revenue Account (HRA)		34,225	-65,912	-31,687
767,005	-366,969	400,036	Cost of Services		753,336	-360,435	392,901
31,578	0	31,578	Other operating expenditure	11	34,671	0	34,671
64,472	-33,562	30,910	Financing and investment income and expenditure	12	74,508	-38,794	35,714
0	-439,959	-439,959	Taxation and non-specific grant income	13	0	-468,788	-468,788
		22,565	(Surplus)/Deficit on Provision of Services				-5,502
		7,281	(Surplus)/Deficit on revaluation of Property, Plant and Equipment assets	22			31,173
		4,320	Remeasurement of the net defined benefit liability/(asset)	22			49,260
		11,601	Other Comprehensive Income and Expenditure				80,433
		34,166	Total Comprehensive Income and Expenditure				74,931

Group Income and Expenditure Statement

2017/18				2018/19		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
135,629	-98,955	36,674	Resources	116,456	-84,344	32,112
19,298	-12,268	7,030	People - Poverty & Prevention	20,412	-13,488	6,924
159,320	-47,581	111,739	People - Social Services	167,652	-49,618	118,034
227,388	-47,170	180,218	People - Education	236,315	-49,740	186,575
188,564	-99,707	88,857	Place	178,307	-97,332	80,975
36,806	-61,288	-24,482	Housing Revenue Account (HRA)	34,225	-65,912	-31,687
767,005	-366,969	400,036	Cost of Services	753,367	-360,434	392,933
31,578	0	31,578	Other operating expenditure	34,671	0	34,671
64,472	-33,562	30,910	Financing and investment income and expenditure	74,508	-38,794	35,714
0	-439,959	-439,959	Taxation and non-specific grant income	0	-468,788	-468,788
		22,565	(Surplus) or Deficit on Provision of Services			-5,470
		284	Share of the surplus or deficit on the provision of services by associates and joint ventures			403
		22,849	Group (Surplus)/Deficit			-5,067
		-2,206	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets			30,328

Group Income and Expenditure Statement

2017/18				2018/19		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
		4,320	Actuarial losses / gains on pension assets / liabilities			49,260
		2,114	Other Comprehensive Income and Expenditure			79,588
		24,963	Total Comprehensive Income and Expenditure			74,521

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

	Note	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
2017/18									
Balance at 31 March 2017		12,360	55,741	9,821	6,092	14,927	98,941	285,546	384,487
<u>Movement in reserves during 2017/18</u>									
(Deficit) on the provision of services		-48,264	0	25,699	0	0	-22,565	0	-22,565
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	-11,601	-11,601
Total Comprehensive Income and Expenditure		-48,264	0	25,699	0	0	-22,565	-11,601	-34,166
Adjustments between accounting basis & funding basis under regulations	8	48,597	0	-28,739	362	-1,453	18,767	-18,767	0
Net Decrease/Increase before Transfers to Earmarked Reserves		333	0	-3,040	362	-1,453	-3,798	-30,368	-34,166
Transfers from/to Earmarked Reserves	10	-3,341	3,341	0	0	0	0	0	0
Increase/Decrease in 2017/18		-3,008	3,341	-3,040	362	-1,453	-3,798	-30,368	-34,166
Balance at 31 March 2018 carried forward		9,352	59,082	6,781	6,454	13,474	95,143	255,178	350,321

Movement in Reserves Statement

2018/19	Note	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2018		9,352	59,082	6,781	6,454	13,474	95,143	255,178	350,321
<u>Movement in reserves during 2018/19</u>									
Surplus on the provision of services		-25,990	0	31,492	0	0	5,502	0	5,502
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	-80,433	-80,433
Total Comprehensive Income and Expenditure		-25,990	0	31,492	0	0	5,502	-80,433	-74,931
Adjustments between accounting basis & funding basis under regulations	8	34,578	0	-32,117	2,856	1,981	7,298	-7,298	0
Net Decrease/Increase before Transfers to Earmarked Reserves		8,588	0	-625	2,856	1,981	12,800	-87,731	-74,931
Transfers from/to Earmarked Reserves	10	-8,588	8,588	0	0	0	0	0	0
Increase/Decrease in 2018/19		0	8,588	-625	2,856	1,981	12,800	-87,731	-74,931
Balance at 31 March 2019 carried forward		9,352	67,670	6,156	9,310	15,455	107,943	167,447	275,390

Group Movement in Reserves Statement

Page 31

2017/18	Note	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'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
Balance at 31 March 2017		12,360	55,741	9,821	6,092	14,927	98,941	285,546	384,487	12,199	396,686
<u>Movement in reserves during 2017/18</u>											
(Deficit) on the provision of services		-48,264	0	25,699	0	0	-22,565	0	-22,565	-284	-22,849
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	-11,601	-11,601	9,487	-2,114
Total Comprehensive Income and Expenditure		-48,264	0	25,699	0	0	-22,565	-11,601	-34,166	9,203	-24,963
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	48,597	0	-28,739	362	-1,453	18,767	-18,767	0	0	0
Net Decrease/Increase before Transfers to Earmarked Reserves		333	0	-3,040	362	-1,453	-3,798	-30,368	-34,166	9,203	-24,963
Transfers from/to Earmarked Reserves	10	-3,341	3,341	0	0	0	0	0	0	0	0
Increase/Decrease in 2017/18		-3,008	3,341	-3,040	362	-1,453	-3,798	-30,368	-34,166	9,203	-24,963
Balance at 31 March 2018 carried forward		9,352	59,082	6,781	6,454	13,474	95,143	255,178	350,321	21,402	371,723

Group Movement in Reserves Statement

2018/19	Note	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'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
Balance at 31 March 2018		9,352	59,082	6,781	6,454	13,474	95,143	255,178	350,321	21,402	371,723
<u>Movement in reserves during 2018/19</u>											
Surplus on the provision of services		-25,990	0	31,492	0	0	5,502	0	5,502	-435	5,067
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	-80,433	-80,433	845	-79,588
Total Comprehensive Income and Expenditure		-25,990	0	31,492	0	0	5,502	-80,433	-74,931	410	-74,521
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	34,506	0	-32,117	2,856	1,981	7,226	-7,226	0	0	0
Net Decrease/Increase before Transfers to Earmarked Reserves		8,516	0	-625	2,856	1,981	12,728	-87,659	-74,931	410	-74,521
Transfers from/to Earmarked Reserves	10	-8,588	8,588	0	0	0	0	0	0	0	0
Increase/Decrease in 2018/19		-72	8,588	-625	2,856	1,981	12,728	-87,659	-74,931	410	-74,521
Balance at 31 March 2019 carried forward		9,280	67,670	6,156	9,310	15,455	107,871	167,519	275,390	21,812	297,202

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 2018 £'000		Note	31 March 2019 £'000
378,177	Council Dwellings	14	373,917
631,283	Other Land and Buildings	14	645,285
7,905	Vehicles, Plant, Furniture and Equipment	14	7,311
239,519	Infrastructure Assets	14	240,766
9,771	Community Assets	14	9,383
87,092	Surplus Assets	14	82,483
29,905	Assets under Construction	14	21,393
1,383,652	Property, Plant & Equipment		1,380,538
29,876	Heritage Assets	15	30,303
47,958	Investment Properties	16	57,758
458	Intangible Assets		225
124	Long Term Investments	17	119
3,072	Long Term Debtors	17	3,724
1,465,140	Long Term Assets		1,472,667
25,500	Short Term Investments	17	121,772
2,030	Assets Held for Sale		4,800
1,978	Inventories		2,156
45,045	Short Term Debtors	18	49,212
53,953	Cash and Cash Equivalents	19	47,237
128,506	Current Assets		225,177
-5,822	Short Term Borrowing	17	-6,870
-49,182	Short Term Creditors	20	-55,636
-2,854	Provisions	21	-2,263
-57,858	Current Liabilities		-64,769

Balance Sheet

31 March 2018 £'000		Note	31 March 2019 £'000
-2,268	Long Term Creditors	17	-2,516
-10,189	Provisions	21	-9,702
-460,982	Long Term Borrowing	17	-554,373
-712,028	Other Long Term Liabilities	34	-791,094
-1,185,467	Long Term Liabilities		-1,357,685
350,321	NET ASSETS		275,390
	Financed by:		
9,352	Balances - General Fund		9,352
6,781	Balances - Housing Revenue Account	10	6,156
6,454	Capital Receipts Reserve		9,310
13,474	Capital Grants Unapplied Account		15,455
59,082	Earmarked Reserves	10	67,670
95,143	Usable Reserves		107,943
429,264	Revaluation Reserve	22	379,632
-712,028	Pensions Reserve	22	-791,094
548,857	Capital Adjustment Account	22	589,739
-2,221	Financial Instrument Adjustment Account	22	-2,252
-8,694	Accumulated Absences Account	22	-8,578
255,178	Unusable Reserves		167,447
350,321	TOTAL RESERVES		275,390

Group Balance Sheet

31 March 2018 £'000		Note	31 March 2019 £'000
378,177	Council Dwellings	14	373,917
631,283	Other Land and Buildings	14	645,285
7,905	Vehicles, Plant, Furniture and Equipment	14	7,311
239,519	Infrastructure Assets	14	240,766
9,771	Community Assets	14	9,383
87,092	Surplus Assets	14	82,483
29,905	Assets under Construction	14	21,393
1,383,652	Property, Plant & Equipment		1,380,538
29,876	Heritage Assets	15	30,303
47,958	Investment Properties	16	57,758
458	Intangible Assets		225
124	Long Term Investments	17	119
21,370	Investments in Associates and Joint Ventures		21,812
3,072	Long Term Debtors	17	3,724
1,486,510	Long Term Assets		1,494,479
25,500	Short Term Investments	17	121,772
2,030	Assets Held for Sale		4,800
1,978	Inventories		2,156
45,046	Short Term Debtors	18	49,212
53,984	Cash and Cash Equivalents	19	47,237
128,538	Current Assets		225,177
-5,822	Short Term Borrowing	17	-6,870
-49,182	Short Term Creditors	20	-55,636
-2,854	Provisions	21	-2,263
-57,858	Current Liabilities		-64,769
-2,268	Long Term Creditors	17	-2,516
-10,189	Provisions	21	-9,702
-460,982	Long Term Borrowing	17	-554,373
-712,028	Other Long Term Liabilities	34	-791,094
-1,185,467	Long Term Liabilities		-1,357,685
371,723	NET ASSETS		297,202

Group Balance Sheet

31 March 2018 £'000		Note	31 March 2019 £'000
	Financed by:		
21,267	Balances - General Fund		20,832
6,781	Balances - Housing Revenue Account	10	6,156
6,454	Capital Receipts Reserve		9,310
13,474	Capital Grants Unapplied Account		15,455
59,082	Earmarked Reserves	10	67,670
107,058	Usable Reserves		119,423
438,751	Revaluation Reserve	22	389,964
-712,028	Pensions Reserve	22	-791,094
548,857	Capital Adjustment Account	22	589,739
-2,221	Financial Instrument Adjustment Account	22	-2,252
-8,694	Accumulated Absences Account	22	-8,578
264,665	Unusable Reserves		177,779
371,723	TOTAL RESERVES		297,202

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.

2017/18 £'000		Note	2018/19 £'000
-22,565	Net (deficit) on the provision of services		5,502
78,552	Adjustments to net surplus or (deficit) on the provision of services for non-cash movements	23	75,516
-21,650	Adjustments for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	23	-34,775
34,337	Net cash flows from operating activities		46,243
-78,354	Purchase of property, plant and equipment, investment property and intangible assets		-89,802
-987,095	Purchase of short-term and long-term investments		-1,063,151
5,492	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		3,896
1,014,093	Proceeds from short-term and long-term investments		966,884
21,650	Other receipts from investing activities		34,775
-24,214	Net cash flows from investing activities		-147,398
47,168	Cash receipts of short-term and long-term borrowing		124,114
-33,476	Repayments of short-term and long-term borrowing		-29,675
13,692	Net cash flows from financing activities	24	94,439
23,815	Net (decrease) or increase in cash and cash equivalents		-6,716
30,138	Cash and cash equivalents at the beginning of the reporting period		53,953
53,953	Cash and cash equivalents at the end of the reporting period	19	47,237

Group Cash Flow Statement

2017/18 £'000		Note	2018/19 £'000
-22,565	Net (deficit) on the provision of services		5,470
78,552	Adjustments to net surplus or (deficit) on the provision of services for non-cash movements	23	75,517
-21,650	Adjustments for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	23	-34,775
34,337	Net cash flows from operating activities		46,212
-78,354	Purchase of property, plant and equipment, investment property and intangible assets		-89,802
-987,095	Purchase of short-term and long-term investments		-1,063,151
5,492	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		3,896
1,014,093	Proceeds from short-term and long-term investments		966,884
21,650	Other receipts from investing activities		34,775
-24,214	Net cash flows from investing activities		-147,398
47,168	Cash receipts of short-term and long-term borrowing		124,114
-33,476	Repayments of short-term and long-term borrowing		-29,675
13,692	Net cash flows from financing activities	24	94,439
23,815	Net (decrease) or increase in cash and cash equivalents		-6,747
30,169	Cash and cash equivalents at the beginning of the reporting period		53,984
53,984	Cash and cash equivalents at the end of the reporting period	19	47,237

Notes to the Accounts

1. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2018/19 financial year and its position at the year-end of 31st March 2019.

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 2018/19 (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 2018/19 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:

Swansea City Waste Disposal Limited (SCWDC)	Subsidiary
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 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 other land and building assets during 2018/19.

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.

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.

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 so that holiday benefits 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 People - 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).

Notes to the Accounts

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 an asset are credited or debited to the Financing and Investment Income 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 rerecognition 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).

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 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).

Notes to the Accounts

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.

Notes to the Accounts

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.

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.

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).
- 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.

Notes to the Accounts

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.

Notes to the Accounts

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.

In 2018/19 the Council settled £53k of unequal pay claims (including composite payments to HMRC). During 2017/18 the Council settled further unequal pay claims totalling £257k (including composite payments 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 appropriating 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 2019 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

The Authority 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 or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either :

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

The Authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, 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 and liabilities 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 or liabilities 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 or liability, either directly or indirectly,

Level 3 - unobservable inputs for the asset or liability.

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 117 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 2018/19 (the Code) has introduced accounting policy changes in relation to the following:

- a) Amendments to IAS 40 Investment Property: Transfers of Investment Property
- b) Annual Improvements to IFRS Standards 2014-2016 Cycle
- c) IFRIC 22 Foreign Currency Transactions and Advance Consideration
- d) IFRIC 23 Uncertainty over Income Tax Treatments
- e) Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation.

The adoption of 2a), 2c), 2d) and 2e) 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 2019.

The adoption of amendments to 2b) will be made retrospectively by adjusting the opening balances at 1st April 2019.

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.

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 28th February 2019 detailed significant ongoing forecast revenue funding shortfalls over the medium term. Current indications are that there will be significant real terms reductions in Revenue and Capital support from Central Government from 2020/21 onwards, following the national Spending Review. 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.
- The Authority implemented an equality compliant pay and grading structure for its employees from 1st April 2014. At the same time, the Authority continues to face a small and dwindling residual number of claims from past and existing employees based on equal pay grounds. In determining the extent of the 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 liabilities arising from equal pay issues.
- The Government has made fundamental changes in respect of the provision of public sector pensions. On 9th March 2012, the Government confirmed details for the new Teachers Pension Scheme which were introduced in 2015, with changes to employee contribution rates from April 2012. Changes to employer contribution rates in the Teachers' Pension Scheme took effect from September 2015 and will materially increase in 2019 and 2020. Employer rates increased from 14.1% to 16.48% and are due to rise to 23.6% from September 2019. One off Welsh Government specific grant is likely to alleviate this substantial pressure in 2019/20, with future support dependent upon the Spending Review. 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 2016 has confirmed the affordability of future contribution rates and we now await the results of the 2019 valuation in the coming year.
- 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.

Notes to the Accounts

- 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 2018/19.

4. Assumptions made about the future and other 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. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet as at 31st March 2019 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 Councils strategic 21st Century Schools Programme plan for asset replacement.</p> <p>In addition revised useful lives have been applied to a number of assets during 2018/19 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>

Notes to the Accounts

Item	Uncertainties	Effect if actual results differ from assumptions
Provisions	<p>The Authority has made a significant capital provision for the future remediation and maintenance of major land refuse disposal sites.</p> <p>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>
Pension liabilities	<p>The Authority's share of the Local Government pension fund liability as at 31st March 2019 is £791.094m. 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

There are no material items of income and expenditure in 2017/18 and 2018/19.

6a) Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2018/19						
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
Resources	5,499	2,578	-76	8,001	-20,190	-12,189
People - Poverty & Prevention	423	705	-3	1,125	0	1,125
People - Social Services	1,585	3,448	105	5,138	0	5,138
People - Education	20,652	-386	-225	20,041	54	20,095
Place	18,369	4,832	23	23,224	3,767	26,991
Housing Revenue Account (HRA)	5,938	719	8	6,665	108	6,773
Net Cost of Services	52,466	11,896	-168	64,194	-16,261	47,933
Other income and expenditure from the Expenditure and Funding Analysis	-79,674	17,910	31	-61,733	16,261	-45,472
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-27,208	29,806	-137	2,461	0	2,461

Notes to the Accounts

Adjustments between Funding and Accounting Basis 2017/18

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
Resources	4,335	2,021	122	6,478	-19,827	-13,349
People - Poverty & Prevention	479	729	14	1,222	0	1,222
People - Social Services	1,484	3,584	-120	4,948	0	4,948
People - Education	16,824	-233	56	16,647	54	16,701
Place	30,173	5,316	-153	35,336	3,402	38,738
Housing Revenue Account (HRA)	7,993	843	0	8,836	108	8,944
Net Cost of Services	61,288	12,260	-81	73,467	-16,263	57,204
Other income and expenditure from the Expenditure and Funding Analysis	-70,067	16,430	28	-53,609	16,263	-37,346
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-8,779	28,690	-53	19,858	0	19,858

Notes to the Accounts

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.

Notes to the Accounts

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.

6b) Segmental Income

Income received on a segmental basis is analysed below:

Services	2018/19 Income from Services £'000	2017/18 Income from Services £'000
Resources	-84,301	-95,004
People - Poverty & Prevention	-13,488	-12,268
People - Social Services	-49,315	-46,946
People - Education	-49,183	-46,698
Place	-106,396	-107,134
Housing Revenue Account (HRA)	-65,965	-61,249
Total income analysed on a segmental basis	-368,648	-369,299

Notes to the Accounts

7. Expenditure and Income Analysed by Nature

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

Expenditure/Income	2017/18 £'000	2018/19 £'000
Expenditure		
Employee expenses	351,063	350,558
Premises	45,518	49,468
Transport	27,608	28,420
Supplies & Services	106,551	100,721
Other Costs	223,885	229,272
Depreciation, amortisation and impairment	56,467	47,625
Interest payments	20,385	21,780
Precepts and levies	32,849	35,127
Gain or loss on the disposal of assets	-1,271	-456
Total expenditure	863,055	862,515
Income		
Fees, charges and other service income	-230,734	-240,808
Interest and investment income	-203	-760
Income from council tax	-109,236	-115,904
Government grants and contributions	-500,317	-510,545
Total income	-840,490	-868,017
Surplus or Deficit on the Provision of Services	22,565	-5,502

The £240.81m (17/18 £230.73m) of fees, charges and other service income reported in the Comprehensive Income and Expenditure Statement includes £189.007m (17/18 £180.06m) 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.

2018/19				
	Usable Reserves			
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
Adjustments to the 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:				
- Pensions costs (transferred to (or from) the Pensions Reserve)	28,191	1,615	0	0
- Financial instruments (transferred to the Financial Instruments Adjustments Account)	31	0	0	0
- Holiday pay (transferred to the Accumulated Absences Reserve)	-123	7	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):	20,820	-3,247	0	1,981
Total Adjustments to Revenue Resources	48,919	-1,625	0	1,981

Notes to the Accounts

2018/19				
	Usable Reserves			
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	-456	0	3,896	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	-10,946	-2,992	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-2,939	-27,500	0	0
Total Adjustments between Revenue and Capital Resources	-14,341	-30,492	3,896	0
Adjustments to Capital Resources				
Use of Capital Receipts Reserve to finance capital expenditure	0	0	0	0
Cash payments in relation to deferred capital receipts	0	0	-1,040	0
Total Adjustments to Capital Resources	0	0	-1,040	0
Total Adjustments	34,578	-32,117	2,856	1,981

Notes to the Accounts

2017/18 Comparative Figures

	Usable Reserves			
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
Adjustments to the 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:				
- Pensions costs (transferred to (or from) the Pensions Reserve)	27,026	1,590	0	0
- Financial instruments (transferred to the Financial Instruments Adjustments Account)	17	-6	0	0
- Holiday pay (transferred to the Accumulated Absences Reserve)	57	74	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):	40,710	-1,165	0	-1,453
Total Adjustments to Revenue Resources	67,810	493	0	-1,453
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	-1,271	0	5,492	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	-14,558	-2,882	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-3,392	-26,350	0	0
Total Adjustments between Revenue and Capital Resources	-19,221	-29,232	5,492	0

Notes to the Accounts

2017/18 Comparative Figures				
	Usable Reserves			
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
Adjustments to Capital Resources				
Use of Capital Receipts Reserve to finance capital expenditure	0	0	-14	0
Cash payments in relation to deferred capital receipts	0	0	-5,117	0
Total Adjustments to Capital Resources	0	0	-5,131	0
Total Adjustments	48,589	-28,739	361	-1,453

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.

There are no known events that would have a material impact on these accounts.

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 2018/19.

	Balance at 1st April 2017 £'000	Transfers Out 2017/18 £'000	Transfers In 2017/18 £'000	Balance at 31st March 2018 £'000	Transfers Out 2018/19 £'000	Transfers In 2018/19 £'000	Balance at 31st March 2019 £'000
General Fund:							
Balances held by schools under the scheme of delegation	7,575	-474	0	7,101	-1	1,500	8,600
Primary School Sickness Scheme Reserve	13	-13	158	158	-158	180	180
Information technology reserves	415	-24	1,092	1,483	-989	900	1,394
Development reserves	4,584	-73	159	4,670	-293	180	4,557
Insurance reserves	15,695	-10	1,116	16,801	-14	608	17,395
Restructuring Costs reserve	8,479	-801	0	7,678	-4,678	0	3,000
Other earmarked revenue reserves	13,400	-4,364	3,335	12,371	-2,584	1,830	11,617
Revenue reserve earmarked to fund future capital expenditure	5,580	169	3,071	8,820	0	12,107	20,927
Total	55,741	-5,590	8,931	59,082	-8,717	17,305	67,670
HRA:							
Housing Revenue Account	9,821	-3,040	0	6,781	-625	0	6,156
Total	9,821	-3,040	0	6,781	-625	0	6,156

Notes to the Accounts

11. Other Operating Expenditure

2017/18 £'000		2018/19 £'000
965	Community Council precepts	1,403
19,525	South Wales Police Authority precept	21,008
12,359	Levies and Contributions	12,716
-1,271	Gains/losses on the disposals of non-current assets	-456
31,578		34,671

12. Financing and Investment Income and Expenditure

2017/18				2018/19		
Gross Exp £'000	Gross Income £'000	Net Exp £'000		Gross Exp £'000	Gross Income £'000	Net Exp £'000
20,384	0	20,384	Interest payable and similar charges	21,780	0	21,780
42,750	-26,320	16,430	Net interest on the net defined benefit liability (asset)	46,560	-28,650	17,910
0	-203	-203	Interest receivable and similar income	0	-760	-760
1,338	-7,039	-5,701	Income and expenditure in relation to investment properties and changes in their fair value	3,920	-9,384	-5,464
0	0	0	Impairment losses	2,248	0	2,248
64,472	-33,562	30,910		74,508	-38,794	35,714

The income generated from investment properties during the year amounted to £4.720m (2017/18 £4.226m) and changes to the fair value of investment properties amounted to £1.558m (2017/18 £2.154m).

13. Taxation and Non Specific Grant Income

2017/18 £'000		2018/19 £'000
-109,236	Council tax income (note 36)	-115,904
-79,531	Non domestic rates	-79,141
-231,169	Non-ringfenced government grants	-239,946
-19,518	Capital grants and contributions	-33,532
-505	Other grants	-265
-439,959		-468,788

Notes to the Accounts

14. Property, Plant and Equipment

Movements in 2018/19:								
	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
Cost or valuation								
At 1 April 2018	389,718	657,942	37,962	389,664	15,989	87,592	29,905	1,608,772
additions (Cap Exp)	42,535	9,234	1,988	11,882	0	213	15,505	81,357
additions (Other)	0	0	511	0	0	100	0	611
revaluation increases / (decreases) recognised in the Revaluation Reserve	-54,726	-15,525	-18	0	0	809	0	-69,460
revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	0	10,077	-14,196	-2,445	0	-1,822	0	-8,386
impairment losses recognised in the Revaluation Reserve	0	0	0	0	0	-737	0	-737
impairment losses recognised in the Surplus/Deficit on the Provision of Services	0	-1,488	-52	0	0	-1,043	0	-2,583
derecognition - disposals	0	0	-1,584	0	0	-1,345	0	-2,929
assets reclassified to/from Held for Sale	0	-4,200	0	0	0	-580	0	-4,780

Notes to the Accounts

Movements in 2018/19 (continued):

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
reclassifications								
Cap Ex WIP	13,014	10,889	64	14	0	0	-24,017	-36
other								
reclassifications	79	-758	0	0	0	679	0	0
At 31 March 2019	390,620	666,171	24,675	399,115	15,989	83,866	21,393	1,601,829
Accumulated Depreciation and Impairment								
At 1 April 2018	-11,541	-26,659	-30,057	-150,145	-6,218	-500	0	-225,120
depreciation charge	-5,755	-23,880	-2,378	-11,173	-388	-1,451	0	-45,025
depreciation written out to the Revaluation Reserve	593	29,619	15	0	0	328	0	30,555
depreciation written out to the Surplus / Deficit on the Provision of Services	0	34	13,557	2,969	0	79	0	16,639
impairment losses recognised in the Revaluation Reserve	0	0	0	0	0	93	0	93
impairment losses recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	68	0	68
derecognition - disposals	0	0	1,499	0	0	0	0	1,499
At 31 March 2019	-16,703	-20,886	-17,364	-158,349	-6,606	-1,383	0	-221,291
Net Book Value								
At 1 April 2018	378,177	631,283	7,905	239,519	9,771	87,092	29,905	1,383,652
At 31 March 2019	373,917	645,285	7,311	240,766	9,383	82,483	21,393	1,380,538

Notes to the Accounts

Comparative Movements in 2017/18:

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
Cost or valuation								
At 1 April 2017	389,108	658,247	35,702	380,961	15,989	88,966	30,919	1,599,892
additions(Cap Exp)	43,174	8,401	3,625	8,692	79	581	13,205	77,757
additions(Other)	0	340	159	0	0	1,645	0	2,144
revaluation increases / (decreases) recognised in the Revaluation Reserve	-41,570	-17,008	0	0	0	5,970	0	-52,608
revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	-2,208	133	0	0	-79	-5,085	0	-7,239
impairment losses recognised in the Surplus/Deficit on the Provision of Services	0	-1,234	-592	0	0	0	0	-1,826
derecognition - Disposals	0	0	-932	0	0	-2,904	0	-3,836
assets reclassified to/from Held for Sale	0	0	0	0	0	-299	0	-299
reclassifications Cap Ex WIP	1,190	9,407	0	11	0	3,611	-14,219	0
other reclassifications	24	-344	0	0	0	-4,893	0	-5,213
At 31 March 2018	389,718	657,942	37,962	389,664	15,989	87,592	29,905	1,608,772

Notes to the Accounts

Comparative Movements in 2017/18 (continued):

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
Accumulated Depreciation and Impairment								
At 1 April 2017	-5,793	-42,588	-28,580	-139,350	-5,830	-30	0	-222,171
depreciation charge	-5,748	-25,464	-2,319	-10,795	-388	-1,027	0	-45,741
depreciation written out to the Revaluation Reserve	0	40,102	0	0	0	216	0	40,318
depreciation written out to the Surplus/Deficit on the Provision of Services	0	1,280	0	0	0	332	0	1,612
derecognition - disposals	0	0	842	0	0	20	0	862
other movements in depreciation and impairment	0	11	0	0	0	-11	0	0
At 31 March 2018	-11,541	-26,659	-30,057	-150,145	-6,218	-500	0	-225,120
Net Book Value								
At 31 March 2018	378,177	631,283	7,905	239,519	9,771	87,092	29,905	1,383,652
At 1 April 2017	383,315	615,659	7,122	241,611	10,159	88,936	30,919	1,377,721

Capital Commitments

As at 31st March 2019 the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2019/20 and future years budgeted to cost £12.54m. Similar commitments at 31st March 2018 were £10.544m.

The major commitments are:

- Pentrehafod Comprehensive Refurbishment £436k
- Swansea Central development of detailed design and enabling works plus Civic Site potential development £2,624k
- Kingsway Digital Village £1,890k
- Sandfields Renewal Area £539k
- Bascule bridge refurbishment £513k
- Leisure Centre improvements £4,258k
- HRA Environmental Facilities Schemes £568k
- HRA Enveloping Properties schemes £1,447k
- HRA Highrise flats, Clyne & Jeffreys Court £263k

Swansea Council had two capital construction schemes which were undertaken by Dawnus Construction Ltd ("Dawnus"). Dawnus went into Administration on 15th March 2019 with the two schemes for the Kingsway Infrastructure and the Education other than at School new build being left incomplete. The Council is currently negotiating with the Administrators to determine if any liabilities are owed by the Council to Dawnus, this is a complex process which will take time to establish and as at 31st March 2019 there was no agreed capital commitment with Dawnus or the Administrators. The Council are currently in the process of negotiating to instruct new contractors to deliver the schemes.

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 2018/19 were 30th June 2018, 30th September 2018, 31st December 2018 and 31st March 2019.

The Authority has been following a 4 year rolling programme since 2016/17 and has not deviated from this which will ensure that all assets have been revalued in that time.

Notes to the Accounts

The main asset groups revalued during 2018/19 and the remaining groups to be revalued under the current rolling programme are as follows:

Asset Category	2017/18	2018/19	2019/20
Other Land and Buildings	Schools, Community Centres, Changing Rooms, Pavilions, Homes for Older Persons and Car Parks	Offices, Libraries, Industrial (e.g. Depots), Civic Amenity Sites and Leisure Facilities	-
Surplus Assets	City Centre, Residential shared % and Agricultural	Industrial Estates and Residential Freehold	-
Council Dwellings	-	-	Council Houses / Flats and Sheltered Housing Complexes

Assets transferred from Assets Under Construction are also revalued each year.

In 2020/21, the rolling programme will be revised.

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 2019 and 31 March 2018 are as follows:

	Quoted prices in active markets for identical assets	Other significant observable inputs	Significant unobservable inputs	Fair Value as at 31st March 2019	Fair value reclassified from Surplus prior to 31st March 2019	Fair Value reclassified to Surplus Assets prior to 31st March 2019			Fair value adjusted prior to IFRS 13 as at 31st March 2019	Fair value adjusted prior to IFRS 13 as at 31st March 2019 - Reclassified from Surplus Assets prior to 31st March 2019	Total Surplus Assets Value as at 31st March 2019
	(Level 1)	(Level 2)	(Level 3)			(Level 1)	(Level 2)	(Level 3)			
Recurring fair value measurements using:	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Long Leases @ Peppercorn Rent	0	0	0	0	0	0	0	0	0	0	0
Agricultural	0	0	537	537	0	0	0	0	0	0	537
City Centre	0	5,381	11,474	16,855	0	0	0	0	0	0	16,855
Industrial Units	0	0	3,485	3,485	0	0	0	0	0	0	3,485
Land only	0	1,236	44,476	45,712	-600	0	0	207	0	0	45,319
High Value	0	0	260	260	0	0	0	0	0	0	260
Residential Freeholds (LRA)	0	236	0	236	0	0	0	0	0	0	236
Residential shared %	0	0	1,012	1,012	-47	0	0	0	0	0	965
Miscellaneous	0	4,551	11,038	15,589	0	0	0	606	14	0	16,209
Total	0	11,404	72,282	83,686	-647	0	0	813	14	0	83,866

Notes to the Accounts

2017/18 Comparative Figures

	Quoted prices in active markets for identical assets	Other significant observable inputs	Significant unobservable inputs	Fair Value as at 31st March 2018	Fair value reclassified from Surplus prior to 31st March 2018	Fair Value reclassified to Surplus Assets prior to 31st March 2018			Fair value adjusted prior to IFRS 13 as at 31st March 2018	Fair value adjusted prior to IFRS 13 as at 31st March 2018 - Reclassified from Surplus Assets prior to 31st March 2018	Total Surplus Assets Value as at 31st March 2018
	(Level 1)	(Level 2)	(Level 3)			(Level 1)	(Level 2)	(Level 3)			
Recurring fair value measurements using:	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Long Leases @ Peppercorn Rent	0	0	0	0	0	0	0	0	0	0	0
Agricultural	0	0	537	537	0	0	0	0	0	0	537
City Centre	0	5,728	12,555	18,283	0	0	0	0	0	0	18,283
Industrial Units	0	0	2,152	2,152	0	0	0	0	154	0	2,306
Land only	0	1,236	44,673	45,909	0	0	0	553	0	0	46,462
High Value	0	0	260	260	0	0	0	0	0	0	260
Residential Freeholds (LRA)	0	0	0	0	0	0	0	0	297	0	297
Residential shared %	0	0	1,021	1,021	0	0	0	0	0	0	1,021
Miscellaneous	0	4,700	19,018	23,718	-5,361	0	0	55	14	0	18,426
Total	0	11,664	80,216	91,880	-5,361	0	0	608	465	0	87,592

Notes to the Accounts

The Fair Value of 3 assets categorised as a Level 2 in the Fair Value hierarchy in 2017/18 has been determined using the income approach to valuation. However the tenant situation in some of the assets has changed and the significant inputs used to arrive at Fair Value are less observable than previously. This has resulted in the properties being categorised as a Level 3 in 2018/19.

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.

Recognition of Fair Value Measurements (using Significant Unobservable Inputs) Categorised within Level 3 of the Fair Value Hierarchy

Long Lease @ Peppercorn Rent categorised with Level 3	31 March 2019 £'000	31 March 2018 £'000
Opening balance	0	1
Total gains [or losses] for the period included in Revaluation Reserves resulting from changes in the fair value	0	0
Total gains [or losses] for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	0	0
Transfers to/from Property, Plant and Equipment	0	-1
Closing Balance	0	0

Notes to the Accounts

Agricultural categorised with Level 3	31 March 2019 £'000	31 March 2018 £'000
Opening balance	537	0
Transfers In - Fair Value adjustment prior to IFRS13	0	128
Total gains [or losses] for the period included in Revaluation Reserves resulting from changes in the fair value	0	409
Closing Balance	537	537

City Centre categorised with Level 3	31 March 2019 £'000	31 March 2018 £'000
Opening balance	12,555	9,927
Transfers In - Fair Value adjustment prior to IFRS13	0	2,356
Transfers into Level 3	452	631
Total gains [or losses] for the period included in Revaluation Reserves resulting from changes in the fair value	-792	793
Total gains [or losses] for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	-1,115	-1,152
Transfers to/from Property, Plant and Equipment	0	0
Additions	374	0
Closing Balance	11,474	12,555

Industrial Units categorised with Level 3	31 March 2019 £'000	31 March 2018 £'000
Opening balance	2,152	2,207
Transfers into Level 3	154	0
Transfers In - Fair Value adjustment prior to IFRS13	0	0
Total gains [or losses] for the period included in Revaluation Reserves resulting from changes in the fair value	629	0
Total gains [or losses] for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	0	-5
Transfers to/from Property, Plant and Equipment	0	-50
Additions	550	0
Closing Balance	3,485	2,152

Notes to the Accounts

Land Only categorised with Level 3	31 March 2019 £'000	31 March 2018 £'000
Opening balance	45,226	44,582
Transfers In - Fair Value adjustment prior to IFRS13	0	0
Total gains [or losses] for the period included in Revaluation Reserves resulting from changes in the fair value	-105	220
Total gains [or losses] for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	-1,462	1
Transfers to/from Property, Plant and Equipment	-393	553
Additions	1,962	1,400
Disposals	-1,145	-1,530
Closing Balance	44,083	45,226

High Value categorised with Level 3	31 March 2019 £'000	31 March 2018 £'000
Opening balance	260	260
Total gains [or losses] for the period included in Revaluation Reserves resulting from changes in the fair value	0	0
Transfers to/from Property, Plant and Equipment	0	0
Closing Balance	260	260

Residential shared % categorised with Level 3	31 March 2019 £'000	31 March 2018 £'000
Opening balance	1,021	0
Transfers In - Fair Value adjustment prior to IFRS13	0	908
Total gains [or losses] for the period included in Revaluation Reserves resulting from changes in the fair value	-9	120
Total gains [or losses] for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	0	-7
Transfers to/from Property, Plant and Equipment	-47	0
Closing Balance	965	1,021

Notes to the Accounts

Miscellaneous categorised with Level 3	31 March 2019 £'000	31 March 2018 £'000
Opening balance	13,712	14,204
Transfers In - Fair Value adjustment prior to IFRS13	0	10
Transfers into Level 3	184	0
Total gains [or losses] for the period included in Revaluation Reserves resulting from changes in the fair value	6	4,124
Total gains [or losses] for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	-78	1,577
Transfers to/from Property, Plant and Equipment	606	-5,558
Additions	0	0
Disposals	-2,786	-645
Closing Balance	11,644	13,712

Any gains or losses arising from changes in the fair value of Surplus assets included in the Comprehensive Income and Expenditure Statement are recognised in Surplus or Deficit on the Provision of Services.

Notes to the Accounts

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

	As at 31/03/2019 £'000	Valuation technique used to measure fair value	Unobservable inputs	Range (weighted average used)	Sensitivity
Long Lease @ Peppercorn Rent	0	Nominal amount adopted to reflect Council's reversionary value	N/A	N/A	N/A - all £1,000
Agricultural	537	Market Approach	Land Value per acre	£2000 - £5000 per acre	Significant changes in land value and yield will result in significantly lower or higher fair value
City Centre	11,474	Market Approach	Rents	Zone A £150 to £1,000 per sq m	Significant changes in rent and yields will result in significantly lower or higher fair value
			Yield	4-8%	
Industrial Units	3,485	Market Approach	Yield	7-12%	Significant changes in rent and yields will result in significantly lower or higher fair value
			Rents	Various	
Land Only	44,083	Market Approach	Land Value per acre	£100,000 to £600,000 per acre	Significant changes in rent and yields will result in significantly lower or higher fair value
High Value	260	Market Approach	Yield	Various	Significant changes in rent and yields will result in significantly lower or higher fair value
			Rents	Various	
Residential shared %	965	Market Approach	Capital Value	£115,000 - £135,000	Significant changes in capital value will result in a change to the fair value
Miscellaneous	11,644	Market Approach	Yield	5-12%	Significant changes in rent and yields will result in significantly lower or higher fair value
			Rents	Various	
TOTAL	72,448				

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 works closely with finance officers reporting directly to the Chief Finance 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
Cost or Valuation					
At 1st April 2017	4,137	21,124	2,955	1,578	29,794
Additions (Cap Exp)	6	4	0	0	10
Additions (Other)	0	75	0	0	75
Revaluations recognised in the Revaluation Reserve	0	3	0	0	3
Revaluations recognised in the Surplus/Deficit on the Provision of Services	-6	0	0	0	-6
At 31st March 2018	4,137	21,206	2,955	1,578	29,876
Cost or Valuation					
At 1st April 2018	4,137	21,206	2,955	1,578	29,876
Additions (Cap Exp)	103	13	0	13	129
Additions (Other)	451	16	0	0	467
Revaluations recognised in the Revaluation Reserve	0	-6	0	0	-6
Revaluations recognised in the Surplus/Deficit on the Provision of Services	0	-17	0	-30	-47
Impairments recognised in the Surplus/Deficit on the Provision of Services	-139	0	0	-13	-152
Reclassifications	36	0	0	0	36
At 31st March 2019	4,588	21,212	2,955	1,548	30,303

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 or Morfa Bridge - off Normandy Road, Landore). 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 expenses have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

2017/18 £'000		2018/19 £'000
4,226	Rental income from investment property	4,720
-679	Direct operating expenses arising from investment property	-814
3,547	Net gain	3,906

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:

2017/18 £'000		2018/19 £'000
40,375	Balance at start of the year	47,958
	Additions:	
215	- Construction (Current)	8,242
2,154	Net gains/losses from fair value adjustments	1,558
5,214	Transfers to/from Property, Plant and Equipment	0
47,958	Balance at end of the year	57,758

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 2019 and 31 March 2018 are as follows:

2018/19												
Recurring fair value measurements using:	Quoted prices in active markets for identical assets	Other significant observable inputs	Significant unobservable inputs	Fair value as at 31st March	Fair value reclassified from Investment Properties prior to 31st March	Fair value reclassified to Investment Properties prior to 31st March	Fair value adjusted prior to IFRS13 as at 31st March	Fair value adjusted prior to IFRS13 - Reclassified from Investment Properties prior to 31st March	Total Investment Property Value as at 31st March			
	(Level 1)	(Level 2)	(Level 3)		(Level 2)	(Level 3)	(Level 1)	(Level 2)	(Level 3)			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Enterprise Park	0	10,596	8,504	19,100	0	0	0	0	0	0	0	19,100
High Value	0	2,360	36,298	38,658	0	0	0	0	0	0	0	38,658
Total	0	12,956	44,802	57,758	0	0	0	0	0	0	0	57,758

2017/18 Comparative Figures												
Recurring fair value measurements using:	(Level 1)	(Level 2)	(Level 3)		(Level 2)	(Level 3)	(Level 1)	(Level 2)	(Level 3)			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Enterprise Park	0	9,630	8,528	18,158	0	0	0	0	0	0	0	18,158
High Value	0	4,099	20,340	24,439	0	0	0	0	5,361	0	0	29,800
Total	0	13,729	28,868	42,597	0	0	0	0	5,361	0	0	47,958

Notes to the Accounts

The Fair Value of 2 assets categorised as a Level 2 in the Fair Value hierarchy in 2017/18 has been determined using the income approach to valuation. However the Authority has since acquired the head leasehold interest and due to the fact that our income is based on turnover and changes in RPI, this requires assumptions to be made therefore the inputs are much less observable. This has resulted in the properties being categorised as a Level 3 in 2018/19.

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).

Enterprise Park categorised within Level 3	31 March 2019 £'000	31 March 2018 £'000
Opening balance	8,528	8,271
Transfer into Level 3	0	0
Transfers In - Fair Value Adjusted prior to IFRS13	0	0
Total gains [or losses] for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	-24	317
Transfers to/from Property, Plant and Equipment	0	-60
Closing Balance	8,504	8,528

Notes to the Accounts

High Value categorised within Level 3	31 March 2019 £'000	31 March 2018 £'000
Opening balance	25,701	18,463
Transfer into Level 3	1,665	0
Total gains [or losses] for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	1,634	1,877
Transfers to/from Property, Plant and Equipment	0	5,361
Addition	7,298	0
Closing Balance	36,298	25,701

Gains or losses arising from changes in the fair value of the investment property are recognised in Surplus or Deficit on the Provision of Services - Financing and Investment Income and Expenditure line.

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

	As at 31/03/2019 £'000	Valuation technique used to measure fair value	Unobservable inputs	Range (weighted average used)	Sensitivity
Enterprise Park	8,504	Market Approach	Yield	8-12%	Significant changes in rents and yields will result in significantly lower or higher fair value
			Rent	Various	
High Value	36,298	Market Approach	Yield	Various	Significant changes in rents and yields will result in significantly lower or higher fair value
			Rent	Various	
TOTAL	44,802				

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		31st March 2019	31st March 2018
	31st March 2019	31st March 2018	31st March 2019	31st March 2018	31st March 2019	31st March 2018	31st March 2019	31st March 2018		
	£'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	3,724	3,072	121,772	25,500	47,958	44,154	173,478	72,750
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	95	100	0	0	0	0	0	0	95	100
Total financial assets	119	124	3,724	3,072	121,772	25,500	47,958	44,154	173,573	72,850
Non-financial assets	0	0	0	0	0	0	0	0	0	0
Total	119	124	3,724	3,072	121,772	25,500	47,958	44,154	173,573	72,850

Financial Liabilities:

	Non-Current				Current				Totals	
	Borrowings		Creditors		Borrowings		Creditors		31st March 2019	31st March 2018
	31st March 2019	31st March 2018	31st March 2019	31st March 2018	31st March 2019	31st March 2018	31st March 2019	31st March 2018		
	£'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	554,373	460,982	2,516	2,268	6,870	5,822	48,430	42,721	612,189	511,793
Total financial liabilities	554,373	460,982	2,516	2,268	6,870	5,822	48,430	42,721	612,189	511,793
Non-financial liabilities	0	0	0	0	0	0	0	0	0	0
Total	554,373	460,982	2,516	2,268	6,870	5,822	48,430	42,721	612,189	511,793

Notes to the Accounts

Income, Expense, Gains and Losses

	2018/19		2017/18	
	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
Net gains/losses on:				
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
Total net gains/losses	0	0	0	0
Interest revenue:				
Financial assets measured at amortised cost	846	0	264	0
Other financial assets measured at fair value through other comprehensive income	0	0	0	0
Total interest revenue	846	0	264	0
Interest expense	-21,621	0	-20,321	0
Fee income:				
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
Total fee income	0	0	0	0
Fee expense:				
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
Total fee expense	0	0	0	0

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

	2018/19		2017/18	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£'000	£'000	£'000	£'000
Financial liabilities held at amortised cost	542,083	774,352	452,084	667,921
Long-term creditors	50,946	45,237	44,989	44,989
Total	593,029	819,589	497,073	712,910

The fair value of borrowings is higher than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2019) arising from a commitment to pay interest to lenders above current market rates.

Financial Assets

	2018/19		2017/18	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£'000	£'000	£'000	£'000
Financial assets held at amortised cost	121,773	121,773	25,500	25,500
Long-term debtors	51,682	51,682	47,226	47,226
Total	173,455	173,455	72,726	72,726

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 2019.

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 2019			
	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
Recurring fair value measurements using:				
Financial liabilities				
<i>Financial liabilities held at amortised cost:</i>				
Loans/borrowings	0	0	0	0
Long-term creditors	0	0	0	0
Total	0	0	0	0
Financial assets				
<i>Financial assets held at amortised cost:</i>				
Other financial assets	0	1,770	0	1,770
Total	0	1,770	0	1,770

	31 March 2018 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
Recurring fair value measurements using:				
Financial liabilities				
<i>Financial liabilities held at amortised cost:</i>				
Loans/borrowings	0	0	0	0
Long-term creditors	0	0	0	0
Total	0	0	0	0
Financial assets				
<i>Financial assets held at amortised cost:</i>				
Other financial assets	0	1,770	0	1,770
Total	0	1,770	0	1,770

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 2019 of 0.55% to 1.06% for loans receivable, based on new lending rates for equivalent loans at that date	- estimated ranges of interest rates at 31 March 2019 of 1.68% to 2.60% 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

Restated Authority 31st March 2018 £'000	Restated Group 31st March 2018 £'000		Authority 31st March 2019 £'000	Group 31st March 2019 £'000
12,041	12,042	Trade receivables	14,037	14,037
2,488	2,488	Prepayments	32,908	32,908
30,516	30,516	Other receivable amounts	2,267	2,267
45,045	45,046	Total	49,212	49,212

The £14.037m (17/18 £12.041m) of trade receivables are receivables from contracts with service recipients. The trade receivables figure of £14.037m (17/18 £12.041m) includes £5.750m (17/18 £5.930m) for the impairment losses recognised on receivables arising from contracts with service recipients.

The 2018/19 CIPFA Code has removed the disclosure requirement for the analysis of debtors across public sector organisations. The 2017/18 figures have been restated to reflect the new disclosure requirements.

19. Cash and Cash Equivalents

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

Authority 31st March 2018 £'000	Group 31st March 2018 £'000		Authority 31st March 2019 £'000	Group 31st March 2019 £'000
-662	-662	Cash held by the Authority	-785	-785
54,615	54,646	Bank current accounts	48,022	48,022
53,953	53,984	Total Cash and Cash Equivalents	47,237	47,237

20. Short Term Creditors

Restated Authority 31st March 2018 £'000	Restated Group 31st March 2018 £'000		Authority 31st March 2019 £'000	Group 31st March 2019 £'000
25,053	25,053	Trade payables	34,895	34,895
24,129	24,129	Other payables	20,741	20,741
49,182	49,182	Total	55,636	55,636

The 2018/19 CIPFA Code has removed the disclosure requirement for the analysis of creditors across public sector organisations. The 2017/18 figures have been restated to reflect the new disclosure requirements.

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
Balance at 1 April 2018	55	1,572	261	966	2,854
Additional provisions made in 2018/19	0	1,011	0	0	1,011
Amounts used in 2018/19	-25	-1,292	-53	-106	-1,476
Unused amounts reversed in 2018/19	0	-1,326	-208	-324	-1,858
Transfer from long term to short term	0	1,732	0	0	1,732
Balance at 31 March 2019	30	1,697	0	536	2,263

Long - term

	Outstanding Legal Cases £'000	Injury and Damage Compensation Claims £'000	Employee Benefits £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2018	0	3,465	0	6,724	10,189
Additional provisions made in 2018/19	0	1,770	50	256	2,076
Amounts used in 2018/19	0	0	0	-831	-831
Unused amounts reversed in 2018/19	0	0	0	0	0
Transfer from long term to short term	0	-1,732	0	0	-1,732
Balance at 31 March 2019	0	3,503	50	6,149	9,702

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.

Notes to the Accounts

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.

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 (£4.607m) for the future remediation and maintenance of major land refuse disposal sites. Of the £4.607m, £1.824m is likely to be settled within the next ten years and the remaining £2.783m over the next forty years.

22. Unusable Reserves

Authority	Group		Authority	Group
31st March 2018 £'000	31st March 2018 £'000		31st March 2019 £'000	31st March 2019 £'000
429,264	438,751	Revaluation Reserve	379,632	389,964
548,857	548,857	Capital Adjustment Account	589,739	589,739
-2,221	-2,221	Financial Instruments Adjustment Account	-2,252	-2,252
-712,028	-712,028	Pensions Reserve	-791,094	-791,094
-8,694	-8,694	Accumulated Absences Account	-8,578	-8,578
255,178	264,665	Total Unusable Reserves	167,447	177,779

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	Group		Authority	Group
2017/18	2017/18		2018/19	2018/19
£'000	£'000		£'000	£'000
454,146	454,146	Balance at 1st April	429,264	438,751
		Upward revaluation of assets -		
13,271	22,758	Cost	601	1,446
35,404	35,404	Depreciation	33,222	33,222
		Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services -		
-63,881	-63,881	Cost	-70,253	-70,253
7,912	7,912	Depreciation	5,257	5,257
-7,294	2,193	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	-31,173	-30,328
-15,895	-15,895	Difference between fair value depreciation and historical cost depreciation	-16,227	-16,227
-1,693	-1,693	Accumulated gains on assets sold or scrapped	-2,232	-2,232
-17,588	-17,588	Amount written off to the Capital Adjustment Account	-18,459	-18,459
429,264	438,751	Balance at 31st March	379,632	389,964

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.

Notes to the Accounts

2017/18 £'000		2018/19 £'000
521,269	Balance at 1st April	548,857
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
-47,641	Charges for depreciation and impairment of non-current assets	-47,692
-8,634	Revaluation losses on Property, Plant and Equipment	243
-192	Amortisation of intangible assets	-175
-6,946	Revenue expenditure funded from capital under statute (REFCUS)	-6,299
-4,222	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	-3,440
-67,635		-57,363
17,588	Adjusting amounts written out of the Revaluation Reserve	18,459
-50,047	Net written out amount of the cost of non-current assets consumed in the year	-38,904
	Capital financing applied in the year:	
5,131	Use of the Capital Receipts Reserve to finance new capital expenditure	1,040
23,167	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	32,811
17,440	Statutory provision for the financing of the capital investment charged against the General Fund and HRA balances	13,938
29,743	Capital expenditure charged against the HRA and General Fund balances	30,439
75,481		78,228
2,154	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	1,558
548,857	Balance at 31st March	589,739

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.

2017/18 £'000		2018/19 £'000
-679,092	Balance at 1st April	-712,028
-4,320	Remeasurements of the net defined benefit liability/(asset)	-49,260
-69,760	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	-73,040
-4,730	Past service cost adjustment	-3,040
45,874	Employer's pensions contributions and direct payments to pensioners payable in the year	46,274
-712,028	Balance at 31st March	-791,094

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.

2017/18 £'000		2018/19 £'000
-8,562	Balance at 1st April	-8,694
8,562	Settlement or cancellation of accrual made at the end of the preceding year	8,694
-8,694	Amounts accrued at the end of the current year	-8,578
-132	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	116
-8,694	Balance at 31st March	-8,578

23. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2017/18 £'000		2018/19 £'000
203	Interest received	760
-20,384	Interest paid	-21,780
-20,181		-21,020

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

Authority 2017/18 £'000	Group 2017/18 £'000		Authority 2018/19 £'000	Group 2018/19 £'000
56,275	56,275	Depreciation	47,449	47,449
-2,154	-2,154	Impairment and downward revaluations	-1,558	-1,558
192	192	Amortisation	175	175
-2,576	-2,576	Increase/(decrease) in creditors	6,704	6,704
944	944	(Increase)/decrease in debtors	-4,896	-4,895
151	151	(Increase)/decrease in inventories	-178	-178
28,616	28,616	Movement in pension liability	29,806	29,806

Notes to the Accounts

Authority	Group		Authority	Group
2017/18	2017/18		2018/19	2018/19
£'000	£'000		£'000	£'000
-4,222	-4,222	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	-3,440	-3,440
1,326	1,326	Other non-cash items charged to the net surplus or deficit on the provision of services	1,454	1,454
78,552	78,552		75,516	75,517

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

2017/18		2018/19
£'000		£'000
-21,650	Any other items for which the cash effects are investing or financing cash flows	-34,775
-21,650		-34,775

24. Reconciliation of Liabilities arising from Financing Activities

	2018/19	Financing cash flows	Non-cash changes		2018/19
	1 April		Acquisition	Other non-cash changes	31 March
	£'000		£'000	£'000	£'000
Long-term borrowings	460,982	93,391	0	0	554,373
Short-term borrowings	5,822	1,048	0	0	6,870
Lease liabilities	0	0	0	0	0
Total liabilities from financing activities	466,804	94,439	0	0	561,243

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.

Notes to the Accounts

2018/19

	Turnover £'000	Expenditure £'000	Surplus/- Deficit £'000
Council Car Parks	4,966	1,854	3,112
Grand Theatre	2,949	4,419	-1,470
Indoor Market	1,052	893	159
Council Catering including school meals	7,081	7,886	-805
Trade Waste	2,281	1,789	492
Swansea Marina	296	262	34
	18,625	17,103	1,522

2017/18

	Turnover £'000	Expenditure £'000	Surplus/- Deficit £'000
Council Car Parks	4,448	1,732	2,716
Grand Theatre	2,948	4,419	-1,471
Indoor Market	1,156	822	334
Council Catering including school meals	6,815	7,209	-394
Trade Waste	2,222	1,709	513
Swansea Marina	2,490	187	2,303
	20,079	16,078	4,001

26. Members' Allowances

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

	2017/18 £'000	2018/19 £'000
Allowances	1,521	1,540
Expenses	19	23
Total	1,540	1,563

Notes to the Accounts

27. Officers' Remuneration

(a) The following tables set out the remuneration for Senior Officers whose salary is less than £150,000 but equal to or more than £60,000 per year.

Table 1 - 2018/19

	Remuneration (including Fees & Allowances) £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Pension contributions (24.4%) £	Total remuneration including pension contributions £
Chief Executive (a) *	145,670	0	145,670	35,544	181,214
Deputy Chief Executive & Director of Resources (b)	48,844	0	48,844	11,918	60,762
Director People (c)	32,306	0	32,306	7,883	40,189
Director Place	104,051	0	104,051	25,388	129,439
Head of Education Planning and Resources	66,863	0	66,863	16,315	83,177
Head of Planning & City Regeneration	84,905	0	84,905	20,717	105,622
Head of Communications & Marketing	74,292	0	74,292	18,127	92,419
Interim Director Resources (d)	68,985	0	68,985	16,832	85,818
Chief Transformation Officer (e)	30,071	0	30,071	7,337	37,408
Head of Financial Services & Service Centre (f)	26,446	0	26,446	6,453	32,899
Section 151 Officer & Chief Finance Officer (g)	65,917	0	65,917	16,004	81,921
Head of Legal, Democratic Services & Business Intelligence (h)	26,446	0	26,446	6,453	32,899
Monitoring Officer & Chief Legal Officer (i)	60,610	0	60,610	14,699	75,310
Head of Poverty & Prevention (j)	74,292	0	74,292	18,127	92,419
Interim Head of Digital & Transformation (k)	47,759	0	47,759	11,653	59,413
Head of Waste, Cleansing & Parks	84,905	0	84,905	20,717	105,622
Balance c/f	1,042,363	0	1,042,363	254,167	1,296,531

Notes to the Accounts

Table 1 - 2018/19 continued

	Remuneration (including Fees & Allowances) £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Pension contributions (24.4%) £	Total remuneration including pension contributions £
Balance b/f	1,042,363	0	1,042,363	254,167	1,296,531
Head of Cultural Services	84,905	0	84,905	20,717	105,622
Head of Highways and Transportation	85,571	0	85,571	20,717	106,288
Chief Social Services Officer (l)	33,455	0	33,455	8,163	41,618
Director of Social Services (m)	72,344	0	72,344	17,652	89,996
Head of Child and Family	79,599	0	79,599	19,422	99,021
Head of Adult Services (n)	66,092	0	66,092	16,126	82,218
Interim Head of Adult Services (o)	30,072	0	30,072	7,338	37,410
Head of Commercial Services	74,292	0	74,292	18,127	92,419
Chief Education Officer (p)	32,323	0	32,323	8,070	40,393
Director of Education (q) (ab)	69,337	0	69,337	16,918	86,255
Head of Achievement & Partnership Service	87,298	0	87,298	21,301	108,599
Interim Head of Corporate Building Services (r)	28,359	0	28,359	6,920	35,278
Head of Building Services (s)	39,287	0	39,287	9,586	48,873
Interim Head of Corporate Property services (t)	28,339	0	28,339	6,915	35,254
Head of Property Services (u)	39,813	0	39,813	9,585	49,398
Head of Vulnerable Learner Service (ac)	56,190	0	56,190	13,710	69,901
Head of Housing & Public Protection (v)	2,089	70,241	72,330	339	72,669
Interim Head of Housing & Public Protection (w)	29,702	0	29,702	7,247	36,950
Balance c/f	1,981,430	70,241	2,051,671	483,020	2,534,691

Notes to the Accounts

Table 1 - 2018/19 continued

	Remuneration (including Fees & Allowances) £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Pension contributions (24.4%) £	Total remuneration including pension contributions £
Balance b/f	1,981,430	70,241	2,051,671	483,020	2,534,691
Head of Housing & Public Health (x)	39,284	0	39,284	9,585	48,869
Deputy Monitoring Officer & Deputy Chief Legal Officer (y)	43,163	0	43,163	10,442	53,605
Interim Deputy Section 151 Officer & Interim Deputy Chief Finance Officer (z)	29,664	0	29,664	7,122	36,785
Interim Chief Executive (aa)	10,869	0	10,869	0	10,869
Interim Director of Education (ad)	18,701	0	18,701	4,563	23,265
Total	2,123,111	70,241	2,193,352	514,732	2,708,084

Page 111

* In 2018/19 the Chief Executive received additional remuneration of £1,777 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 is on long term sick so an Interim Chief Executive has been appointed on a short-term basis.
- (b) The Deputy Chief Executive and Director of Resources commenced on 29th October 2018.
- (c) The Director of People left the Authority on 17th July 2018.
- (d) The Interim Director of Resources reverted back to the Chief Transformation Officer since 1st December 2018.
- (e) The Chief Transformation Officer re-commenced on 1st December 2018.

Notes to the Accounts

- (f) The Head of Financial Services and Service Centre is the Section 151 Officer and Chief Finance Officer since 30th July 2018.
- (g) The Section 151 Officer and Chief Finance Officer commenced on 30th July 2018.
- (h) The Head of Legal, Democratic Services and Business Intelligence is the Monitoring Officer and Chief Legal Officer since 30th July 2018.
- (i) The Monitoring Officer and Chief Legal Officer commenced on 30th July 2018.
- (j) The Head of Poverty and Prevention left the Authority on 31st March 2019.
- (k) The Interim Head of Digital and Transformation post came to an end on 1st December 2018.
- (l) The Chief Social Services Officer is the Director of Social Services since 30th July 2018.
- (m) The Director of Social Services commenced on 30th July 2018.
- (n) The Head of Adult Services is on maternity leave since 12th November 2018.
- (o) The Interim Head of Adult Services was remunerated from 25th October 2018 in a handover period prior to the Head of Adult Services going on maternity leave on 12th November 2018.
- (p) The Chief Education Officer is the Director of Education since 30th July 2018.
- (q) The Director of Education commenced on 30th July 2018.
- (r) The Interim Head of Corporate Building Services is the Head of Building Services since 6th September 2018.
- (s) The Head of Building Services commenced on 6th September 2018.
- (t) The Interim Head of Corporate Property Services is the Head of Property Services since 6th September 2018.
- (u) The Head of Property Services commenced on 6th September 2018.
- (v) The Head of Housing and Public Protection retired on 6th April 2018.
- (w) The Interim Head of Housing and Public Protection is the Head of Housing and Public Health since 6th September 2018.
- (x) The Head of Housing and Public Health commenced on 6th September 2018.
- (y) The Deputy Monitoring Officer and Deputy Chief Legal Officer commenced on 30th July 2018.
- (z) The Interim Deputy Section 151 Officer and Interim Deputy Chief Finance Officer commenced on 1st October 2018.
- (aa) The Interim Chief Executive commenced on 13th February 2019.
- (ab) The Director of Education is on long term sick so an Interim Director of Education has been appointed.
- (ac) The Head of Vulnerable Learner Service is the Interim Director of Education since 25th January 2019.
- (ad) The Interim Director of Education commenced on 25th January 2019.

Notes to the Accounts

The following tables set out the remuneration for Senior Officers whose salary is less than £150,000 but equal to or more than £60,000 per year.

Table 1 - 2017/18

	Remuneration (including Fees & Allowances) £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Pension contributions (23.4%) £	Total remuneration including pension contributions £
Chief Executive *	142,814	0	142,814	33,418	176,232
Director People	107,111	0	107,111	25,064	132,175
Director Resources (a)	18,983	0	18,983	4,343	23,326
Director Place	101,968	0	101,968	23,739	125,707
Chief Transformation Officer (b)	25,422	0	25,422	5,949	31,371
Head of Education Planning and Resources	72,835	0	72,835	17,043	89,878
Head of Housing & Public Protection (c)	83,240	0	83,240	19,478	102,718
Head of Planning & City Regeneration	83,240	0	83,240	19,478	102,718
Head of Communications & Marketing	72,835	0	72,835	17,043	89,878
Head of Human Resources (d)	70,870	48,889	119,759	16,790	136,549
Interim Director Resources (e)	69,614	0	69,614	16,290	85,904
Head of Financial Services & Service Centre (f)	71,951	0	71,951	16,764	88,715
Interim Head of Legal and Democratic Services (g)	6,720	0	6,720	1,572	8,292
Head of Legal, Democratic Services & Business Intelligence (h)	74,237	0	74,237	17,297	91,534
Balance c/f	1,001,841	48,889	1,050,730	234,269	1,284,999

Notes to the Accounts

Table 1 - 2017/18 continued

	Remuneration (including Fees & Allowances) £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Pension contributions (23.4%) £	Total remuneration including pension contributions £
Balance b/f	1,001,841	48,889	1,050,730	234,269	1,284,999
Head of Poverty & Prevention	70,234	0	70,234	16,435	86,669
Head of Digital & Transformation (i)	30,926	0	30,926	7,237	38,163
Head of Waste Management & Parks	83,240	0	83,240	19,478	102,718
Head of Cultural Services	80,639	0	80,639	18,870	99,509
Head of Education Improvement (j)	71,534	0	71,534	16,739	88,273
Head of Highways and Transportation	83,554	0	83,554	19,478	103,032
Chief Social Services Officer	101,449	0	101,449	23,739	125,188
Head of Child and Family Services	75,436	0	75,436	17,652	93,088
Head of Adult Services	72,835	0	72,835	17,043	89,878
Head of Commercial Services	72,835	0	72,835	17,043	89,878
Chief Education Officer	95,097	0	95,097	22,253	117,350
Head of Achievement & Partnership Service (k)	14,307	0	14,307	3,348	17,655
Interim Head of Corporate Building Services (l)	59,483	0	59,483	13,905	73,388
Interim Head of Corporate Property services (m)	59,671	0	59,671	13,842	73,512
Head of Vulnerable Learner Service (n)	11,272	0	11,272	2,638	13,910
Interim Head of Housing and Public Protection (o)	5,636	0	5,636	1,319	6,955
Total	1,989,989	48,889	2,038,878	465,287	2,504,165

Notes to the Accounts

* In 2017/18 the Chief Executive received additional remuneration of £5,845 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 Director of Resources retired on 31st May 2017.
- (b) The Chief Transformation Officer is the Interim Director of Resources since 17th July 2017.
- (c) The Head of Housing and Public Protection will be retiring on 6th April 2018.
- (d) The Head of Human Resources took voluntary redundancy on 31st March 2018.
- (e) The Interim Director of Resources commenced on 17th July 2017.
- (f) The Head of Financial Services and Service Centre commenced on 1st May 2017.
- (g) The interim Head of Legal and Democratic Services is the Head of Legal, Democratic Services and Business Intelligence since 1st May 2017.
- (h) The Head of Legal, Democratic Services and Business Intelligence commenced on 1st May 2017.
- (i) The Head of Digital and Transformation commenced on 16th October 2017.
- (j) The Head of Education Improvement is a joint post with Neath Port Talbot County Borough Council as part of the ERW academic regional consortium. The Head of Education Improvement is the Head of Achievement and Partnership Service since 1st February 2018.
- (k) The Head of Achievement and Partnership Service commenced on 1st February 2018.
- (l) The Interim Head of Corporate Building Services commenced on 1st May 2017.
- (m) The Interim Head of Corporate Property Services commenced on 1st May 2017.
- (n) The Head of Vulnerable Learner Service commenced on 1st February 2018.
- (o) The Interim Head of Housing and Public Protection was remunerated from 1st March 2018 in a one month handover period prior to the retirement of the Head of Housing and Public Protection.

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:

2017/18		2018/19
Number of employees	Remuneration Band	Number of employees
38	£60,000 - £64,999	48
24	£65,000 - £69,999	21
16	£70,000 - £74,999	13
10	£75,000 - £79,999	6
9	£80,000 - £84,999	8
4	£85,000 - £89,999	8
3	£90,000 - £94,999	3
0	£95,000 - £99,999	1
1	£100,000 - £104,999	1
1	£105,000 - £109,999	0
0	£110,000 - £114,999	0
1	£120,000 - £124,999	0
0	£125,000 - £129,999	1
1	£150,000 - £154,999	0
108	Total	110

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. Senior Officers' remunerations are shown in the tables on pages 100 to 106.

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 2018/19 the remuneration of the Chief Executive was £145,670k (2017/18 £142,814k). This was 6.9 times (2017/18 7 times) the median remuneration of the organisation, which was £21,151 (2017/18 £20,528).

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:

2017/18				
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	3	89	92	854
£20,001 - £40,000	1	54	55	1,589
£40,001 - £60,000	0	36	36	1,765
£60,001 - £80,000	0	17	17	1,213
£80,001 - £100,000	0	7	7	651
£100,001 - £150,000	0	8	8	956
£150,001 - £200,000	0	1	1	153
£200,001 to £250,000	0	1	1	242
Total	4	213	217	7,423

2018/19				
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	35	87	122	1,002
£20,001 - £40,000	2	32	34	920
£40,001 - £60,000	2	13	15	754
£60,001 - £80,000	1	6	7	490
£80,001 - £100,000	0	5	5	439
£100,001 - £150,000	0	1	1	106
£150,001 - £200,000	0	0	0	0
£200,001 to £250,000	0	0	0	0
Total	40	144	184	3,711

The average payback period against all early retirement / voluntary redundancy packages agreed for 2018/19 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 2017/18 and 2018/19:

2017/18 £'000		2018/19 £'000
	Credited to Taxation and Non Specific Grant Income	
109,236	Council Tax Income	115,904
79,531	Non Domestic Rates	79,141
231,169	Revenue Support Grant	239,946
147	21st Century Schools Programme	1,294
2,284	Local Transport Fund and Local Transport Network Fund	2,823
0	Active Travel Fund	2,043
9,158	Housing MRA Grant	9,185
1,026	Road Safety / Safe Route in Communities	684
0	Targeted Regeneration Investment Programme	1,556
3,873	General Capital Grant	7,497
0	Schools Capital Maintenance grant	2,921
0	European Regional Development Fund	1,689
0	Coastal Risk Management Programme	234
505	High Street Relief	265
1,786	Highways Refurbishment grant	1,187
1,244	Other Grants and Contributions	2,419
439,959		468,788
	Credited to Services	
9,771	School Improvement Grant	8,694
50,343	Rent allowance subsidy	43,854
37,446	Rent rebate subsidy	34,693
3,095	Families First	3,011
13,984	Supporting people	14,092
5,749	Department for Children, Education, Lifelong Learning and Skills	5,244
4,438	Environment and Sustainable Development Grant (ESD)	190
987	Housing Benefit Administration	896
6,209	Concessionary fares	6,816
6,096	Flying Start	5,995
7,300	Pupil Deprivation Grant	7,160
1,974	Communities First	537
1,009	School Building Improvement Grant	0
662	Communities for Work	1,758
560	Cynnydd Project (ESF)	600
179	Rural Development Plan	184
4,739	Bus Services Support Grant (BSSG)	5,260
386	Free Childcare	1,556
1,222	Independent Living Fund	0
1,500	Social Care Workforce Grant	0

Notes to the Accounts

2017/18 £'000		2018/19 £'000
	Credited to Services	
837	Sustainable Social Services	1,095
663	Funded Nursing Care	630
2,586	Integrated Care Fund	3,611
761	Vibrant and Viable Places	0
675	Sandfields Renewal Area	367
280	ENABLE grant	304
0	Sustainable Waste Management Grant (SWMG)	1,305
0	Affordable Housing Grant	194
0	Teacher Pay Award	1,161
0	ASDL - Education Grant	1,595
0	Professional Learning Fund	639
633	SCWWDP	1,258
434	Syrian Vulnerable Persons	697
0	Targeted Regeneration Investment Programme	23
9,814	Other Grants	9,503
174,332		162,922

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:-

Gower Commoners Association
Gower College Swansea
Mid and West Wales Fire Authority
Swansea Bay Port Health Authority
Swansea PSB (Public Services Board)
University of Wales Swansea – Court of Governors
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).

In respect of the Mid and West Wales Fire Authority and the Swansea Bay Port Health Authority, 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 two bodies were:-

Mid and West Wales Fire Authority:-	£12.631m (2017/18: £12.275m)
Swansea Bay Port Health Authority:-	£0.085m (2017/18: £0.084m)

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 2018/19 was £21.008m (2017/18 £19.525m).

d) Subsidiary, Associates and Joint Ventures

The Authority has an interest in six companies, details of which are shown below:-

Swansea City Waste Disposal Company Limited (SCWD Co Ltd.) - Subsidiary

The Swansea City Waste Disposal Company Limited ("the Company") is a wholly owned subsidiary of the Authority. On 31st July 2013 the assets, liabilities and balances transferred from the company to the Authority. The Authority owns the total issued share capital of the company comprising of 4,879,000 ordinary shares of £1. The activities of the Company involved the management of the baling plant, civic amenity sites and the central land disposal site at Tir John.

Notes to the Accounts

In January 2013 the Authority made a decision to undertake future waste disposal operations in-house rather than through the Company. This was formally undertaken with effect from 31st July 2013 and as of that date all Assets, Liabilities and Balances of the Company were transferred to Swansea Council. The Swansea City Waste Disposal Company has ceased trading and is a dormant company.

During 2014/15 the Swansea City Waste Disposal Company Limited issued 150,000 ordinary shares of £1 each.

The net liabilities of Swansea Waste Disposal Company Limited as at 30th September 2017 were £32k.

The Swansea City Waste Disposal Company Limited was dissolved on 23rd October 2018.

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.

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 £2,575 was made in 2018/19 (2017/18 £2,275) to National Waterfront Museum Swansea towards 50% of the governance costs of the charitable company. There were no creditors outstanding as at 31st March 2019 (2017/18 zero) . There was an outstanding debtor of £33,287 as at 31st March 2019 (2017/18 £33,551). 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 2019 are £18,419,304 (2018 £18,697,922).

Notes to the Accounts

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

2017/18 £'000		2018/19 £'000
275	Funding provided by the Authority towards operating costs of the pool	317
62	Sum paid for the free use of the pool by schools and other bodies	64
-884	Recharges of wages, salaries and other costs to the Company	-1,027

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 £158k (2017/18 £72k) and no outstanding creditors at 31st March 2019 and 31st March 2018.

The net assets of Wales National Pool (Swansea) Limited at 31st March 2018 were £5,068,000.

Notes to the Accounts

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

Swansea Bay Futures Limited

Swansea Bay Futures Limited ceased to trade on 1st December 2017. On a goodwill basis, the Council injected £12k to extinguish all accumulated predominantly statutory liabilities. The majority shareholder who was acting on behalf of the Council resigned in October 2018.

Bay Leisure Limited - Associate

The Company was incorporated on 6th August 2007. The principal activity of the Company is to manage and operate the main Leisure Centre within the Authority's area – the 'LC'.

The company is a trust limited by guarantee, and, as such, the Authority has no direct shareholding or financial interest in the Company. The Company is treated as an associate within the group structure of the Authority. There has been no consolidation for Bay Leisure Limited due to the immateriality of the Company's results.

In terms of overall control, the Company has a Board consisting of eleven directors of which the Authority is able to nominate two.

The LC was constructed by Swansea Council and remains classified as an operational asset within the Authority's accounts.

The LC was leased to Bay Leisure Limited until 30th September 2018 with the Company being responsible for all operational matters including day to day maintenance and repairs. As owner of the building the Authority was responsible for major repair/replacement/refurbishment items and, as such, was making an annual contribution to an earmarked reserve for future expenditure in this area.

On the 1st October 2018, the management of the Authority's leisure centres were transferred to Wealdon Leisure Ltd (T/A Freedom Leisure), a not for profit leisure trust. The Authority's two nominated board members for Bay Leisure Limited have resigned so Bay Leisure Limited is no longer an associate company of the Authority.

Funding set aside in the Authority's revenue budget for 2018/19 amounts to £0.362m (2017/18 £0.362m) which reflects the management fee payable to the company.

Notes to the Accounts

The net assets of Bay Leisure Limited at 31st March 2018 were £2,500,720.

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 95,000 shares of £1 each.

The Company has 6 Directors and one of the directors is a Cabinet Member of Swansea Council.

There was no outstanding debtor at 31st March 2019 (2017/18 £72k) and no outstanding creditors at 31st March 2019 (2018 zero).

The net assets of Swansea Community Energy & Enterprise Scheme at 31st March 2018 were £390,997.

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 2018/19 was £23,852 (2017/18 £10,088). The senior manager's interest in this company was properly recorded in the Register of interests.

During 2018/19 a member was employed by VocalEyes Digital Democracy Ltd in Project Development. A grant was awarded to this company as part of the Swansea Rural Community Voice project. The amount paid in 2018/19 was £15,692. 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.

Notes to the Accounts

During 2017/18 a member was employed by Dimensions UK as a Business Development Manager. Dimensions UK provide domiciliary care to adults with learning disabilities in a supported living service in the individuals own tenancy. The member ceased to be a member as at 4th May 2017. Services provided to the Authority in 2017/18 until this date totalled £30,112. 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.

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 37 scheduled and admitted bodies. Management of the Pension Scheme Investment Fund is undertaken by a committee. The committee is advised by two independent advisors.

30. Group Accounts

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

- National Waterfront Museum Swansea - Management Accounts for the year ending 31st March 2019.
- Wales National Pool Swansea - Management Accounts for the year ending 31st March 2018.

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 2019 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.

Notes to the Accounts

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

31st March 2018 £'000		31st March 2019 £'000
1,062,349	Swansea Council (Parent)	1,066,484
32	Swansea City Waste Disposal Company Limited (Subsidiary)	0
9,349	National Waterfront Museum Swansea (Joint Venture)	9,210
12,021	Wales National Pool (Joint Venture)	12,602
1,083,751	Net Assets Employed (exc. Pension Fund) *	1,088,296
-712,028	Net Group Pension Fund Liabilities	-791,094
371,723	Net Assets Employed	297,202

* 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 £25,230m.

* The Wales National Pool currently has a net book value in the region of £5m. 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 £10.3m. 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. 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.

2017/18 £'000		2018/19 £'000
476,381	Opening Capital Financing Requirement	486,479
	Capital investment	
77,916	Property, Plant and Equipment	81,868
74	Heritage Assets	145
215	Investment Properties	8,242
327	Intangible Assets	72
6,946	Revenue Expenditure Funded from Capital under Statute	6,299
100	Investment	0
	Sources of finance	
-5,117	Capital receipts	-1,040
-14	Capital receipts - set aside	0
-23,167	Government grants and other contributions	-32,810
	Sums set aside from revenue:	
-29,742	Direct revenue contributions	-30,439
-17,440	MRP/loans fund principal	-13,938
486,479	Closing Capital Financing Requirement	504,878
	Explanation of movements in year	
9,698	Increase in underlying need to borrowing	16,494
159	Assets acquired under finance leases	511
241	Other movements in year	1,394
10,098	Increase/(decrease) in Capital Financing Requirement	18,399

32. Termination Benefits

During 2018/19 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.

There was an enhanced offer for voluntary early departure from the Authority to accelerate the pace and scale of change and budgetary savings. This offer came to an end on 30th March 2018 for all staff except school based staff where the offer came to an end on 30th June 2018.

Costs were incurred relating to redundancy payments and early access to pension costs totalling £3.711m (2017/18 £7.423m) for the year.

These costs include provision for costs for a limited number of employees whose service will be terminated in 2019/20 but who had been offered - and accepted - severance terms as at 31st March 2019.

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.

33. 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.

Notes to the Accounts

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.

The scheme has in excess of 3,700 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 2019, the Authority's own contributions equate to approximately 0.2%.

In 2018/19 the Authority paid £12.2m to Teachers' Pensions in respect of teachers' retirement benefits, representing 16.5% of pensionable pay. The figures for 2017/18 were £12.1m and 16.5%. The March 2019 contributions of £1,023,225 were paid on the 5th April 2019. The contributions due to be paid in the next financial year are estimated to be £15.7m at an employer rate of 16.48% up to 31st August 2019 and 23.68% from 1st September 2019. The material change in contribution rate is as a result of UK Government decision.

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 34.

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

34. 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 Chief Finance Officer, 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	
	2018/19 £m	2017/18 £m	2018/19 £m	2017/18 £m
Comprehensive Income and Expenditure Statement				
Net Cost of Services:				
Current service cost	55.13	53.33	0.00	0.00
Past service costs	3.04	3.02	0.00	1.71
Financing and Investment Income and Expenditure				
Net interest expense	15.40	14.09	2.51	2.34
Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	73.57	70.44	2.51	4.05
Other Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets	-57.54	-7.48	0	0
Actuarial gains and losses arising on changes in demographic assumptions	0	0	0	0
Actuarial gains and losses arising on changes in financial assumptions	101.23	-1.32	2.95	0.40
Other	2.33	7.39	0.29	5.33
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	119.59	69.03	5.75	9.78
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code	0.00	0.00	0.00	0.00
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to the scheme	40.42	40.09		
Retirement benefits payable to pensioners			5.85	5.78

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	
	2018/19 £m	2017/18 £m	2018/19 £m	2017/18 £m
Present value of the defined benefit obligation	1,887.27	1,706.39	99.51	99.61
Fair value of plan assets	1,195.68	1,093.97	0.00	0.00
Net liability arising from defined benefit obligation	-691.59	-612.42	-99.51	-99.61

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

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2018/19 £m	2017/18 £m	2018/19 £m	2017/18 £m
Opening fair value of scheme assets	1,093.97	1,044.98	0.00	0.00
Interest income	28.65	26.32	0.00	0.00
Remeasurement gain/(loss):				
The return on plan assets, excluding the amount included in the net interest expense	57.54	7.48	0.00	0.00
Contributions from employer	40.42	40.09	5.85	5.78
Contributions from employees into the scheme	10.32	10.03	0.00	0.00
Benefits paid	-35.22	-34.93	-5.85	-5.78
Closing fair value of scheme assets	1,195.68	1,093.97	0.00	0.00

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	
	2018/19 £m	2017/18 £m	2018/19 £m	2017/18 £m
Opening Balance at 1st April	1,706.39	1,628.46	99.61	95.61
Current service cost	55.13	53.33	0.00	0.00
Interest cost	44.05	40.41	2.51	2.34
Contributions from scheme participants	10.32	10.03	0.00	0.00
Remeasurement (gains) and losses:				
Actuarial gains/losses arising from changes in demographic assumptions	0.00	0.00	0.00	0.00
Actuarial gains/losses arising from changes in financial assumptions	101.23	-1.32	2.95	0.40
Other	2.33	7.39	0.29	5.33
Past service cost	3.04	3.02	0.00	1.71
Benefits paid	-35.22	-34.93	-5.85	-5.78
Closing balance at 31st March	1,887.27	1,706.39	99.51	99.61

Local Government Pension Scheme assets comprised:

	2018/19 £'000	2017/18 £'000
Cash and cash equivalents	65,017	77,046
	65,017	77,046
Equity instruments:		
By industry type		
- Consumer	0	197,828
- Manufacturing	0	141,200
- Energy and utilities	0	127,519
- Financial institutions	0	207,120
- Health and care	0	98,497
- Information technology	0	90,019
- Telecommunications services	0	25,800
- Property	0	1,933
	0	889,916

Notes to the Accounts

	2018/19 £'000	2017/18 £'000
Pooled Equity Investment Vehicles		
- UK	181,491	164,264
- Global *	1,333,137	343,594
	1,514,628	507,858
Property	69,519	85,256
	69,519	85,256
Fixed Interest:		
- Fixed Interest	198,202	194,091
- Index-Linked	34,385	32,547
	232,587	226,638
Hedge Funds	54,168	54,601
	54,168	54,601
Private Equity	79,646	65,051
	79,646	65,051
Infrastructure	18,501	0
	18,501	0
Cash Funds	767	761
	767	761
Cash	0	3,672
	0	3,672
Net Current Assets	2,225	3,232
	2,225	3,232
Total Assets	2,037,058	1,914,031

* 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.

	Fair value of scheme assets	
	2018/19 £'000	2017/18 £'000
Equity instruments:		
By company size		
- Large capitalisation	0	634,212
- Small capitalisation	0	255,704
Sub-total equity instruments	0	889,916

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 2016.

The significant assumptions used by the Actuary have been:

	Local Government Pension Scheme		Discretionary Benefits	
	2018/19	2017/18	2018/19	2017/18
Mortality assumptions:				
Longevity at 65 for current pensioners: (years)				
- Men	23.0	22.9	23.0	22.9
- Women	24.6	24.5	24.6	24.5
Longevity at 65 for future pensioners: (years)				
- Men	24.7	24.6		
- Women	26.4	26.3		
Rate of inflation %	2.2	2.1	2.2	2.1
Rate of increase in salaries %	3.7	3.6		
Rate of increase in pensions %	2.2	2.1	2.2	2.1
Rate for discounting scheme liabilities %	2.4	2.6	2.4	2.6

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below 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)	1,827.91	-1,947.11
Rate of increase in salaries (increase or decrease by 0.1%)	1,897.51	-1,877.14
Rate of increase in pensions (increase or decrease by 0.1%)	1,911.01	-1,863.85
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	1,853.81	-1,921.34

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 (75.2% of scheme assets) and bonds (11.8%). 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 2019.

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 £43.80m contributions to the scheme in 2019/20.

The weighted average duration of the defined benefit obligation for scheme members is 17.9 years (2017/18 17.9 years).

35. 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	<p>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.</p> <p>The Employment Appeal Tribunal has previously ruled that the National Minimum Wage applies to overnight sleep in personal care support. Whilst this ruling was overturned by the Court of Appeal last year, the case will be heard by the Supreme Court in 2019. In line with previous custom and practice in the sector, the Council paid a flat rate night time allowance to direct carers and via providers. Should the tribunal hearing be upheld by the Supreme Court, this arrangement would not be compliant with National minimum Wage legislation. Whilst the Council has already changed its payment arrangements in light of the initial ruling, retrospective claims by individuals and HMRC enforcement action could be made going back 6 years.</p>	Unknown

Notes to the Accounts

Nature of Liability	Potential Financial Effect £'000	Comment	Timing
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
Equal pay and Equal Value claims	Unknown	<p>During 2008/2009 and 2009/10, in common with many other local authorities, the Authority made payments to certain staff in full settlement of potential equal pay claims. However, a number of claims remained unsettled and a considerable number of additional claims were subsequently received. The Authority has settled the majority of the liabilities by the 31st March 2016 but there are still some costs yet to be incurred.</p> <p>There is a potential for further (as yet unknown) claims in respect of equal pay claims and in respect of equal value claims which are not provided for in these accounts.</p>	2019/20
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
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
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
Swansea Stadium Management Company	Unknown	There are stadium construction matters to be resolved between the Swansea Stadium Management Company, tenant clubs and the Council.	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
City Deal	£ millions	The Council has incurred, and continues to do so, significant initial work up costs on a range of regeneration and redevelopment schemes within the City Centre using a mix of its own funds and Welsh Government support. These continue to be considered capitalisable and thus treated as capital where appropriate but the final build out of schemes is heavily contingent upon decisions by the UK and Welsh Government over individual business cases under the City Deal and the terms and conditions of any final City Deal grant offer, and further funding flexibilities. If schemes were not to progress, for any reason, the costs incurred to date would potentially need to be written back to revenue.	2018/19 and then up to 15 years thereafter

Notes to the Accounts

Nature of Liability	Potential Financial Effect £'000	Comment	Timing
Client care costs	£2million+	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. Whilst client care is of course the utmost priority, the contractual obligations and disputes between the various parties over costs is growing significantly and there remain substantial unresolved sums between the parties.	2019/20
LGPS cost management transitional costs	At total scheme level, approx. 1% of total liabilities	Legislation requires HM Treasury and the LGPS Advisory Board to undertake periodic valuations to monitor the cost of the LGPS to ensure it remains sustainable and affordable. Initial results from the Scheme Advisory Board process indicated that benefit improvements / member contribution reductions would be required. However, the cost management process has been paused following the Court of Appeal ruling that the transitional arrangements in both the Judges' Pension Scheme (McCloud) and Firefighters' Pension Scheme (Sergeant) were age discriminatory; these cases could have knock on implications for the LGPS (potentially increasing the liabilities) which also had transitional arrangements when the new scheme was introduced with effect from April 2014.	2019/20, 2020/21

36. 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, police authorities 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 89,962 in 2018/2019 (89,465 in 2017/2018).

Notes to the Accounts

Analysis of the net proceeds from Council Tax:

2017/18 £'000		2018/19 £'000
129,618	Council tax collectable	137,096
-529	Less:- Provision for non payment of Council tax	-884
-19,853	Less:- Council Tax Support Scheme	-20,308
109,236	Net proceeds from Council Tax	115,904

Application of Council Tax proceeds:

2017/18 £'000		2018/19 £'000
127,621	City & County of Swansea precept	135,137
965	Community Council precept	1,403
128,586	Council Tax requirement	136,540
-19,853	Less:- Council Tax Support Scheme	-20,308
503	Transfer to reserves (Surplus/Deficit)	-328
109,236	Net application of proceeds	115,904

37. National Non-Domestic Rates (NNDR)

NNDR is organised on a national basis. The Welsh Government specifies an amount of the rate per pound of rateable value which for 2018/19 was 0.514p (0.499p in 2017/18) 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 NNDR 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.

38. 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.

Notes to the Accounts

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 February 2019.

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
Opening balance as at 1 April 2018	0	0	0	2,567	0	2,567
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	607	0	607
Amounts written off	0	0	0	-185	0	-185
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
Balance as at 31 March 2019	0	0	0	2,989	0	2,989

Notes to the Accounts

Credit Risk Exposure

The Authority has the following exposure to credit risk at 31 March 2019:

	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 2018 £'000	Loans outstanding	On 31 March 2019 £'000
48,543	Less than 1 year	51,912
0	Between 1 and 2 years	3,002
8,500	Between 2 and 5 years	0
28,000	Between 5 and 10 years	52,000
424,482	More than 10 years	498,050
509,525	Total	604,964

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 2019, if interest rates had been 1% higher than market rate with all other variables held constant, the financial effect would be:

	2018/19 £'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	258
Impact on Surplus or Deficit on the Provision of Services	838
Share of overall impact debited to the Housing Revenue Account	180
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	0

Notes to the Accounts

	2018/19 £'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)	131,152

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.

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.

2017/18 £'000		Note	2018/19 £'000
13,671	Repairs and maintenance		13,811
13,848	Supervision and management		13,589
604	Rent, rates, taxes and other charges		817
7,993	Depreciation and impairment of non-current assets	3	5,938
67	Debt management costs		70
623	Movement in the allowance for bad debts		0
36,806	Total Expenditure		34,225
-57,303	Dwelling rents		-61,631
-136	Non-dwelling rents		-117
-2,861	Charges for services and facilities		-2,884
-988	Contributions towards expenditure		-1,280
-61,288	Total Income		-65,912
-24,482	Net cost of HRA services as included in the Comprehensive Income and Expenditure Statement		-31,687
729	HRA services' share of Corporate and Democratic Core		715
-23,753	Net cost for HRA services		-30,972
	HRA share of the Operating Income and Expenditure included in the Comprehensive Income and Expenditure Statement:		
6,420	Interest payable and similar charges		6,744
-29	Interest and investment income		-62
0	Impairment Losses		1,088
821	Net interest on the net defined benefit liability (asset)		895
-9,158	Capital grants and contributions receivable		-9,185
-25,699	Surplus(-)/Deficit for the year on HRA services		-31,492

Movement on the HRA Balance

2017/18 £'000		2018/19 £'000
9,821	Balance on the HRA at the end of the previous year	6,781
25,699	Surplus or (deficit) for the year on the HRA Income and Expenditure Statement	31,492
-28,739	Adjustments between accounting basis and funding basis under statute	-32,117
-3,040	Net decrease before transfers to or from reserves	-625
0	Transfers to/(from) earmarked reserves	
-3,040	Increase or (decrease) in the year on the HRA	-625
6,781	Balance on the HRA at the end of the current year	6,156

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:

1,590	Pension costs (transferred to (or from) the Pensions Reserve)	1,615
-6	Financial instruments (transferred to the Financial Instruments Adjustment Account)	0
74	Holiday pay (transferred to the Accumulated Absences Reserve)	7
-1,165	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):	-3,247
493	Total Adjustments to Revenue Resources	-1,625

Adjustments between Revenue and Capital Resources

-2,882	Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	-2,992
-26,350	Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-27,500
-29,232	Total Adjustments between Revenue and Capital Resources	-30,492
-28,739	Total Adjustments	-32,117

Notes to the Housing Revenue Account

1. Housing Stock

As at 31st March 2019 the Authority owned a total of 13,525 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:

31/03/2018		31/03/2019
Units		Units
13,500	Stock at 1 st April	13,528
28	Additions	3
0	Taken out of income	-6
13,528	Stock at 31st March	13,525

2. Capital expenditure

During 2018/19 £42.070m (2017/18 £44.136m) was spent on HRA Properties.

This was financed as follows:-

2017/18		2018/19
£'000		£'000
9,158	Grants – Major Repairs Allowance	9,185
178	Capital Contributions	96
26,350	Revenue and Balances	27,500
8,450	Borrowing	5,289
44,136	Total	42,070

The Major Repairs Allowance was used in full in 2018/19 and 2017/18.

3. Depreciation charges and impairment

The total charge for depreciation and impairment made to the HRA for 2018/19 amounted to £5.938m (2017/18 £7.993m) and is analysed as follows:-

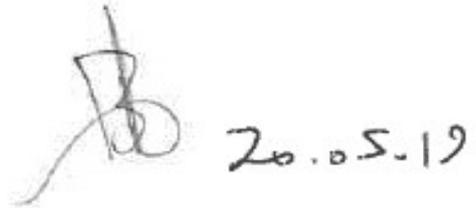
2017/18		2018/19
£'000		£'000
	Depreciation on operational assets	
5,747	- dwellings	5,754
36	- other property	32
	Revaluation Losses	
2,208	- dwellings	141
2	- other property	11
7,993	Total	5,938

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.

Chief Finance Officer's Certificate & Statement of Responsibilities for the Statement of Accounts

I hereby certify that the statement of accounts on pages 4 to 140 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 31st March 2019.

Ben Smith
Chief Finance 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 Chief Financial Officer, namely the Chief Finance Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the statement of accounts.

The Chief Financial Officer's Responsibilities

The Chief Financial 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 Chief Financial 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 Chief Financial 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 2018/19 Statement of Accounts was authorised for issue on xx August 2019 by Ben Smith, Chief Finance Officer who is the Section 151 Officer of the Council. This is the date up to which events after the Balance Sheet date have been considered.

The 2018/19 Statement of Accounts was formally approved by Council on xx August 2019.

Des Thomas
Chairman



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 2019 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.

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:

Page 153

- 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
- The Standards Committee is responsible for monitoring and scrutinising the standards of members
- Member led authority principles with training to senior officers and Cabinet members
- Compliance with a suite of policies/rules set out in the Constitution
- The Constitution sets out requirements as to gifts and hospitality and there are regular reminders circulated to both officers and members
- Adoption of Member Dispute Resolution Protocol
- Officers/members declarations of interest
- Officer Secondary Employment Policy

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

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

Principle B

Ensuring openness and comprehensive stakeholder engagement

Sub Principles:

Openness

Engaging comprehensively with institutional stakeholders

Engaging stakeholders effectively, including individual citizens and service users

How we do this:

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

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

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

Principle C

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

Sub Principles:

Defining outcomes

Sustainable economic, social and environmental benefits

How we do this:

- The Council has a clear vision which is set out in the Corporate Plan *Delivering a Successful & Sustainable Swansea* which prioritises 6 well-being objectives. The sixth well-being objective *Natural Resources and Biodiversity* was added during the 2-18/22 refresh of the Corporate Plan
- Delivery of the Corporate Plan is monitored through the Council's Performance Management Framework with quarterly performance monitoring by CMT/Cabinet
- There is an Annual Performance Review
- Annual Service Plans address the sustainability of service delivery along with key corporate priorities
- There is monthly Performance and Financial Monitoring meetings held for each Directorate
- There is a Corporate Risk Management Policy ensuring consistent application of risk registers and terminology and audit scrutiny

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

Principle D

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

Sub Principles:

Determining interventions

Planning interventions

Optimising achievement of intended outcomes

How we do this:

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

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

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

Principle E

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

Sub Principles:

Developing the entity's capacity

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

How we do this:

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

- Effective shared leadership and understanding of roles and objectives is supported by:
 - The Leader and Chief Executive have clearly defined leadership roles
 - The Chief Executive Appraisal and Remuneration Committee have responsibility for the appraisal of the Chief Executive
 - there has been member led training with both senior officers and cabinet members
 - there are regular 1-2-1 meetings with the Leader, Cabinet members, Chief Ex, CMT and Heads of Service
 - the Transformation and Future Council objective and the Organisational Development Strategy
- The Constitution sets out the Scheme of Delegation which is regularly reviewed
- Annual appraisal and performance review
- A review of senior management roles report to Council in July 2018.

Principle F

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

Sub Principles:

Managing risk

Managing performance

Robust internal control

Managing data

Strong public financial management

How we do this:

Page 158

- Risk management is an integral part of decision making supported by:
- A revised Corporate Risk Management Policy with clear nominated officer responsibility
- Quarterly review of risks by CMT
- Monthly review of Directorate Risks at PFM meetings
- The publication of Corporate & Directorate Risks allowing greater scrutiny
- The Audit Committee regular review of risks

- 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

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

- 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 Sustainable Swansea owned by the S151 officer

Principle G

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

Sub Principles:

Implementing good practice in transparency

Implementing good practices in reporting

Assurance and effective accountability

How we do this

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

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

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

Internal Assurance

External Assurance

Annual Governance Statement

Council/
Cabinet/
Committee

External audit

Internal Audit

External Regulators/
Inspections

Monitoring
officer/S151
officer

Statutory
Inspections

CMT -SMAS

Audit
Committee

Scrutiny

4. Review of Effectiveness

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

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

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

INTERNAL SOURCES OF ASSURANCE

5 Corporate Management Team/SMAS

5.1 The Senior Management Assurance Statements (SMAS) form part of the governance assessment framework. Through the SMAS each Director responds to 20 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 points maturity scale for their areas of responsibility ranging from “not in place” to “embedded”. Directors are expected to consult with their Heads of Service to support a directorate approach to each statement.

5.3 The Four SMAS from the Directors of Corporate Resources, People, Place and Education were challenged and reviewed at CMT. The Director of People submitted a SMAS split into Social Services – Adult and Social Services – Child & Family.

5.4 The 20 assurance statements summarised by 9 categories showed an overall “strong application” of good governance across the assurance areas. The greatest maturity was reported in budget monitoring with a 60% “embedded” and 40% “strong application” rating. Risk Management maturity was strong with a rating of 88% strong or embedded application and the 12% mixed application was supported by an assurance that training was in place to embed in 2019/20.

- 5.5 The maturity assessment highlighted opportunities to enhance the categories relating to Performance Measurement and Management for which there was a higher incidence of “mixed application” which have been identified in the significant governance risks for 2019/20.
- 5.6 CMT reviewed the SMAS and draft Annual Governance Statement on 8 May and 10 May 2019. Having considered and discussed the outcomes of the SMAS and noting the “mixed application” responses overall CMT considered the assurance level to be strong. The significant governance issues for 2019/20 as identified by CMT are those set out below.

6. The Monitoring Officer

- The Chief Legal Officer is the Monitoring Officer with a specific duty to ensure that the Council, Officers and Members maintain the highest ethical standards of conduct. The Standards Committee has the responsibility for monitoring the ethical standards of conduct and to deal with any breaches of the Code referred to the Committee by the Public Service Ombudsman (PSOW).
- In 2018/19 the Monitoring Officer was notified of 6 complaints relating to members conduct by the PSOW. The PSOW decided not to investigate 5 of those complaints and the remaining complaint the PSOW found that there was no evidence of a failure to comply with the Code of Conduct. There are regular PSOW bulletins circulated to all councillors as to Code of Conduct issues.
- During 2018/19 the Standards Committee interviewed the Leaders of the Opposition, the Chairs of Planning, Democratic Services and Licensing Committees and the Chief Executive. Following the Leaders attendance at committee the Standards Committee will reflect their views in the Annual Report.
- Members and officers are required to register their personal interests, gifts and hospitality with regular reminders sent out by the Head of Democratic Services.
- The Monitoring Officer has not had to issue any statutory Section 5 Local Government and Housing Act 1989 reports during 2018/19 as to breach of law.
- A number of amendments to the Constitution were adopted by Council including a new Call-In procedure enabling greater scrutiny of Cabinet decisions.

7. The S151 Officer

- Quarterly **Financial Monitoring Reports** were presented to Cabinet throughout 2018/19. The reports consistently identified a service revenue budget overspend at year end based on available information and stressed the need for expenditure to be contained within the budget set by Council. That service overspend has now been confirmed (at just under £3m) and a draw

from Specific Reserves of similar sum (as reported from as early as first quarter) will be necessary for 2018/19, a position that is clearly unsustainable and unrepeatable in future years, given the S151 Officer has already ruled reserves to be at the absolute minimum. On a more positive note the equally fully planned substantial underspending on capital financing (around £7m) facilitated, in part, by the in-year review, and approval by Council, of the Minimum Revenue Provision policy has enabled similar sum to be added to the capital equalisation reserve which is a prudent way of planning for and addressing some of, the future certain increased costs of financing the ambitious mid-term capital programme.

- **A Mid Term Budget Statement 2018/19** (verbal) and **Review of Reserves** (written) was presented to Council on 25/10/18 which provided a strategic and focussed assessment of the current year's financial performance and an update on strategic planning assumptions over the next 3 financial years. The conclusion of the Statement was that the Council would struggle to deliver within the overall resources identified to support the budget in 2019/20 and beyond. The likely projected outturn was dependent upon the willingness and ability of the Council to reduce and restrict ongoing expenditure across all areas.
- The Revenue and Capital Budgets were approved by Council on 28/02/19. They continued to set out an ambitious programme of approved capital spending plans and future contingent capital spending plans (partly financed by the Swansea Bay City Deal but predominantly by unsupported borrowing) which would require challenging budget savings to be delivered to help facilitate that major capital investment and economic regeneration stimulus.
- The **Medium Term Financial Plan 2020/21 – 2022/23** was approved by Council on 28/02/19. The Plan outlined the significant shortfall in funding faced by the Council over the period and the strategy to be adopted to address the shortfall as well as the inherent risks to the success of the adopted strategy.
- 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.
- All reports presented to Cabinet and Council during 2018/19 had been reviewed by Finance, Legal and Access to Services and included the appropriate paragraphs detailing the Financial, Legal and Equality and Engagement Implications of the report.
- The Council is the Administering Authority for the City and County of Swansea Pension Fund (the Pension Fund) and Swansea Bay Port Health Authority (SBPHA). The governance arrangements detailed in this Annual Governance Statement apply equally to the Council's responsibilities to the Pension Fund and SBPHA. There are further specific requirements for the Pension Fund which are:
 - Investment Strategy Statement
 - Internal Dispute Resolution Process
 - Funding Strategy Statement
 - Administration Strategy Statement
 - A full actuarial valuation to be carried out every third year

- Communications Strategy Statement

8. **The Internal Audit Manager**
(TO BE COMPLETED BY SIMON COCKINGS)
9. **The Audit Committee**
(TO BE COMPLETED BY COMMITTEE)

EXTERNAL SOURCES OF ASSURANCE

10. External Auditors

- The Wales Audit Office finalised their review of the 22 councils in Wales as to how fit for the future their scrutiny functions were. The “Overview and Scrutiny – Fit for the Future” report for Swansea issued in July 2018 summarised that *“the Council’s scrutiny function is well-placed to respond to future challenges, but could improve arrangements for pre-decision scrutiny and strengthen its evaluation of the impact of scrutiny activity.”*
- The Wales Audit Office Annual Improvement Report 2017/18 was issued in September 2018 and based on the Wales Audit Office work carried out; the Auditor General believed that the Council was likely to comply with the requirements of the Local Government Measure 2009 during 2018/19.
- The Wales Audit Office Use of Local Government Data was issued on 4 January 2019 with a number of recommendations including further training. The Council’s Data Protection Officer is working on the recommendations including an action plan around improvements.
- The Appointed Auditor’s **Annual Audit Letter 2017/18** was issued on 29 November 2018 and presented to the Audit Committee on 11 December 2018. The letter stated that the Council had made good progress in bringing forward the production of the financial statements. The letter also stated that *‘The Auditor General for Wales is satisfied that the Authority has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources but the Council continues to face significant financial challenges’*. The letter further adds that *“To achieve a balanced budget for 2019/20 the Council must continue to risk assess its efficiency savings plans and implement robust arrangements to secure their delivery”*. No significant issues were identified on work carried out on certification of grant claims and returns that would impact on the 2017/18 accounts or key financial systems.
- The Wales Audit Office on behalf of the Auditor General for Wales presented the **Audit of Financial Statements Report 2017/18** to Audit Committee on 11/9/18 and to Council on 20/09/18. 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 issues an unqualified audit report on the financial statements and the report concluded that the financial statements for both the City & County of Swansea and the City and County of Swansea Pension Fund gave a true and fair view of the financial position of the Council and had been properly prepared.

11. STATUTORY EXTERNAL INSPECTIONS/REGULATORS

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

CIW inspected a number of services during 2018/19 including regional arrangements. They inspected services for children living in Swansea and published their report in October 2018. CIW found good quality practice with positive outcomes and identified areas for development and action to be monitored through ongoing performance review.

In October 2018 CIW also published a report into Foster Swansea Service which identified a well managed service with quality assurance mechanisms in place. A number of recommendations for improvement were also made.

A Joint inspection took place of Youth Offending Services in Western Bay with a report published in March 2019 with a number of recommendations.

The **Estyn** profile of school inspections for 2018-2019 is very positive in all sectors. The secondary profile is one of the best in Wales. Between the summer term 2018 and spring term 2019 11 schools were inspected by Estyn in Swansea. 10 schools were judged to be good or excellent in all the five areas that are inspected under the current framework. One school was judged adequate in the area of leadership and management but good in all other areas and is under Estyn review as a result. All inspection results and recommendations as well as other intelligence is discussed in monthly PFM meetings and appropriate support and challenge through the advisory team is identified as a result.

In February 2019 the Swansea Pupil Referral Unit (PRU) was inspected by Estyn who noted that the PRU provides a nurturing and supportive learning environment, which meets the wide range of pupil needs well. Standards, well-being, teaching and learning, care and support and leadership were all judged as good.

Estyn made two recommendations. Firstly to ensure that teachers make effective use of assessment outcomes to plan suitable next steps in their

pupils' learning and to inform their individual education plans. Secondly to improve the provision to develop pupils' Welsh language skills across the curriculum, particularly for those transferring from Welsh medium schools. The PRU will continue to be accountable to the Management Committee and EOTAS Steering Group to ensure the vision for improved services for learners educated otherwise than at school is implemented and outcomes are improved further.

Overall the picture for Swansea compared to other authorities is very positive and against the trend of inspection results across Wales.

CORE EVIDENCE

12. Council & Cabinet

The following provide assurance based on reports covering 2018/19. In some instances reports from 2017/18 are reflected in the Annual Governance Statement as the reports for 2018/19 are not yet available

- Council adopted a revised Corporate Plan 2018/22 *Delivering a Successful and Sustainable Swansea* on 25 October 2018. The annual review of the Well-being Objectives resulted in the addition of a sixth Objective – *Maintaining and enhancing Swansea's Natural Resources and Biodiversity* which aligns with the Public Service Boards' Well-being Objective "Working with Nature". The Corporate Plan sets out the Council's values and principles underpinning the delivery of the objectives and sets out how the Council will monitor progress through quarterly and annual performance monitoring reports.
- Performance on delivery of the Council's Well-being Objectives is monitored quarterly by Cabinet. Quarterly Reports 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 2017/18 was presented to Cabinet in July 2018.
- The Annual Review of Performance 2017/18 was approved by Cabinet on 18/10/18 in accordance with the publishing requirements of the Local Government (Wales) Measure 2009. The report showed the results of each performance measure for the 5 Key Priorities ('Improvement Objectives') set out in the Corporate Plan 2017/22. The results showed that overall the Council has made significant progress undertaking the steps to meet its Well-being Objectives but that there were areas for development and lessons learnt.
- The Corporate Complaints Policy is in line with the Welsh Government Model Complaints Policy and was in place throughout 2018/19. It enables the public to tell the Council what they think about services. The Corporate Complaints Annual Report 2017/18 was presented to Cabinet on 17/1/2019. The report

reflects the greater emphasis on prompt resolution of complaints and includes compliments about services. Whilst the total of complaints to the Public Service Ombudsman for Wales increased from 54 to 62 only 1 was upheld, 10 were resolved by quick fix/voluntary settlement, 1 was not upheld and the remaining referrals were either out of jurisdiction, premature or closed after initial consideration. There was an assurance that there were no s 16 Public Interest reports during the year.

- The Audit Committee Annual Report 2017/18 was presented to Council on 25/10/18 and outlined the assurance the Committee had gained over control, risk management and governance from various sources over the course of 2017/18. In particular, the report focused on the Performance Review facilitated by the Wales Audit Office and the key findings forming part of an ongoing Action Plan.
- The Equality Review Report 2017/18 was reported to Cabinet on 20 September 2018, which highlighted progress against the Equality Objectives. The report highlighted work linked to the core principles i.e. co-production, engagement and embedding of children's rights.
- The Welsh Language Annual Report 2017/18 went to Cabinet on 21 June 2018 and reflected progress and compliance on the 169 Welsh Language Standards with which the Council has to comply. The report contained an overview of activity and how the Council internally promotes the Welsh Language Standards with tools and information.
- There were a number of key reports presented to Cabinet/Council during 2018/19 including The Local Development Plan, which was approved by Council on 28 February 2019, and the Homelessness Strategy and Action Plan 2018-22 approved by Cabinet on 15 November 2018.

13. Committees

- 1.1 The **Scrutiny Programme Committee and Panels** met throughout 2018/19 and were supported by the Scrutiny Support Team. The **Scrutiny Annual Report 2017/18** was presented to Council on 25/10/18. The report highlighted the work carried out by Scrutiny, showed how Scrutiny had made a difference and supported continuous improvement for the Scrutiny function. The Scrutiny Programme Committee met on 16 occasions. In total, there were 91 panel and working group meetings during the year with 2 Inquiries relating to Equalities and the Natural Environment. Two Inquiry Panels reconvened to follow up actions agreed by Cabinet – CAMHS and Tackling Poverty. There was also pre decision scrutiny undertaken on a number of Cabinet reports and a high level of councillor commitment. The Council Constitution was also amended to provide for Call-in of Cabinet decisions by Scrutiny. The Call-In procedure was used on one occasion.

- There are well established links between the scrutiny function and Estyn, in respect of Education Services and School Improvement, and similarly with CIW (Care Inspectorate Wales), in respect of Audit Services and Child & Family Services. Scrutiny Performance Panels are routinely provided with relevant reports from Estyn and CIW, and are discussed as required. In November 2018 the Scrutiny Programme Committee agreed that Wales Audit Office reports should go to scrutiny and support the developing relationship. All Wales Audit Office local performance audit reports and relevant national Wales Audit Office reports (those with implications for local government) are included in the Scrutiny Work Programme and there is co-ordination with the Audit Committee. Regional scrutiny continues with ERW and City Deal.
- The **Standards Committee** met on 3 occasions during 2018/19 and the **Standards Committee Annual Report 2017/18** was presented to Council on 20/9/18. The Committee is chaired by an independent person and is responsible for monitoring the ethical standards of the authority and maintaining the highest standards of conduct by elected councillors. The Committee commenced discussions with the Political Group Leaders as to ethical values within the council and this work is largely finalised and hopefully will form part of the Annual Report for 2018/19. The Standards Committee were also instrumental in ensuring the Ombudsman's Code of Conduct Casebook was considered and circulated to all members by the Monitoring Officer. There were only 6 cases of alleged breach of the code of conduct referred to the Ombudsman with 5 not investigated and one where no evidence was found of failure to comply. The Members Internal Dispute Resolution Process has not yet been utilised, underpins the strong commitment to, and provides assurance that the Council's Code of Conduct is adhered to.
- The **Audit Committee** met on 10 occasions during 2018/19 and followed a structured work-plan, which covered all areas of the Committee's responsibilities with the aim of obtaining assurance over the areas included in its terms of reference. The Committee includes a lay member who is also the Chair of the Committee. The Committee receive all Wales Audit Office reports once reported to Scrutiny Programme Committee. The Committee may decide to track or prioritise specific proposals or recommendations in addition to the oversight provided by Scrutiny. This arrangement provides additional assurance that the Council responds and puts in place action plans to address any recommendations. The Committee also receives quarterly updates on the overall status of risk within the Council to give assurance that the risk management process is being followed. The Committee have chosen to track 3 corporate risks – Financial Control & Sustainable Swansea, City Centre and Decision to leave the EU monthly.
- During 2015/16 the governance structure for the Pension Fund was amended to include the Local Pension Board, in compliance with the Public Service Pensions Act 2013. The role of the Board is to assist the Council as Scheme Manager and Administering Authority to secure compliance with LGPS regulations and other legislation relating to the scheme. Terms of Reference for

the Board were established and appropriate Board members were appointed. The Board convened meetings on 6 occasions during 2018/19.

- The **Pension Fund Committee** met on 6 occasions during 2018/19 and dealt with all issues relating to the governance of the Pension Fund. The Chair of the Pension Fund Committee also represents the Council on the Joint Governance Committee of the Wales Pension Partnership, a collaborative working arrangement between the 8 local government pension funds in Wales.

The **Democratic Services Committee** met on 3 occasions and considered the Social Media Guide for Councillors, the Councillors' Handbook and Personal Safety.

Significant Governance Issues

The following table shows the significant governance issues which were identified during the review of effectiveness undertaken when preparing the Annual Governance Statement **2017/18** and the action taken during the year to address the issues.

Issue	Action Taken
<p>1. Budgetary pressures within the Council.</p> <p>The Council is facing unprecedented financial pressures and budget savings have to be made by departments in a timely manner.</p>	<ul style="list-style-type: none"> • The budget position is tracked on a monthly basis at P&FM, CMT and FSTG to monitor progress and highlight risk. • The sustainable development principals within Sustainable Swansea – Fit for the Future is embedded in to the budget setting process • The introduction of the reshaping board to further challenge for non delivery of savings • Linked to corporate risk CR80.
<p>2. Sustainable savings – there needs to be full consideration and robust business case underpinning savings proposals particularly relating to staff cuts. With wellbeing of future generations in mind sustainability of</p>	<ul style="list-style-type: none"> • CMT/Cabinet consider savings proposals in the context of equality impact assessments and well-being of future generations assessments so that any service delivery implications are assessed and monitored

<p>service, delivery together with mitigation of risks should be part of any proposals.</p>	<ul style="list-style-type: none"> Any risk associated with any saving proposal would be highlighted on the risk register as appropriate.
<p>3. Regional working– with collaboration/merger on national agenda going forward it is essential that not only are governance issues around regional working appropriate and transparent but also that regional working benefits CCS.</p>	<ul style="list-style-type: none"> Governance arrangements around regional and collaborative working are considered with advice from the legal/finance departments and associated governance documentation being drafted. An Annual report on Regional Working will be presented to Cabinet and will include reference to the benefits to CCS. This will include City Deal, Western Bay and ERW and any new regional collaborations.
<p>4. Workforce capacity and performance- Directorates have seen a reduction in staff resources and it is essential that workforce performance is monitored through an effective system of appraisal which supports and upskills existing officers.</p>	<ul style="list-style-type: none"> This is achieved by ongoing staff development through workforce planning and an appraisal system to ensure staff are performing and are being supported in their role Where appraisals are not undertaken there are regular 1-2-1's and support to staff
<p>5. Delivery of Leisure Partnership Report to be done on an annual basis. This should include reference to activity with other entities within the group structure as part of the review of effectiveness of the system of internal control.</p>	<p>A combined Annual Leisure Partnership Report for 2015/16 and 2016/17 was reported to Council in July 2018.</p>
<p>6. Major projects – significant officer time will continue to need to be dedicated to major projects to ensure transparency around decision making and good governance.</p>	<p>There was revised programme management around Sustainable Swansea, City Deal, City Centre Regeneration, 21st Century Schools and other significant projects with reporting to CMT by exception including the following project boards:</p>

Annual Governance Statement 2018/19

	<ul style="list-style-type: none"> - Regeneration Programme Board - Housing Futures Programme Board - Property Investment Board - 21st Century Schools Project Board
--	---

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 **2019/20** to address the issues.

Significant Governance Issue linked to Framework	Action to be taken
<p>Maintaining sufficient financial discipline (revenue service spending) to deliver Corporate Objectives and Sustainable Swansea (red risk on Corporate Register)</p> <p>The Council will continue to face unprecedented financial challenge. It is essential that approved service savings are made in a timely way with full risks and impact being understood.</p>	<ul style="list-style-type: none"> • Launch of Reshaping Board to monitor and challenge failure to deliver savings/overspending by Heads of Service • Robust challenge by CMT/Corporate Directors through P&FM • Development of an integrated impact assessment approach to inform budget decisions and longer term sustainability of service provision.
<p>Engagement and communication</p> <p>The views of the public, service users, staff and external partners must be taken into account in decisions impacting upon them. It is essential that there are sufficient structures in place to encourage and enable public participation.</p>	<ul style="list-style-type: none"> • Ensure that there is adequate resources to enable participation • A renewed Engagement and Consultation Strategy • Develop a Co-Production Strategy • An integrated Impact Assessment process embedded in decision making around budget savings (to include Equality implications and Well-being of Future Generations considerations)
<p>Performance Reviews</p> <p>Whilst there is a strong performance management system with regular supervision/training of staff evidenced across the authority there is evidence of inconsistency associated with the IT appraisal use.</p>	<ul style="list-style-type: none"> • Review the corporate appraisal system to ensure it is fit for purpose

<p>Project Governance</p> <p>It remains the position that significant officer time will need to be dedicated to major projects with which the Council is involved. Consideration will need to be given to adequately resourcing project teams to ensure strong and transparent governance arrangements are in place.</p>	<ul style="list-style-type: none"> • All project leads should consider in advance the requirement for legal/finance/other input and ensure sufficient resources are made available for such assistance • Organisational capacity must be considered in preparation of business cases for project delivery • Significant project risks to be reported to CMT
<p>Decision to Leave the European Union</p> <p>Any consequences of leaving the European Union will have to be planned, monitored and managed.</p>	<ul style="list-style-type: none"> • Formation of Brexit Steering Group • Testing/Review of Business Continuity Plans • Communication with partners/ stakeholders
<p>Partnership/Collaboration/Regional Working Governance</p> <p>As there is increased drive for partnership/regional working the council will need to focus on ensuring the appropriate governance arrangements and benefit to Swansea residents.</p>	<ul style="list-style-type: none"> • Ensuring adequate governance arrangements are in place • Reports to CMT/Cabinet/Council where appropriate reflecting on governance and benefit • Ensuring adequate scrutiny and audit arrangements are in place • Robust business case consideration

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed Chief Executive

Date

Signed..... Leader

Date

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

Direct Labour Organisation or Direct Service Organisation (DLO or DSO)

This is our own organisation. It consists of workers we directly employ (including supervisory staff), accommodation, equipment and so on, used to carry out specified tasks for us.

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 1st April and finishes on 31st 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.

National Non-Domestic Rates (NNDR)

The NNDR, or Business Rate, is the charge occupiers of business premises pay to finance part of local authority spending. The NNDR 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.

Agenda Item 5a

Archwilydd Cyffredinol Cymru
Auditor General for Wales

24 Heol y Gadeirlan / Cathedral Road
Caerdydd / Cardiff CF11 9LJ
Ffôn / Tel: 029 20 320500
Ebst / Email: info@wao.gov.uk
www.wao.gov.uk

Mr Ben Smith
Chief Finance Officer
City and County of Swansea Council
Civic Centre
Oystermouth Road
Swansea
SA1 3SN

Reference	CCS
Date	9 th April 2019
Pages	1 of 7

Dear Ben

City and County of Swansea Council 2018-19

Audit enquiries to those charged with governance and management

As you will be aware I am required to conduct my financial audit in accordance with the requirements set out in International Standards on Auditing (ISAs). As part of the requirements of the ISAs I am writing to you to formally seek your documented consideration and understanding on a number of governance areas that impact on my audit of your financial statements. These considerations are relevant to both the Council's management and 'those charged with governance'

I have set out below the areas of governance on which I am seeking your views.

1. Management processes in relation to:

- undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud;
- identifying and responding to risks of fraud in the organisation;
- communication to employees of views on business practice and ethical behaviour; and
- communication to those charged with governance the processes for identifying and responding to fraud.

2. Management's awareness of any actual or alleged instances of fraud.
3. How management gain assurance that all relevant laws and regulations have been complied with.
4. Whether there is any potential litigation or claims that would affect the financial statements.
5. Management processes to identify, authorise, approve, account for and disclose related party transactions and relationships.

The information you provide will inform our understanding of the Council and its business processes and support our work in providing an audit opinion on your 2018-19 financial statements.

I have attached the responses you provided for 2017-18 and would be grateful if you could update these to reflect your current arrangements. Could you please provide this information on behalf of both management and those charged with governance by 28th June 2019. In the meantime, if you have queries, please contact me on 07792 015416

Yours sincerely

Jason Garcia
Audit Manager

Appendix A

International Standard for Auditing (UK and Ireland) 240 – The auditor’s responsibilities relating to fraud in an audit of financial statements

Background

Under the ISA, the primary responsibility for preventing and detecting fraud rests with both management and ‘those charged with governance’, which for the Council is the Full Council. This includes fraud that could impact on the accuracy of the annual accounts. The ISA requires us, as external auditors, to obtain an understanding of how the Council exercises oversight of management’s processes for identifying and responding to the risks of fraud and the internal controls established to mitigate them.

What is ‘fraud’ in the context of the ISA? The ISA views fraud as either:

- the intentional misappropriation of the Council’s assets (cash, property, etc); or
- the intentional manipulation or misstatement of the financial statements.

What are we required to do?

We have to obtain evidence of how management and those charged with governance are discharging their responsibilities if we are to properly discharge our responsibilities under ISA240. We are therefore making requests from both management and the Council:

Enquiries of management	
Question	2018-19 Response
1) What is management’s assessment of the risk that the financial statements may be materially misstated due to fraud and what are the principle reasons?	Remains assessed as Low/Minimal risk but constantly vigilant to the risk of misstatement. Same core staff worked on financial statements this year as last. But with sufficient segregation of duties in each role. Internal audit reviews in year. Personal review by S151 officer.

<p>2) How can management assure the Council that it has not been inappropriately influenced by external pressures?</p>	<p>Independence of Monitoring Officer and S151 officer.</p> <p>Both have right of reporting direct to Cabinet/Council.</p> <p>Both have professional right of reporting to CX (since strengthened in March 2017 management restructure).</p> <p>Statutory Chief Officers are full members of CMT.</p>
<p>3) Are management aware of any organisational pressure to meet revenue and capital budgets or other financial constraints?</p>	<p>Yes – the entire public sector in Wales is subject to significant constraint in terms of likely future real terms resource availability. The Council has published a three year medium term financial plan looking for savings in the region of £60m.</p> <p>This is considered a statement of projected fact/expectation.</p> <p>There is no pressure to achieve a certain outcome beyond that which would be reasonably expected , that is, appropriate management and Executive action to contain spending to within a balanced budget position.</p>
<p>4) What processes are employed to identify and respond to the risks of fraud more generally and specific risks of misstatement in the financial statements?</p>	<p>Online reporting tool for staff to report suspected fraud cases directly to the Fraud Team inbox.</p> <p>Dedicated fraud reporting phone number published online (internal and external referrals).</p> <p>Participate in NFI data matching exercises.</p> <p>Management review of all accounting statements.</p> <p>Internal audit function.</p> <p>Review by Audit Committee.</p> <p>Consistency/experience of staff working on financial statements both in terms of central consolidation but also individually as professionals so sufficient segregation of duties and professional</p>

	oversight/check. Personal review by S151 officer.
5) How has management communicated expectations of ethical governance and standards of conduct and behaviour to all relevant parties, and when?	Published and well publicised on the intranet, separate but complementary Staff and Member Codes of Conduct. In addition, Public Sector Internal Audit Standards require audit team to declare adherence to a code of ethics. The team have all signed and returned these.
6) What arrangements are in place to report about fraud to those charged with governance?	Disciplinary/fraud cases highlighted and reported both via PFM process and through to CMT monthly as part of HR dashboard reporting. Established Audit Committee. Annual fraud report goes to Audit Committee plus annual fraud plan. Right of Chief Internal Auditor and/or S151 to report to Audit Committee. Right of Chief Internal Auditor and S151 officer to report directly to CX on any material concern. Material individual concerns communicated by S151 to relevant member of CMT.
Enquiries of those charged with governance	
Question	2018-19 Response
1) How do those charged with governance, exercise oversight of management's processes for identifying and responding to the risks of fraud within the Council and	Provision of a well-resourced Internal Audit section. Experienced Fraud Team (as part of the core Audit Function).

<p>the internal control that management has established to mitigate those risks?</p>	<p>Audit Committee.as well as responding to audit reviews is taking an increasingly active role in looking at wider risk management/risk register. Three specific areas of focus for the committee on top of normal assurance - risk management, financial control and Brexit.</p> <p>Independent Audit Committee Chair, who is also a practising senior auditor in own right elsewhere in the public sector, bringing a depth of professional experience.</p>
<p>2) Have those charged with governance knowledge of any actual, suspected or alleged fraud since 1 April 2018?</p>	<p>No material items - ongoing fraud investigation of a range of cases is “normal business” and shared with internal/external audit as necessary.</p>
<p>3) Have those charged with governance any suspicion that fraud may be occurring within the organisation?</p>	<p>No material cases – again “normal business” is such that there are risks in an organisation of this scale and there is a resourced corporate fraud team under the Chief Internal Auditor to review and report on individual cases.</p>
<p>4) Are those charged with governance satisfied that internal controls, including segregation of duties, exist and work effectively? If ‘yes’, please provide details. If ‘no’ what are the risk areas?</p>	<p>Yes. Financial Procedure Rules.</p> <p>Oracle Workflow rules requiring separate sign off of transactions above threshold levels.</p> <p>Internal audit specifically review segregation of duties as part of all audits undertaken.</p>
<p>5) How do you encourage staff to report their concerns about fraud and what concerns about fraud are staff expected to report?</p>	<p>Published Anti-Fraud and Corruption policy.</p> <p>Published Disciplinary Policy</p> <p>Published Whistleblowing Policy</p> <p>Fraud/Whistleblowing telephone hotline – intranet coverage/news stories/online reporting forms available.</p>
<p>6) From a fraud and corruption perspective, what are considered by those charged</p>	<p>Chief Officer and Head of Service Posts</p>

with governance to be high risk posts within the organisation and how are the risks relating to these posts identified, assessed and managed?	<p>A range of other senior posts</p> <p>Finance posts above Grade 10</p> <p>Full DBS checks on high risk posts</p>
7) Are those charged with governance aware of any related party relationships or transactions that could give rise to instances of fraud and how does they mitigate the risks associated with fraud related to related party relationships and transactions?	No
8) Are those charged with governance aware of any entries made in the accounting records of the organisation that it believes or suspects are false or intentionally misleading?.	No
9) Are those charged with governance aware of any organisational, or management pressure to meet revenue and capital budgets or other financial constraints?	<p>Yes</p> <p>There remains significant risk of failure to deliver all planned savings and there was an overspend at outturn at service level of around £3m, albeit this was already significantly reduced by one off steps taken by the S151 officer and Directors in year, thus reducing the final draw from Specific Reserves and general contingencies.</p> <p>Conversely the capital programme and capital financing underspent somewhat significantly, however entirely as planned and reported in-year, aided by the in-year review of the MRP policy, and in line with</p>

Council agreed policy, that underspending has been transferred to the capital equalisation reserve having due regard to the impact on future budgets and future generations of the ambitious regeneration (and wider) capital programme.

The revenue position is not sustainable in the longer term. Risks have not been fully ameliorated for 18-19 and this is especially important given the s151 officer, in advising on the budget, declared reserves to already be at the absolute minimum he could deem adequate.

All options continue to be explored to assure re removing over spending but future formal enforcement action is a real possibility.

The entire public sector in Wales is subject to significant constraint in terms of likely future real terms resource availability. The Council has published a three year medium term financial plan looking for savings in the region of £60m.

This is considered a statement of projected fact/expectation.

There is no pressure to achieve a certain outcome beyond that which would be reasonably expected, that is, appropriate management and Executive action to contain spending to within a balanced budget position.

International Standard for Auditing (UK and Ireland) 250 – Consideration of laws and regulations in an audit of financial statements

Background

Under the ISA, in the UK and Ireland, the primary responsibility for ensuring that the entity's operations are conducted in accordance with laws and regulations and the responsibility for the prevention and detection of non compliance rests with management and 'those charged with governance', which is the Full Council. The ISA requires us, as external auditors, to obtain an understanding of how the Council gains assurance that all relevant laws and regulations have been complied with.

What are we required to do?

We have to obtain evidence of how management and those charged with governance are discharging their responsibilities, if we are to properly discharge our responsibilities under ISA 250. We are therefore making requests from both management and the Council:

Enquiries of management	
Question	2018-19 Response
1) How have you gained assurance that all relevant laws and regulations have been complied with?	<p>Constitution specifies officer delegation and proper officer arrangements for procurement, contracting, entering into legal agreements etc. Legal and finance sign off required in each case.</p> <p>All Heads of Service required to complete governance assurance declarations which are reviewed by the Monitoring Officer and others including the S151 Officer and Chief Internal Auditor to assist in forming an overall view as to compliance.</p> <p>A small number of issues have arisen and are flagged in that governance assurance and reporting which indicate some areas of potential non-compliance which will be addressed going forward but are not considered unduly material for the size and complexity of the Council.</p> <p>In addition we have reviewed our obligations under IRFS 9 (financial instruments) and 15 (revenue form contracts) and concluded the former to not be material and shared our approach and working son the latter early with you as our external auditors.</p>

<p>2) Are there any potential litigations or claims that would affect the financial statements?</p>	<p>Potentially yes - given the size of the authority there are always outstanding potential litigations and obligations, both general and very specific in nature.</p> <p>Items of material nature are as fully disclosed in the statement of accounts as is possible under contingent liabilities and provisions having due regard to confidentiality, commercial terms and data protection laws.</p>
---	--

Enquiries of those charged with governance

<p>Question</p>	<p>2018-19 Response</p>
<p>1) Have those charged with governance, exercise oversight of management's processes to ensure that all relevant laws and regulations have been complied with?</p>	<p>All formal reports to Cabinet/Council require legal, access to services and finance sign off.</p> <p>Issues arising under GDPR and data breaches are proving more challenging given the amount of we handle but all officers are aware of processes to follow where there have been breaches and appropriate referrals to our SIRO, data breach panel and ultimately to the Information Commissioner.</p>
<p>2) Are those charged with governance aware of any non-compliance with relevant laws and regulations?</p>	<p>See section 1 above re management.</p>
<p>3) If there have been instances of non-compliance what are they, and what oversight have those charged with governance had to ensure that action taken by management to address and gaps in control?</p>	<p>See section 1 above re management.</p>

International Standard for Auditing (UK and Ireland) 550 – Related parties

Background

The nature of related party relationships and transactions may, in some circumstances, give rise to higher risks of material misstatement of the financial statements than transactions with unrelated parties. For example:

- Related parties may operate through an extensive and complex range of relationships and structures, with a corresponding increase in the complexity of related party transactions.
- Information systems may be ineffective at identifying or summarising transactions and outstanding balances between an entity and its related parties.
- Related party transactions may not be conducted under normal market terms and conditions; for example, some related party transactions may be conducted with no exchange of consideration.

As related parties are not independent of each other, many financial reporting frameworks establish specific accounting and disclosure requirements for related party relationships, transactions and balances to enable users of the financial statements to understand their nature and actual or potential effects on the financial statements. An understanding of the entity's related party relationships and transactions is relevant to the auditor's evaluation of whether one or more fraud risk factors are present as required by ISA (UK and Ireland) 240, because fraud may be more easily committed through related parties.

Page 189

What are we required to do?

Where the applicable financial reporting framework establishes requirements for related parties, the auditor has a responsibility to perform audit procedures to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose related party relationships, transactions or balances in accordance with the requirements of the framework. We are therefore making requests from both management and the Council:

Enquiries of management	
Question	2018-19 Response
1) What controls are in place to identify, authorise, approve, account for and disclose	As part of our closure processes we test and review transactions with third parties. Where there appear to be related parties these are escalated through management and decision made by the S151 officer as to materiality/relevance for disclosure in the statement of accounts.

related party transactions and relationships?	
<p>2) Confirm that you have:</p> <ul style="list-style-type: none"> • disclosed to the auditor the identity of the entity's related parties and all the related party relationships and transactions of which you are aware; and • appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the framework. 	<p>Yes</p> <p>Yes</p>
Enquiries of those charged with governance	
Question	2018-19 Response
<p>1) How do those charged with governance exercise oversight of management's processes to identify, authorise, approve, account for and disclose related party transactions and relationships?</p>	<p>This is delegated to the S151 officer through control processes.</p> <p>Necessary and appropriate disclosures are made in the statement of accounts which is reviewed by Audit Committee and approved by Council.</p>



Audit of Financial Statements Report – City and County of Swansea

Audit year: 2018-19

Date issued: August 2019

Document reference: 1427A2019-20

Purpose of this document

This document is a draft supplied in confidence solely for the purpose of verifying the accuracy and completeness of the information contained in it and to obtain views on the conclusions reached.

Handling prior to publication

This document and the copyright comprised therein is and remains the property of the Auditor General for Wales. It contains information which has been obtained by the Auditor General and the Wales Audit Office under statutory functions solely to discharge statutory functions and has been prepared as the basis for an official document that may be issued or published in due course. It may also contain information the unauthorised disclosure of which may be an offence under section 54 of the Public Audit (Wales) Act 2004. Except as expressly permitted by law, neither the document nor any of its content may be reproduced, stored in a retrieval system and/or transmitted in any form or by any means, or disclosed to any person other than the original recipient without the prior written permission of the Wales Audit Office. It must be safeguarded at all times to prevent publication or other improper use of its content. Unauthorised use or disclosure may result in legal proceedings. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@audit.wales.

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at

infoofficer@audit.wales.

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.

The team who delivered the work comprised Anthony Veale, Jason Garcia, David Williams and the City and County of Swansea audit team.

Contents

The Auditor General intends to issue an unqualified audit report on your financial statements. There are some issues to report to you prior to their approval.

Summary report

Introduction	4
Status of the audit	4
Proposed audit report	5
Significant issues arising from the audit	5
Recommendations arising from our 2018-19 financial audit work	7
Independence and objectivity	7

Appendices

Appendix 1 – Final Letter of Representation	8
Appendix 2 – proposed audit report of the Auditor General to the City and County of Swansea	11
Appendix 3 – summary of corrections made to the draft financial statements which should be drawn to the attention of the City and County of Swansea	15
Appendix 4 – recommendations arising from our 2018-19 financial audit work	16

Summary report

Introduction

- 1 The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of the City and County of Swansea (the Council) and the City and County of Swansea Group (the Group) at 31 March 2019 and its income and expenditure for the year then ended.
- 2 We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
- 3 The quantitative levels at which we judge such misstatements to be material for the City and County of Swansea is £8.6 million. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity. We have defined both senior officer remuneration and related party disclosures as material by nature and have applied lower levels of materiality to these disclosures.
- 4 International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
- 5 This report sets out for consideration the matters arising from the audit of the financial statements of City and County of Swansea (including its Group), for 2018-19, that require reporting under ISA 260.
- 6 A separate report will be issued in respect of the City and County of Swansea Pension Fund which will be presented to the Pension Fund Committee meeting on 12 September 2019.

Status of the audit

- 7 We received the draft financial statements for the year ended 31 March 2019 on 20 May 2019, 14 days prior to the agreed deadline of 3 June 2019. Although we have completed the majority of our audit work at the time of drafting this report, we have yet to complete:
 - our final review of the revised 2018-19 financial statements; and
 - some outstanding queries on our work on financial instruments.
- 8 We would also like to draw to the attention of the Audit Committee that an elector is in the process of corresponding with us. This could result in us receiving questions on the 2018-19 financial statements or an objection to an item of account. We will provide a verbal update on this correspondence and the items reported in paragraph 7 above, to the Audit Committee at its meeting on 13 August 2019.

- 9 We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with the Chief Finance Officer.

Proposed audit report

- 10 It is the Auditor General's intention to issue an unqualified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).
- 11 The proposed audit report is set out in [Appendix 2](#).

Significant issues arising from the audit

Uncorrected misstatements

- 12 There are no misstatements identified in the financial statements, which remain uncorrected.

Corrected misstatements

- 13 There are misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendix 3](#).

Other significant issues arising from the audit

- 14 In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were no issues arising in these areas this year:

- **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.**

As was the case last year, we found the financial statements were compiled to a good standard. We found the information provided to be relevant, reliable, comparable, material and easy to understand. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear.

For 2018-19, the statutory deadline for producing the financial statements was 15 June 2019. By 2020-21 this deadline will be revised to 31 May. In completing the 2018-19 draft financial statements by 20 May 2019, the Council is already delivering their accounts well ahead of the future deadline. We are aware of the significant challenges delivering to earlier deadlines places on Council staff. As noted above, the delivery to these earlier

deadlines has been achieved without any impact on the quality of the draft statements or the supporting documentation we have been provided. As such Council officers should be commended for this excellent achievement.

- **We did not encounter any significant difficulties during the audit.**

We generally received information in a timely and helpful manner and were not restricted in our work.

- **There was one significant matter discussed and corresponded upon with management which we need to report to you.**

Additional pension liability

In December 2018, the Court of Appeal ruled against the Government, holding the changes made to pension schemes discriminated against a group of public officers on the grounds of age. The changes surrounded a move from a final salary to a career average basis. On 27 June 2019, the Supreme Court denied the Government's application for leave to appeal the decision. This series of events is referred to as the McCloud judgement.

This judgement impacts on many public sector pension schemes and all of these schemes have had to consider the impact of this judgement on their 2018-19 financial statement disclosures. Where the impact has been considered to be material in value, amendments to the financial statements have been made.

The cost of providing a remedy to affected employees is likely to be significant. We have concluded that the McCloud judgement gives rise to a past service cost and liability within the scope of accounting for pensions within local authorities which should be accounted for as an increased liability where a reasonable estimate can be made.

The Council's actuary assessed the financial impact of this legal judgement as £26 million. The impact on the financial statements is an increase in gross expenditure in the Comprehensive Income and Expenditure Statement and an increase in long-term liabilities in the Balance Sheet. It also impacted on a number of other notes in the financial statements but had no impact on usable reserves. The actuary also provided a further assessment of the impact on the pension liability in respect of the Guaranteed Minimum Pension. This assessment further increased the pension liability by £6 million. The Council has made an adjustment of £32 million which is referenced within [Appendix 3](#) of this report.

- **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
- **We did not identify any material weaknesses in your internal controls, but we have identified some areas for improvement.**

During 2018-19 the Council has continued to make progress in improving its arrangements for capital accounting. However, there are several areas where further work is required in 2019-20. We also identified some areas for

improvement in the preparation of the Annual Governance Statement and the annual completion of declaration of interest forms by senior officers.

Appendix 4 sets out our detailed findings and recommendations.

- **There are not any other matters specifically required by auditing standards to be communicated to those charged with governance.**

Recommendations arising from our 2018-19 financial audit work

- 15 The recommendations arising from our financial audit work are set out in Appendix 4. Management has responded to them and we will follow up progress on them during next year's audit. Where any actions are outstanding, we will continue to monitor progress and report it to you in next year's report.

Independence and objectivity

- 16 As part of the finalisation process, we are required to provide you with representations concerning our independence.
- 17 We have complied with ethical standards and in our professional judgment, we are independent, and our objectivity is not compromised. There are no relationships between the Wales Audit Office and City and County of Swansea that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

29 August 2019

Representations regarding the 2018-19 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of City and County of Swansea and City and County of Swansea Group for the year ended 31 March 2019 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom UK 2018-19; in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and

- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects the Council and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

All contingent liabilities have been identified and properly assessed. Contingent liabilities are considered to be not material to the financial statements.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Representations by the City and County of Swansea

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by Members of the City and County of Swansea on 29 August 2019.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Chief Finance Officer (S151 Officer)

Date: 29 August 2019

Signed by:

Chair of the Council – signed on behalf
of those charged with governance

Date: 29 August 2019

Appendix 2

Proposed audit report of the Auditor General to the City and County of Swansea

The independent auditor's report of the Auditor General for Wales to the members of City and County of Swansea

Report on the audit of the financial statements

Opinion

I have audited the financial statements of:

- City and County of Swansea; and
- City and County of Swansea Group

for the year ended 31 March 2019 under the Public Audit (Wales) Act 2004.

The City and County of Swansea's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Movement on the Housing Revenue Account Statement and the Housing Revenue Account Income and Expenditure Statement and the related notes, including a summary of significant accounting policies.

The City and County of Swansea's Group financial statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet and the Group Cash Flow Statement and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2018-19 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial position of City and County of Swansea and City and County of Swansea Group as at 31 March 2019 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2018-19.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Council's or group's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The responsible financial officer is responsible for the other information in the statement of accounts. The other information comprises the Narrative Report and Annual Governance statement included in the financial statements. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Report on other requirements

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018-19; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the council and the group and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of City and County of Swansea and City and County of Swansea Group in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for the preparation of the statement of accounts, including City and County of Swansea's Group financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the council's and group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Anthony J Barrett
For and on behalf of the Auditor General for Wales
30 August 2019

24 Cathedral Road
Cardiff
CF11 9LJ

Appendix 3

Summary of corrections made to the draft financial statements which should be drawn to the attention of the City and County of Swansea

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 1: summary of corrections made to the draft financial statements

Value of correction	Nature of correction
£32,310,000	<p>Pension Fund Liability - Various</p> <p>The pension liability figure was increased by £32,310,000 on the advice of the actuary to reflect the estimated impact of the McCloud judgement on pension fund age discrimination and the Guaranteed Minimum Pension adjustment. These adjustments increased gross expenditure in the Comprehensive Income and Expenditure Statement and increased long term liabilities in the Balance Sheet. It had no impact on usable reserves.</p>
£32,908,000	<p>Short Term Debtors - Note 18 – classification adjustment</p> <p>Other receivable amounts of £32,908,000 were incorrectly classified as prepayments. There was no overall impact on the net assets of the Council.</p>
£5,500,000	<p>Liquidity Risk – Note 38 – classification adjustment</p> <p>Loans outstanding between 2 and 5 years at 31 March 2018 were incorrectly classified. There was no overall impact on the net worth of the Council.</p>
Narrative disclosure in Annual Governance Statement	<p>There were some narrative adjustments made to the Annual Governance Statement included in the Council's financial statements.</p>
Various presentational amendments	<p>Various other minor presentational amendments were made to the draft financial statements.</p> <p>These included an amendment to pension disclosure of the Chief Education Officer in the remuneration report and enhanced disclosure of the change in MRP policy.</p> <p>There was no overall impact on the net expenditure or net assets of the Council.</p>

Appendix 4

Recommendations arising from our 2018-19 financial audit work

We set out all the recommendations arising from our audit with management's response to them. We will follow up these next year and include any outstanding issues in next year's audit report:

Exhibit 2: Matter arising 1

Matter arising 1 – Capital Accounting	
Findings	During 2018-19, the Council has continued to make progress in improving its arrangements for capital accounting. However, there are some areas where further work is required in 2019-20 including: <ul style="list-style-type: none">• the Council is unable to fully reconcile its Revaluation Reserve to the net historical cost of its assets.• the Council's asset registers are spreadsheet based which takes significant officer time to maintain. A more efficient approach to capital accounting would help to streamline the production of the Council's financial statements.
Recommendation	The Council needs to continue to improve its capital accounting arrangements in 2019-20 in the above areas.
Benefits of implementing the recommendation	Implementation of the recommendation would improve capital accounting arrangements.
Accepted in full by management	Yes
Management response	To be completed.
Implementation date	To be completed.

Exhibit 3: Matter arising 2

Matter arising 2 – Preparation of the Annual Governance Statement	
Findings	On receipt of the draft financial statements, the Annual Governance Statement was not fully completed. The Internal Audit and Audit Committee sections were blank. The Council has also been refining its processes for producing its annual governance statement over the last couple of years and improvements have been made. However, a further improvement would be to incorporate a member of the audit committee as an observer onto the governance group. This would give audit committee members an independent form of assurance as to the ongoing work being carried out during the year to produce the annual governance statement.
Recommendations	The Annual Governance Statement needs to be fully completed at the same time as the draft financial statements. A member of the audit committee should be invited to join the governance group as an observer.
Benefits of implementing the recommendation	Implementation of the recommendation would improve the reporting of governance arrangements and help to facilitate early closure.
Accepted in full by management	Yes
Management response	To be completed.
Implementation date	To be completed.

Exhibit 4: Matter arising 3

Matter arising 3 – Declaration of Interests	
Findings	We identified that senior officers are not required to complete a declaration of interest form on an annual basis. Officers are only required to update their declaration of interest form following a change in circumstances. Eleven officers had not initially submitted a form in 2018-19.
Recommendation	We recommend that Senior Officers are required to complete a declaration of interest form on an annual basis even if they have no disclosures to be made.
Benefits of implementing the recommendation	Implementation of the recommendation would improve internal controls and ensure that any conflicts of interest that should arise can be actively managed.
Accepted in full by management	Yes
Management response	To be completed.
Implementation date	To be completed.

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone.: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn testun: 029 2032 0660

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru

Agenda Item 6



Report of the Chief Transformation Officer

Audit Committee – 13 August 2019

Overview of the Overall Status of Risk - Quarter 1 2019/20

Purpose:	The report presents an overview of the status of risk in the Council during Quarter 1 2019/20 to provide assurance to the Committee on the operation of the risk management policy and framework within the Council.
Report Author:	Richard Rowlands
Finance Officer:	Paul Roach
Legal Officer:	Debbie Smith
Access to Services Officer:	Rhian Millar
For Information	

1. Background

- 1.1 Audit Committee requested on the 11th July 2017 an overview each quarter on the overall status of risk in the Council to give assurance that the risk management process is being followed.
- 1.2 This report at Appendix A covers the Quarter 1 2019/20 period and compares an overview of the position to Quarter 4 2018/19.

2. Corporate & Directorate Risk Registers

- 2.1 The Corporate & Directorate Risk Registers (dated 11/07/19) are attached at Appendix B and Appendix C respectively.

2. Equality and Engagement Implications

- 2.1 There are no direct equality and engagement implications from this report.

3. Legal Implications

3.1 There are no legal implications.

4. Financial Implications

4.1 There are no financial implications.

Background papers: *None.*

Appendices: Appendix A - Summary of the overall status of risk within the Council Quarter 1 2019/20.

Appendix B – Corporate Risk Register dated 11/07/19

Appendix C – Directorate Risk Register dated 11/07/19

Audit Committee

Summary of the overall status of risk within the Council – Quarter 1 2019/20

The following report summarises the overall status of risk within Swansea Council.

Overall Risk Status – Quarter 1 2019/20

The table below contrasts the overall risk status as at Quarter 4 2018/19 with Quarter 1 2019/20.

	Low Risk	Medium Risk	High Risk
Quarter 4 18/19	24	138	32
Quarter 1 19/20	20	129	29
+ - change	-4	-9	-3

Summary – changes to the Risk Registers

- **97.4%** of the risks that were in place as at Quarter 4 2018/19 were recorded as having been reviewed in Quarter 1 2019/20 (189 of 194 risks were recorded as being reviewed).
- This is an improvement over the position at Quarter 4 2018/19 where 85.6% of risks had been reviewed since Quarter 3 2018/19.



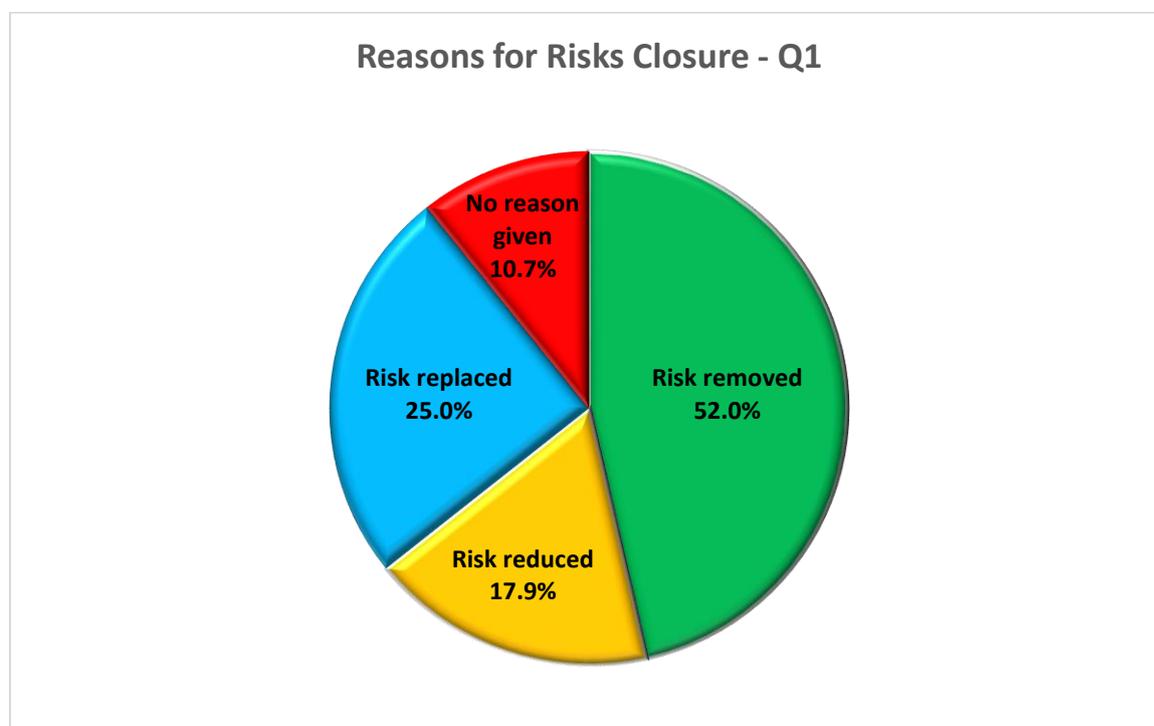
- **12** new risks were added to the registers.

Low Risk	Medium Risk	High Risk
0	8	4

- **28** risks were closed.

Low Risk	Medium Risk	High Risk
6	20	2

- **25** out of the **28** risks (**89.3%**) that were closed had reasons/comments for doing so recorded, compared to **18%** in Quarter 4 2018/19. Reasons for closure displayed in the chart below:



- **3** risks were escalated in Q1 whereas no risk was escalated in Quarter 4 2018/19.
- The overall RAG status of **12** risks were changed.
- Of these **10** showed a reduction in risk level and **2** showed an increase.

Other observations

- Controls and actions are in place for all risks on the registers.
- CMT are reviewing the Corporate Risks each month.
- A new risk register ICT application is in development.
- The annual review of Corporate Risks took place as planned in May 2019. A new strategic Risk will be added to the Corporate Risk Register on the capacity of the highways and transport infrastructure to meet future demand.

Corporate & Directorate Risk Registers

- The Corporate Risk Register and Directorate Risk Registers dated 11/07/19 are attached at **Appendix B** and **Appendix C** respectively.

Appendix B

Corporate Risk Register Report 11/07/19

Risk Id	Risk Title	Category	Responsible Officer	Date Last Updated	Overall RAG
CR 80	Financial Control (Service overspending) and Sustainable Swansea	Corporate Finance	ben smith	23/05/2019	R
CR 81	City Centre	Corporate Plan Priorities	martin nicholls	10/07/2019	A
CR 82	Safeguarding	Corporate Plan Priorities	david howes	25/06/2019	A
CR 83	Pupil attainment and achievement	Corporate Plan Priorities	nick williams	10/06/2019	A
CR 84	Tackling poverty	Corporate Plan Priorities	david howes	05/06/2019	A
CR 85	Workforce Strategy	Corporate Governance	sarah caulkin	25/06/2019	A
CR 86	Digital, data and cyber security	Corporate Governance	sarah caulkin	25/06/2019	A
CR 87	Emergency Planning, Resilience and Business Continuity	Corporate Governance	adam hill	24/06/2019	A
CR 88	Health & Safety	Corporate Governance	adam hill	24/06/2019	A
CR 89	New legislative and statutory requirements	Corporate Governance	tracey meredith	16/06/2019	A
CR 90	Decision to leave the European Union (BREXIT)	Corporate Finance	adam hill	24/06/2019	R
CR 91	Tax evasion	Corporate Finance	ben smith	23/05/2019	A
CR 101	Regional Working	Corporate Governance	phil roberts	08/07/2019	A
CR 102	Supplement to risk CR90 - Decision to leave the European Union (BREXIT)	Corporate Finance	adam hill	24/06/2019	R

CR 80: Financial Control (Service overspending) and Sustainable Swansea

Risk Description:

If we fail to deliver Sustainable Swansea and maintain sufficient financial

control, and in particular do not ensure we contain service overspending, then we will not be able to respond appropriately to continuing austerity, demographic pressures, increasing demand and changing public expectations.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risks CR46 and CR47.

Category:

Corporate Finance

Controls in Place:

- An agreed plan and a process for corporate level monitoring in place.
- An agreed budget.
- Clear governance and reporting in place.
- Prevention Strategy.
- Regular monthly monitoring at P&FMs.
- Reporting, monitoring and review at FSTG.
- Audit Committee providing challenge, oversight and assurance.
- Collaborative officer and Member budget setting process in place.
- Launch of Reshaping Board to further challenge delivery/mitigations for non-delivery and accelerate timescale for assuring delivery
- MTFP.
- Dedicated Scrutiny Service Improvement and Finance Performance Panel consider and scrutinise the budget on a quarterly basis

All the above refreshed for 2019-20 budget round including launch of Zero Based Budget as next phase of Sustainable Swansea

Actions to be taken:

- The budget position is tracked and reported to CMT, P&FMs and FSTG on a monthly basis to monitor progress and highlight risks to meeting savings early.
- Fewer generic savings.
- Cross-cutting Commissioning Reviews.
- Continue to embed the Sustainable Development Principle into the budget setting process forming part of Budget Week in September 2018.
- Involve the public in co-producing and setting the budget.
- Aspire to collaborate more with other local authorities
- Join-up information so outcomes and delivery are clear to the public
- Review of schools SLAs in response to underlying shortfall on delegated schools budget

BGS Update 26/6 - budget position is being tracked to try and early capture and warn on all delivery risks not just financials - financial pressures remain severe given draw from reserves 17-18 outturn, emerging pressures for 18-19

BGS 24/9 - position remains stable compared to first quarter for 19/20 but has not materially improved. Risks for the future have increased especially around ending of public sector pay cap, partial funding only of teacher pay award, pending substantial increases to teacher employer costs, ongoing social care pressures. LG settlement 9 October - and extent to which there will be recognition and funding - will be key

BGS 14/11 - provisional settlement like for like cash £18k - allocation not adequate to address pressures. Develop ongoing budget proposals in light of this provisional settlement. Await further announcements and final settlement around 20th December.

BGS 13/2/19 - final settlement £1.5m better than provisional - this had been fully factored into Dec Cabinet budget report. Capital settlement for next 3 years £20m better than provisional, saving £1.5m in borrowing costs per annum longer term. Again fully factored into December Cabinet report.

Feb 19 - 3rd quarter budget monitoring indicates no material improvement - S151 action to ensure budget technically balances for 18/19 - downside is increases risks faced in 2019/20 budget round.

Feb 19 - current budget and mtfp reports going through Scrutiny and Cabinet and Council process. Publication for Special Cabinet missed publication deadline for February Audit Committee. Will follow to next Audit Committee (April).

Apr 9 - latest position reported to Audit Committee re controls exercised/action being taken

May 23 - outturn 18-19 finalised and services continue to overspend but actions in year have limited overspend (some only temporarily). Early indications are overspending pressures likely to continue in social services, education and resources/corporate services. S151 Officer retains a range of options to contain and mitigate overall impact on Council.

Responsible Officer: ben smith

Current Likelihood: Very High

Current Impact: Very High

Overall RAG Status: Red

Report Date: 11/07/2019 11:56:47

CR 81: City Centre

Risk Description:

If we are unable to attract sufficient external investment and financial support and do not regenerate the city centre, then there will be a detrimental impact on the Swansea economy and reputational damage for the Council.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR58.

Category:

Corporate Plan Priorities

Controls in Place:

- City Deal agreement in place.
- City Centre Strategic Framework and resources to deliver it.
- Political mandate, leadership and support.
- Development advisory group in place.
- Positive coms attracting inward investment opportunities
- Corporate priority.
- Developer confidence reflected in their actions taking forward schemes. The BID and buy-in from city centre businesses.
- Financial control of the revenue budget providing financial headroom for capital schemes.
- Financial commitment through the councils capital and revenue programme and EU/WG funding streams.

Updated 26th March 2019 MPN

Actions to be taken:

- Cabinet approved funding via FPR 7 for next stage of projects on the 21st June 2018.
- Cabinet approved City Deal joint committee report on the 21st June 2018 with Council on the 26th July. joint committee and ESB now constituted.
- Full planning permission obtain for phase 1 October 2018.
- Cabinet approved the FPR7 report on the 29th November to continue with detailed design and delegate decision on enabling works to section 151 officer.
- Contract award report for PCSA contractor appointment (stage 1) completed January 2019.
- Regional scrutiny now constituted.
- Amendment made to City Deal business case following meeting with WG/UK government Nov 2018. Final approval of business case sought from Joint committee on the 28th March for formal sign off.
- Phase 2 scheme included in DiT Wales investment portfolio launched in MIPIM in March 2019.
- Approval to proceed to PIN notice to seek joint venture partners for strategic assets.

Next steps

- Formal approval of business case for phase 1 city deal including receipt of terms.
- Finalise cost certainty and seek FPR approval (June /July 2019).

- Further scrutiny session to be planned to review detail of final business case.

Updated 26th March 2019 MPN (no change in ratings)

17th May update

- Awaiting confirmation of approval of city deal business case due by end of May.
- Due to delay in confirming city deal and resultant enabling works proposed date for FPR now August; this will include scrutiny.
- no change in overall ratings

5th June update

- Revised city region governance agreed at May 28th Joint committee

10th July update

- Amendments to the joint working agreement and governance changes to be agreed at programme board on the 11th July. This will include the appointment of a new programme director.
- Expected city deal sign of planned for 15th July.

Responsible Officer: martin nicholls

Current Likelihood: High

Current Impact: Medium

Overall RAG Status: Amber

Report Date: 11/07/2019 11:56:47

CR 82: Safeguarding

Risk Description:

If our safeguarding arrangements are not sufficiently robust, 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 added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR45.

Category:

Corporate Plan Priorities

Controls in Place:

- Sufficient numbers of trained adult and children services staff. Principal Officers for Safeguarding within social services
- Corporate Safeguarding Policy and Group.
- Strong performance monitoring and reporting arrangements.
- Positive engagement and support from Cabinet and Council.
- Mandatory corporate safeguarding training in place for staff and Members.
- Commitment to invest in social care is strong.

- Corporate priority.
- Regional and multi-agency safeguarding partnerships.
- Safeguarding leads identified across all Council services
- Separate safeguarding arrangements in place in schools, with a central education safeguarding officer within the main local authority directorate
- Two dedicated scrutiny panels in place to scrutinize social services work and performance.
- New and revised Safeguarding Policy following a review undertaken by the Safeguarding PDDC'

Actions to be taken:

As part of wider adult services restructure, there is a proposal for new adult safeguarding team to undertake social workers in the teams will undertake safeguarding coordination function. In the meantime, timescales of undertaking safeguarding activity is being closely monitored by capturing information about timescales, therefore safeguarding activity outside the approved timescales will be highlighted with the relevant principal officer. A regular audit will commence in June to ensure that safeguarding process in meaningful to individuals. In addition, there is a multidisciplinary input at CAP to minimize risk to the adult at risk while restructuring adult services.

Adult services are adopting Collaborative Communication social work model, this will involve changing the conversation social work staff are having with people. Moving to a strength based approach keeping the individual central to the assessment process, this will also change the approach of adult safeguarding, by providing a greater voice for individual concerned in the process and keeping this individual central to the process. In addition, work is being undertaken across services to ensure a safe voice for individuals and that safeguarding is central to all our activities

Updated 25 June 2019 - David Howes, Director of Social Services

Responsible Officer: david howes

Current Likelihood: Low

Current Impact: Very High

Overall RAG Status: Amber

Report Date: 11/07/2019 11:56:47

CR 83: Pupil attainment and achievement

Risk Description:

If we cannot get schools to improve pupil attainment and achievement at a time of reduced resources and increasing demand, then pupils will not get the qualifications and skills they need to succeed in life and there will be a detrimental impact on the future Swansea economy.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR59.

Category:

Corporate Plan Priorities

Controls in Place:

- Positive engagement and support from Cabinet and Council.
- Commitment to invest in Education.
- Corporate priority.
- Good school-to-school support.
- Effective partnership working.
- School Improvement Strategy and Partnership.
- New EOTAS Strategy & programme.
- Attendance Strategy.
- Renewed focus through the Child Protection Board on the educational achievement of LAC.
- Strong school building programme.
- Strong leadership commitment to influencing the ERW agenda.
- Commissioning Review on ALN.
- Dedicated scrutiny panel to scrutinise education work and performance.
- Education Skills Co-ordinator appointed.

Actions to be taken:

10/06/19: CAs continue to support schools to work as learning organisations.

- Managing the review of ERW and strong KS4 outcomes in 2018.
- ALN Commissioning Review complete but now requires separate risk.
- OECD principles of schools as learning organisations disseminated to schools and senior leaders in schools
- The Chief Exec and Director have continued to lead on ERW arrangements at Joint Committee including issues regarding funding in particular. However, there remain uncertainties regarding commitment of all LA to regional working under the current budget arrangements although there is a commitment to the model in principle.
- Provided a consultation response regarding the “middle tier” to the Assembly.
- Attendance rates remain variable but still within an acceptable variance. Primary attendance has gone up but secondary attendance is down compared to the half-term last year.
- School Improvement Partnership provides a suitable forum to support and challenge schools regarding their use resources but also to provide support.
- EOTAS project is progressing although there is an anticipated delay. There has been a good outcome to the recent PRU inspection.
- ALN Strategy in place but there are significant capacity issues that need addressing which need raising as a separate risk.

Responsible Officer: nick williams

Current Likelihood: Medium

Current Impact: Medium
Overall RAG Status: Amber
Report Date: 11/07/2019 11:56:47

CR 84: Tackling poverty

Risk Description:

If we do not implement a strategy that sufficiently impacts on poverty, then there will continue to be negative consequences for current and future generations, high demand for Council services and a continuing detrimental impact on the Swansea economy.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR44.

Category:

Corporate Plan Priorities

Controls in Place:

- Reviewed and revised Tackling Poverty Strategy agreed by Cabinet
- Cross Council Delivery Plan in place and performance framework being introduced
- Council Poverty Forum renewed, chaired by Chief Executive
- Partnership Poverty Forum in place, and action plan being delivered
- Explorations of social investment options for key services being undertaken
- Scrutiny Inquiry undertaken 2016 and report recommendations largely accepted
- Tackling Poverty a Corporate Priority

Actions to be taken:

Review of Poverty and Prevention infrastructure underway with objective of further strengthening a whole Council approach to tackling poverty. Interim management arrangements agreed with direct report through to the Director of Social Services.

Commissioning reviews now being scoped with a particular focus on the whole Council's approach to delivering employability and financial inclusion.

Arrangements to establish a Poverty Truth Commission continue to be progressed with a further briefing for CMT and Cabinet scheduled. Poverty forum refreshed with leadership via the Deputy Chief Exec. Updated action plan in the process of being developed and populated with actions to be delivered across Council services.

Updated 5 June 2019 by Dave Howes, Director of Social Services

Responsible Officer: david howes

Current Likelihood: Medium

Current Impact: Medium
Overall RAG Status: Amber
Report Date: 11/07/2019 11:56:47

CR 85: Workforce Strategy

Risk Description:

If we do not have a robust workforce strategy in place, then we will not have staff with sufficient capacity and the right knowledge and skills to manage change, deliver transformed services and ensure statutory compliance.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR43.

Category:

Corporate Governance

Controls in Place:

- Workforce Planning
- Corporate Plan Sustainable Development principles embedded in the objectives
- Service Planning
- Gender pay gap and project plan
- Apprenticeship / traineeships strategy
- Organisational Development (OD) strategy and implementation plan in place
- Tracking and monitoring of OD plan and delivery
- New reporting through revised CMT/Cabinet governance
- New reporting through Leadership Team

Actions to be taken:

Latest update June 2019:

- Leadership Hub sessions underway
- Management training and development underway
- Mandatory training reviewed and updated
- HR Policy review underway
- Workforce development part of the Future Council aspect of Sustainable Swansea
- Gender pay gap analysis and plan part of Policy Development Committee work plan
- Service plans completed, which is informed by a workforce analysis by each service

Responsible Officer: sarah caulkin

Current Likelihood: Medium

Current Impact: Medium

Overall RAG Status: Amber

Report Date: 11/07/2019 11:56:47

CR 86: Digital, data and cyber security

Risk Description:

If we do not have robust digital, data and cyber security measures and systems and behaviours in place, embedded and working as best as they can be, then we will be vulnerable to cyber threats, disruption to service delivery, possible loss of information including confidential information and associated fines and reputational damage.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR66.

Risk revised 18/09/18 following attendance at a cyber-event with the police and receiving information from the WLGA regarding what Local Authorities should be demonstrating as basic measures.

Category:

Corporate Governance

Controls in Place:

- Public Services Network (PSN) compliance certificate (tested annually).
- Mandatory data protection and cyber security training for all staff and Councillors.
- Communications and awareness raising to all staff and Councillors monthly on good practice.
- SIRO identified.
- Information Governance Unit (IGU) established.
- Created a register of processing activities to identify what personal data we control and process.
- Updated the data breach process to align with GDPR requirements.
- Created a GDPR compliant privacy notice to be placed on our public website.
- Created a Data Protection Impact assessment measuring the impact to individual rights to privacy.
- Data Protection Officer required by GDPR regulations now appointed and in place.
- GDPR information for schools published on Staffnet.
- Externally hosted email filtering service to prevent the sending and receiving of emails which contain known and suspected virus infections.
- Firewalls and filtering software as our first line of defence to monitor incoming and outgoing network traffic.
- Software patching to enable systems to stay updated and secure from weaknesses and unauthorised access.
- Encryption is used on mobile devices as a security measure that makes data unreadable if it's stolen.
- Up-to-date anti-virus software installed on all Council PC's and laptops to detect and remove malicious software.
- A variety of ICT policies and procedures to ensure staff are responsible for their actions when using technology.
- Staff only granted access to social media / networking for specific business

reasons in a work-related professional capacity.

- Council data is backed up and taken off-site.
- Staff on Mobile working and remote access have the facilities to work outside their office and still have the same secure setup as if they were sitting at their desks.
- More use of secure cloud storage.
- Revised ICT Security Policy, Cyber Strategy and Information Governance framework approved by CMT
- General Data Protection Regulation (GDPR) compliance monitoring and reporting through P&FMs and new CMT/Cabinet governance
- GDPR project complete
- Members of Digital Services, Communications and emergency planning attended a cyber-security training event with the police which included senior officers from various local authorities interacting in an event of a real cyber incident.
- Part of the Wales WARP (Warning Advice and Reporting Point) to share cyber threats and defences with other public bodies.
- Member of the CISP (Cyber Security Information Sharing Partnership) which is a joint industry and government initiative set up to exchange cyber threat information.

Actions to be taken:

Latest update June 2019:

- PSN certification achieved
- New regional multi-agency cyber cell meetings being attended to share intelligence and actions
- Embarking on Cyber Essential and Cyber Essentials Plus accreditation
- Digital Services working with internal audit and emergency planning to further improve the ICT Disaster recovery plan.
- Cyber Security strategy created and ready for engagement with staff.

Responsible Officer: sarah caulkin

Current Likelihood: Low

Current Impact: Very High

Overall RAG Status: Amber

Report Date: 11/07/2019 11:56:47

CR 87: Emergency Planning, Resilience and Business Continuity

Risk 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.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22

and subsequent review of Corporate Risks. Supersedes risk CR48.

Category:

Corporate Governance

Controls in Place:

- Major Incident Plan
- Flood Management Plan
- Mass Fatality Plan
- Temporary Mortuary Arrangements
- Crisis Media Plan
- Rest Centre Plan & Arrangements
- Recovery Plan
- Offsite COMAH Plan & Exercising
- Risk Profiling
- Project Griffin Training
- Vehicle Mitigation & Protective Security Advice
- Multi Agency Exercising & Training
- Call Out & Activation Protocols/action Cards
- Continual Review of Plans & Protocols
- Service and Corporate Business Impact Assessments and Business Continuity Plans
- RAG alert system across H&S, emergency management

Actions to be taken:

- Continual review and update of policies
- Continual development of further toolkits to support managers and schools
- Emergency Planning exercise
- Commissioned Emergency Control Centre
- Monitoring and reporting of emergency management to P&FM, escalating to CMT where appropriate
- Ensuring senior staff training and roles are clear
- Greater responsibility allocated to Deputy CEO from 29 October 2018.
- Responsible Officer changed from Phil Roberts to Adam Hill as per CMT on 13/02/19.
- Business continuity plans being reviewed and updated.
- Continue to monitor situation and additional training being undertaken within CMT to build capacity.

24 June 2019 AH

- Training has been arranged for Senior officers at Gold Level, to ensure experience and knowledge is up to date.

Responsible Officer: adam hill

Current Likelihood: Low

Current Impact: Very High

Overall RAG Status: Amber

Report Date: 11/07/2019 11:56:47

CR 88: Health & Safety

Risk Description:

If we fail to have robust Health & Safety policies and arrangements in place, then there could be a health and safety breach identified as a corporate failing with associated legal, financial and reputational consequences.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR50.

Category:

Corporate Governance

Controls in Place:

- Health & Safety (H&S) Policies
- H&S Toolkits
- RIDDOR procedures for reportable incident to the HSE
- H&S audit plan
- Well-being Policies
- Member of British Association of Counsellors and Psychotherapists (BACP)
- SEQOSH accreditation by Faculty of Occupational Medicine
- Noise, Dust, Lighting, Humidity & Vibration sampling
- Directors H&S Committees & Sub safety Groups
- RAG alert system across H&S, emergency management and well-being

Actions to be taken:

- H&S e-learning
- Continual review and update of policies
- Continual development of further toolkits to support managers and schools
- Swansea Council RAG Fire Risk Profiling for all Premises.
- Improved online reporting
- Monitoring and reporting of H&S and well-being to P&FM, escalating to CMT where appropriate
- Greater responsibility given to Deputy CE from 29 October 2018.

Responsible Officer changed from Phil Roberts to Adam Hill as per CMT on 13/02/19

Regular update on corporate Health and Safety introduced as part of Resources DMT to look at trends and patterns

24 June 2019 AH

- Health and Safety mandatory training updated to ensure it is included with the corporate mandatory training

Responsible Officer: adam hill

Current Likelihood: Low

Current Impact: High

Overall RAG Status: Amber

Report Date: 11/07/2019 11:56:47

CR 89: New legislative and statutory requirements

Risk Description:

IF the council cannot respond adequately to new legislative and regulatory requirements due to reduced resources, then it will be open to external challenge and may suffer reputational damage and fines.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR62.

Category:

Corporate Governance

Controls in Place:

- Corporate Plan: captures major change and meets duties under the Well-being of Future Generations Act 2015 to set well-being objectives and establish steps to meet them.
- Service Planning: use of the SWOT/PESTLE process to capture external legislative changes and threats, etc. and embed the Well-being of Future Generations Act 2015.
- Role of Directors/Heads of Service: duty to horizon scan and bring forward papers on new changes and to resource accordingly and act in accordance with the Sustainable Development Principle established by the Well-being of Future Generations Act 2015.
- Regular policy briefing developed and widely circulated.
- Regular Policy foresighting briefing - policy perspectives, new ideas and emerging ways of working - developed and widely circulated.
- Monitoring of new legislation by legal department and democratic services.
- Lawyers in Local Government Update on new legislation, consultation and constitutional matters circulated by Head of Legal to CMT on regular basis. Legal implications inserted into decision making reports.

Actions to be taken:

- Strategic Delivery Unit: horizon scan and give advice on our response to new legislation and other major external change.
- Legislative duties and legal obligations incorporated into reports to committees and decision makers with all reports signed off by Legal and Access to Services.
- Embedding legislative duties at the earliest stages of decision-making

Update 8/4/19

- Well Being of Future Generations guidance to be updated to include toolkit which will be referenced in report writing new guidance.

Update 10/04/19

- Created a web page to provide information on Well-being of Future Generations and to point staff and Members to Welsh Government and Future Generation Commissioner resources to refer to and to help inform the

development of any proposals / reports at the earliest stage.

16 June 2019

• Well Being Future Generations webpage updated. CMT updated by monitoring Officer on Legislative changes/consultations in WG from LLG

Responsible Officer: tracey meredith

Current Likelihood: Low

Current Impact: Medium

Overall RAG Status: Amber

Report Date: 11/07/2019 11:56:47

CR 90: Decision to leave the European Union (BREXIT)

Risk Description:

New Description 23/01/19 (see below) - If there is continuing uncertainty from the decision to exit the European Union (BREXIT), then the Council will not be able to prepare as effectively as it would like to in order to ensure service continuity and to safeguard the financial / economic, social, environmental and cultural well-being of citizens and resident EU nationals.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR64. (If there continuing uncertainty from the decision to exit the European Union (BREXIT), then there may be a risk to investment in the region due to the loss of grants and decisions affecting strategic inward investment)

Risk Description revised on 23/01/19 following approval by cross-departmental Brexit Steering Group on 21/01/19.

Category:

Corporate Finance

Controls in Place:

- A risk outside directly of Council control/influence.
- Maximise existing grant take ups/explore alternative sources of grant/investment
- Event horizon scanning of all media, parliamentary decisions, negotiations.
- Lobbying through WLGA, professional associations for UK/WG government grant/other decisions to attract inward investment via alternative means e.g. City Deal, Tidal Lagoon (despite UK government rejection of financial support re latter)

Arrangements we are putting place to manage them:

- Corporate - Work with the WLGA and welsh Government to ensure there is a collective and consistent approach across Welsh local government in

responding to BREXIT; the Leader for the Council also leads for WLGA on Europe, which will be beneficial to the Council in identifying means to address risks. Lobby via WLGA, professional associations for locally retained business rates.

- Economic development and regeneration - Increase level of marketing and promotion of city centre projects and opportunities; increase awareness of Business support offer available to local companies and local supply chain opportunities; exploring alternative funding sources and methods of funding.
- Information management: We will follow ICO guidance with regard to Brexit.
- Records management: We will ensure any European project records are secured and up to date for the period stipulated by the EU regardless of Brexit but also expect there may be guidance from WEFO on this.
- ICT/Digital: We have been ensuring UK based data centres in our move to Cloud to mitigate any impact of Brexit as well as ensuring data security. Brexit may impact patching of software where we have large global suppliers such as Oracle. A fundamental global change to the system as a result of EU legislative changes may still need to be delivered by us (unless suppliers release a UK version which is yet unknown). We've seen ICT contract costs gradually rising over the past 18 months due to concern in the market on the impact of Brexit. We have been mitigating against contract inflation in the budget and MTFP wherever possible.
- Social care - Relevant staff are participating in briefings on the national schemes set up to mitigate that impact and communicating directly with local providers to better assess likely impact.
- HR - Joined the national teleconferences with the Home Office around EEA nationals and residency. Undertaken a risk assessment and identified potentially impacted employees and areas of work. Plans to communicate to managers information to help by providing useful and reassuring information to staff (FAQs, considering discussing in meetings i.e. one-to one's). Established a working group to prepare an action plan to ensure that we are able to manage a migrant workforce and making business decisions on how to potentially support employees to regularise their stay or apply to become British citizens.

Attending Home Office seminars, in relation to plans to pilot their Settled Status Scheme systems with UK health and social care staff ahead of the systems becoming fully operational and open to all from 30 March 2019; this pilot will run from 29 November until 21 December this year. Ensuring that we remain updated in line with CIPD advice and legal guidance.

- Internal steering group focussed on preparedness across the organisation and linking through to external groups set up and meeting monthly with action log to ensure measures are put in place and tracked.

Updated 28/03/19 RR

- Ensured that organisations supplying Agency Workers to the Council are complying with Government advice, guidance and rules concerning the employment and status of resident EU nationals
- Draft communications plan and portal for Brexit related internal and external communication and information, including the dissemination of Welsh and UK Government advice developed.

Actions to be taken:

- Lobby via WLGA, professional associations for locally retained business rates
- Work with the WLGA and Welsh Government to ensure there is a collective and consistent approach across Welsh local government in responding to BREXIT.
- Convene a group / committee tasked with mitigation of impacts in regards to BREXIT (COMPLETE)
- Undertake a BREXIT impact assessment (COMPLETE)

BGS Update 26/6/18 - Personally fed into Welsh Assembly Finance Committee budget roadshow on matter, WLGA and professional bodies continue lobbying, still await material detail and devolution consequentials - remains difficult to assess the overall risk - especially the impact score - remains unchanged for now but impact score may increase as time progresses and detail becomes clearer.

BGS 24/9/18 - given lack of progress in the past 3 months pan UK - this has been increased to very high likelihood of uncertainty pervading and the risks and impact of the permutations of Brexit deals and no deals has also deteriorated.

BGS 14/11 - Key implications risks and opportunities:

- Legal – no immediate specific issues as all EU laws segue into or are already UK law
- Contracted services – EU nationals employed by your contractors. Probably have higher numbers of non-EU non-UK nationals especially in care sector.
- Care sector - increased fragility of the domiciliary and residential care market due to workforce impacts.
- HR – own workforce we have around 100 EU nationals. There is a proposed settlement fee of £554 per worker. Expectation is we as employer would pay fees even if no legal obligation.
- Civil Contingency - civil unrest locally unlikely but everything is still contingency planned for locally, regionally and nationally; can be escalated as needs be.
- EU funds – after 2022/23 structural funds and programmes dry up. Loss of EU Structural Funds currently £30m of schemes in progress particularly supporting economic development, capital and skills initiatives. There is no indication of how this funding would be replaced and very limited alternative funding from Welsh Government and other sources. Shared Prosperity Fund as replacement vague as to implications – policy vacuum.
In economic development & poverty and prevention, we have around 45 of our staff funded by EU funds. Impact on wider work creation programmes. Wider Welsh issues are E.g. Welsh Development Bank part funded by ERDF.
- State Aid Regime – currently tied to EU rules – but in a “no deal” Brexit we would default to WTO rules, which are arguably even more onerous.
- Agency and workforce - need to actively engage with both for a post EU

Brexit, no discrimination policy etc. .

- Risks – are currently too finance focussed and need to widen to procurement, staff, HR, civil contingency etc. and actions to mitigate (COMPLETE - Description revised 23/01/19).
- Money – zero grant losses from EU factored into MTFP post 2022-23. Unknown.
- Port Health Authority - becomes potentially hard border – implications for goods and food/waste transit etc. Swansea Airport – we are landowner not operator but still a port of entry – albeit small scale.
- Data – where will it be held - Microsoft e.g. only just opened British Data centres. What is the legal regime for services in cloud in future?
- Health, Environment – long-term risk re climate change, agriculture etc.
- Public Health – monitoring water, power - significant resource issues re certification of meat, food, livestock, vaccines etc. if EU certification schemes end.
- Local economy risks: Lower levels of inward investment due to the uncertainty of financial markets and changing regulations created by Brexit. Market uncertainty also affects ability to attract developers and investors to commit to city centre regeneration schemes. Potential effect on businesses ability to trade with EU companies impacting on employment levels.
- Procurement - cost inflation due to a no-deal. There may be some inflation on our contracts; but too early to tell as the detail is not yet apparent. If 'no deal' then likely higher inflation for a period as the supply base reacts to new tariffs etc. Loss of EU labour may cause cost increases too, but again given the settled status regime proposed by UK Gov, that may be a longer-term problem.

AH 14/12/18 - Welsh Audit Office call for Evidence was used to gather information on work undertaken to date to prepare and identify issues in relation Brexit. This information will be used to develop a more robust response through the Brexit Steering group.

RR 16/12/18 –

- Review of Civil Contingency Plans
- Duty Rota's for Strategic and Tactical Officers.
- Continue to monitor with partners on new information.

RR 28/01/18 - New controls added following Brexit Steering Group held on 21/01/19. Progress to be reviewed at the next meeting on 26/02/18.

- List all the groups that are meeting with internal and external partners to discuss and respond to Brexit.
- Develop a single communications plan and portal for Brexit related internal and external communication and information, including the dissemination of Welsh and UK Government advice (DRAFT COMPLETE 22/03/19).
- Direct communication with partners through the Local Resilience Forum.
- Revise and fully test Business Continuity Plans (as well as the Port Authority), including the robustness of supplier and partner arrangements.

- Ensure that organisations supplying Agency Workers to the Council are complying with Government advice, guidance and rules concerning the employment and status of resident EU nationals (COMPLETE 26/02/19).
- Establish a working group to prepare an action plan to manage and support the affected EU resident Council workforce and the implications for service delivery.
- Establish a gap analysis to identify all programmes and projects dependent upon EU funding & create a list of strategic options post 2020.
- Procurement - identify level of exposure amongst suppliers and alternative arrangements (especially in services to vulnerable people) should supply be disrupted.

AH 7/3/2019 - This is all covered through the Brexit Steering group with officers allocated responsibility for managing and acting on each point above and feeding back to the steering group.

RR 28/03/19 - controls and actions updated. Monitoring of actions and controls undertaken.

Ah 24/6/2019 - Steady state is in place and regular communication takes place with other agencies and within the council.

Responsible Officer: adam hill

Current Likelihood: Very High

Current Impact: Medium

Overall RAG Status: Red

Report Date: 11/07/2019 11:56:47

CR 91: Tax evasion

Risk 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 added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks.

Category:

Corporate Finance

Controls in Place:

- 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.

Actions to be taken:

- A briefing note discussed at CMT and circulated to senior management team, head teachers, finance managers and finance contacts to raise awareness.
- Head Teachers, finance managers / managers have established policies, procedures and communication to follow financial rules, procedures and guidance and to prevent the risk.
- Audit/Corporate Fraud have incorporated this as part of their plans, investigations and audits.

BGS review 26/6/18 - no material identified cases - schools remain an operational boundary risk for Council given budget/operational delegation - but on basis of current isolated incidence of risk identified, likelihood down rated to low

BGS Reviewed 24/9/18 - no change to likelihood assessment, impact reduced

BGS Reviewed 12/12/18 - no change to assessment - mitigations adequate

BGS Reviewed 13/2/19 - no change to assessment - mitigations remain adequate, following S151 action taken to strengthen schools segregation of duties for online banking access to own school accounts.

BGS reviewed 23/05/19 - no change to assessment - mitigations adequate

Responsible Officer: ben smith

Current Likelihood: Low

Current Impact: Medium

Overall RAG Status: Amber

Report Date: 11/07/2019 11:56:47

CR 101: Regional Working

Risk Description:

If the Council, along with its partners and Welsh Government, does not develop and improve regional working, then it will divert the Council and its resources from key priorities and will not benefit Swansea and its residents.

We need to (Recommendations from Scrutiny Inquiry):

- Continue to be ahead of the game by looking at positive ways forward for Swansea in Regional Working collaborations by being involved, where

possible, in pilots/trials that may ease and prepare the way forward for us.

- Address or mitigate the barriers found in existing regional partnerships and use the lessons learnt to inform our new collaboration activities.
- Ensure that we learn particularly from previous large collaborations both positive and negative aspects to help ease our way into new partnership arrangements.
- Ensure all partnerships have an effective governance structure that has a suitable amount of elected member challenge built in, particularly scrutiny in those larger most impactful partnerships like Swansea Bay City Region, Western Bay and ERW.
- Ensure that each partnership has one clear structured lead that can facilitate communication between the partnership and scrutiny.
- Ensure that the current financial and resource implications for Swansea (including quantifying officer time) are clearly and continually understood.
- Review the regional bodies that we work with, to see if any can be rationalised or amalgamated. We must be SMART about the partnerships which we are involved in to ensure we are adding value for time spent.
- That modern technology is used for meetings to reduce travel time, including, for example skype, video conferencing. Ensuring the right facilities are available for Councillors and staff and that they are encouraged and trained to use them.
- Make more use of the third and private sector bodies in our collaboration activities.
- Make representations to Welsh Government through our different working partnerships about streamlining and simplifying the business case and grant application process.
- Partnerships regularly review their governance, membership and impact. This should include the publishing of an annual report.

Category:

Corporate Governance

Controls in Place:

- The senior management restructure approved by Council on 21st June strengthens the Council's management capacity to ensure that the regional collaboration agenda can be taken forward proactively by Swansea whilst also allowing the Council to manage its ambitious programmes based around the corporate priorities.
- The new senior management structure agreed at Council on 21st June 2018 has director leads in place for each partnership.
- The Council is playing a leading and proactive role in major regional collaborations.
- A mapping exercise has been undertaken that identified the key local, regional and national partnerships.
- ERW produces audited and published accounts and are inspected by Estyn and has produced a document called Democratic Accountability and Scrutiny, which recognises the role of scrutiny in, amongst other things, monitoring performance and budgets. The City Deal is in the development stages of practical formation and detailed agreement; it is envisaged that the

governance structure will be similar to that of ERW.

- The Chief Executive takes the lead role for ERW and Western Bay as well as being an executive member of the City Deal Joint Committee.
- The Leader of the Council is the City Region Joint Committee Chair.
- The City Deal has a Joint Working Agreement in place, which was approved at Council on 26th July 2018.
- A review of progress has been undertaken by IPC on the Western Bay Health & Social Care collaboration.
- The Council meets up regionally with 5 other local authorities to discuss collaboration projects.
- The Council has a clear rationale in place when collaborating and it is clear on the anticipated benefits and costs.
- ERW has fully formed Governance Arrangements, which includes a Joint committee, an ERW Service Committee and a joint scrutiny mechanism. A Joint Committee Agreement and joint scrutiny arrangements were agreed for the City Deal at Council on 26th July 2018. Western Bay has a Joint Committee in place; there are scrutiny arrangements in place for all three partnerships
- The Council is playing a leading and proactive role in major regional collaborations.
- The Council has a clear rationale in place when collaborating and it is clear on the anticipated benefits and costs.
- The Council understands what it currently contributes directly to ERW, Western Bay and City Region and how much it contributes to all other partnerships.
- The Council is rolling out and promoting the use of Skype as part of the wider roll out of Office 365 resulting from the Council's Digital Strategy and modernisation agenda.
- The City Deal is being delivered with the involvement of the private sector. The Western Bay Programme supports collaborative working between four statutory partner organisations, together with the third and independent sectors. ERW has independent members involved in the Executive Board.
- Representations have been made to Welsh Government on reforming the grant regime; for example through the Council's response to the recent Green Paper on Local Government Reorganisation.

Actions to be taken:

- Continue to influence the collaboration agenda and decision-making at Welsh Government (Responsible officer – Chief Executive).
- Undertake a lessons learnt exercise (including learning points identified by the Scrutiny Inquiry Panel) across the three main regional collaborations and develop an action plan/s with resource implications to address any specific and remaining barriers (Responsible officer - Director leads).
- Review governance arrangements of the 3 main partnerships – ERW, Western bay and City Deal - to ensure they remain fit for purpose (Responsible officer - Director leads & Monitoring Officer).
- Continue to assess the value to the Council from being involved in existing or new partnerships, including an analysis of costs and benefits (Responsible Officer - CMT).
- Review how Skype could be used amongst partners to reduce travelling and

officer and Councillor time and further encourage participation in partnership working (Responsible officer – Chief Transformation Officer).

- Continue to engage the third sector in existing partnerships (Responsible officer - Director leads).
- Continue to press Welsh Government for a more streamlined grant process (Responsible officer – Chief Executive).
- Produce an annual report to Council on the progress made across the main regional collaborations; ERW, Western Bay and City Deal (Responsible officer – Chief Executive).

Update February 2019

- Responsible officer changed from Phil Roberts to Jack Straw as per CMT on 13/02/19.
- Regional Working Annual Report to proceed to Council on 25th April 2019

Update March 2019

- Regional Working Annual Report to proceed to Council annual meeting on 23rd May 2019

Update June 2019

- Responsible officer changed from Jack Straw to Phil Roberts as per CMT on 12/06/19.
- Discussion with CMT/Cabinet on possible approaches to regionalisation at next Awayday

Responsible Officer: phil roberts

Current Likelihood: Medium

Current Impact: Medium

Overall RAG Status: Amber

Report Date: 11/07/2019 11:56:47

Appendix C

Corporate Services Risk Register Report 11/07/19

Risk Id	Risk Title	Owner	Date Last Updated	Overall RAG
CS 83	ICT Disaster Recovery	Sarah Caulkin	25/06/2019	A
CS 91	Corporate Governance	Adam Hill	24/06/2019	A
CS 92	Sustainable Swansea Programme Delivery	sarah caulkin	25/06/2019	R
CS 93	Snap Parliamentary Election/Referendum	Huw Evans	23/06/2019	A

CS 83: ICT Disaster Recovery

Risk Description:

If full DR arrangements are not in place then the Council will have no access to system in the event of a disaster which will have a significant business impact

Controls in Place:

1. There are reliant aspects to a number of the core systems e.g. email.
2. UPS are on all servers to eliminate the risk of power spikes.
3. Backups are taken every day and disks stored off-site.
5. New approach to improve / increase resilience and DR in Digital Strategy approved by Cabinet in January 2016. Implementation underway.
6. New storage arrays installed.
7. New hybrid cloud environment to improve resilience.

Actions to be taken:

Latest update June 2019:

- Audit undertaken in August 2018 with limited assurance. All actions from the recommendations now complete, Audit Committee updated.
- Information asset register created, next phase underway with asset owners.
- Plans are being developed to provide a full DR solution covering Schools and corporate services.
- ICT resilience significantly improved with implementation of digital strategy, i.e. Office 365, new infrastructure and network configuration, new storage and back-up storage.
- Project underway moving more services to cloud to improve resilience.
- ICT working with resilience staff to support services with their business continuity arrangements.
- New projects underway in 2018 as part of Digital Strategy review.
- Oil change in transformer successfully completed with no down time in November 2017.

Owner: Sarah Caulkin
Responsible Officer: sarah caulkin
Current Likelihood: Low
Current Impact: Very High
Overall RAG Status: Amber
Report Date: 11/07/2019 12:35:12

CS 91: Corporate Governance

Risk Description:

If there is not robust corporate governance then the Council is at risk of not meeting its statutory obligations

Controls in Place:

- Code of Corporate Governance Framework.
- Annual Governance Statement.
- Council Constitution - procedural rules.
- Corporate Plan.
- Clear roles and decision making structures.
- Risk management.
- Financial reporting.
- Audit Committee.
- Scrutiny Committee.
- Statutory Officers.

Actions to be taken:

- Risk Owner and responsibility passed to Deputy Chief Executive
- Internal audit of governance assurance rating of substantial
- Updating and reviewing the governance / assurance framework
- Updating and reviewing the Constitution (continuous)
- New tracker around finance / MTFP delivery in place and scrutinised at CMT away days
- Contract Procedure Rules (CPR) in the process of being updated
- Reviewing governance around major projects so high risk projects are visible through CMT
- Updating and reviewing Financial Procedure Rules (FPR)

MTFP agreed with finance reports also for HRA account and Capital programme agreed at Council on 28 February 2019

Deputy Chief Executive presented at the Audit committee to show the link between risk and assurance and also at Scrutiny planning meeting to help shape

AH 24/6/2019 CMT and Leadership governance review undertaken and new way of working introduced for management of agendas, schedule of business and core business items

Owner: Adam Hill

Responsible Officer: adam hill

Current Likelihood: Low

Current Impact: High

Overall RAG Status: Amber

Report Date: 11/07/2019 12:35:12

CS 92: Sustainable Swansea Programme Delivery

Risk Description:

If the Sustainable Swansea Programme does not deliver at the pace and scale as planned, then the Council is at risk of not meeting its financial and strategic plans

Controls in Place:

- MTFP.
- Programme plan.
- Robust programme governance and reporting.
- Robust programme management for risks, issues, changes.
- Links with Corporate Governance risk around risk reporting for major projects.
- Annual programme review reflecting lessons learned into revised programme.

Actions to be taken:

Latest update June 2019:

- New programme implementation underway following MTFP approval at March Council.
- New governance Re-shaping Board established, Social Services and Education presented at the second meeting.
- New online trackers developed for revenue (2019-20 budget monitoring) and capital.
- New tracker monitored at CMT away days monthly.
- Pace and scale of savings across the Council continues to be a challenge alongside growing service pressures. CMT taking remedial action to mitigate the risk.
- Programme governance and reporting reviewed.
- Tracker informs Qtrly finance reporting.
- New budget and programme review underway - this year reviewing original strategic principles and framework.
- Commissioning review progress presented to Scrutiny in December - further questions and information will be presented at April Scrutiny Performance Panel.

Owner: sarah caulkin

Responsible Officer: sarah caulkin

Current Likelihood: Medium

Current Impact: Very High

Overall RAG Status: Red

Report Date: 11/07/2019 12:35:12

CS 93: Snap Parliamentary Election/Referendum

Risk Description:

If a snap Parliamentary Election / Referendum is called due to Brexit or other reason Then this will have a risk impact on the Team ability to deliver it without additional support. It must be delivered therefore support must be provided.

Given the ongoing situation within Political Parties and the issues surrounding a Brexit deal, there is a likelihood that a snap Parliamentary Election or Referendum could be called at short notice. The minimum time that the Government need give is 25 working days. This could place the Authority in a difficult position when looking to deliver the election due to Officer planned leave, the need to book venues (Rooms within Guildhall, Polling Stations & Count Venue), appoint and train Postal Voting Staff, Polling Station Staff, and Counting Staff etc.

Controls in Place:

- The HoDS and Electoral Services Team Leader manage Officer Leave and they ensure that there is adequate cover in place for the planned period; however this could get difficult if a snap election were called.
- All additions, deletions and amendments to the Register of Electors are carried out as quickly as possible so as to ensure that as many people as possible are able to vote.
- The Electoral Services Team Leader has informed the relevant Room Booking Officers within the Authority of the potential for a snap election and for them to be prepared to cancel bookings in order to accommodate the election.
- The Head of Democratic Services formally requests additional support from the Chief Executive (Returning Officer) during such periods in order to assist with making contact with all 145 Polling Station venues in order to ensure that they are booked for the day.
- Electoral Services Team Leader / HoDS attends Association of Electoral Administrator Meetings & works closely with the Electoral Commission.
- Continue with the online training of staff system currently in place. Whilst there is a cost to this, it frees up the Electoral Services Team with the aid of the DS Team to get on with the detailed work linked to an election.

Actions to be taken:

- The HoDS to ask relevant Officers to consider cancelling their leave in the event of a snap election. Consideration needs to be given to recompense any critical Officer needed to run such an election.
- In the event of a snap election, the Chief Executive should instruct those responsible for Room Bookings within the Authority, that Elections take precedence and that all bookings will be cancelled. This becomes difficult when Weddings and

other major events are being held in the Brangwyn Hall and surrounding rooms. Consideration in that event would be to utilise the LC or other Leisure Centres in Swansea.

Reviewed - The ongoing effect of Brexit and the Deal / No Deal debate continues to keep this as a very real risk. No update required on 26 November 2018

Reviewed 11/12/2018.

RR 07/01/19 - Legal & Demo Service Risk LD33 escalated to Corporate Services Directorate Risk Register as per email dated 18/12/18 from Huw Evans Head of Democratic Services.

Reviewed: 18/02/2019 - The risk remains real. We will continue to liaise with Electoral Commission etc and are ready to react. Staffing risk due to leave remains a concern.

Reviewed: 18/03/2019 - The potential of a Snap Parliamentary Election and / or a Referendum remain as real risks. There is now an additional risk, with the UK potentially having to participate in the European Parliamentary Elections on 23-26 May 2019. A European Parliamentary Election is one of the most straight forward elections to deliver as Swansea will not be the Returning Officer, therefore we will not have any links with Candidates, Ballot Paper Design or Proofing. All key venues are provisionally booked and key staff are ready to work to deliver it. Easter leave will mean some staffing difficulties but this has been factored in.

Reviewed: 16/05/2019 - No change.

Reviewed: 23/06/2019. European elections successfully delivered. Imminent Conservative Party Leadership Election. There remains high possibility of snap General Election/further referendum which is being closely monitored.

Owner: Huw Evans

Responsible Officer: tracey meredith

Current Likelihood: High

Current Impact: Medium

Overall RAG Status: Amber

Report Date: 11/07/2019 12:35:12

People Risk Register Report 11/07/19

Risk Id	Risk Title	Owner	Date Last Updated	Overall RAG
PE 61	Withdrawal or changes to grants at short notice	Dave Howes	25/06/2019	A
PE 83	Capacity to transform services and deliverability of budget proposals	Nick Williams	29/05/2019	R
PE 84	Increasing Demand for Specialist Services	Dave Howes	25/06/2019	A
PE 85	Workforce Planning	Dave Howes	25/06/2019	A
PE 87	Band B Programme funding envelope is reduced	Nick Williams	14/06/2019	A
PE 89	Data Breaches of Confidentiality	Dave Howes	25/06/2019	A
PE 90	Financial Stability of Social Care Market	Dave Howes	25/06/2019	A
PE 91	Insufficient Resources to support Business Case Submission and Programme delivery	Nick Williams	24/05/2019	A
PE 92	Specialist Provision and OOC Placements	Mark Sheridan	07/05/2019	R
PE 93	Accessibility Plan in light of WG guidance	Louise Herbert-Evans	22/05/2019	A
PE 94	Implementation of ALNET Act 2018	Mark Sheridan	06/06/2019	R
PE 95	Capacity for effective commissioning arrangements	Jane Whitmore	18/06/2019	A
PE 96	Failure to manage the provision of ALN in line with the ALN act will result in increased expenditure	Mark Sheridan	19/06/2019	R
PE 97	Failure to administer a multiagency approach to vulnerable learners will encounter increased resource costs	Nick Williams	19/06/2019	R

PE 61: Withdrawal or changes to grants at short notice

Risk Description:

If grants are withdrawn or reduced at short notice, then there are additional costs to the Council as well as planning challenges for reduction in service delivery.

Controls in Place:

All services areas are profiling for loss of grants and developing a plan of action for this. HR process and consultation period arrangements are being negotiated with unions to enable managers to give contractual notice period only. Regular liaison with Welsh Government is taking place to identify potential loss of grants at an early

stage. Existing overspends plans are in place, and will be reviewed at quarterly reporting stage. Some areas are already making reductions in anticipation of WG grant cut.

Grant applications are considered carefully and rejected if the terms and conditions are too restrictive.

Corporate Finance are advising departments about the need to comply with Council procedures. This has had a particular focus on the requirement for NGAs and ensuring grants with a value of £75k and above are considered by External Funding Panel.

Models of delivery are reviewed where grants are removed e.g. EMAU.

Actions to be taken:

- Continued monitoring of grants - ongoing
- Profiling of potential grant reduction - ongoing for different areas
- Managers preparing for a future with no ring fencing of grants, in case these are included in the overall Revenue Support Grant.
- Continue monitoring and continued pressures as a result of budget announcement October 2018
- Three year budget strategies in place for all services
- Commissioning groups have been set up for the new 'Super Grants' within Social Services and Housing.
- Delegated powers report setting out new integrated infrastructure for commissioning across 'people' services due in June 2019

Updated 25 June 2019 - David Howes, Director of Social Services

Owner: Dave Howes
Responsible Officer: david howes
Current Likelihood: Medium
Current Impact: Medium
Overall RAG Status: Amber
Report Date: 11/07/2019 12:38:54

PE 83: Capacity to transform services and deliverability of budget proposals

Risk Description:

IF we do not have sufficient capacity to transform services THEN we will not be able to effectively manage service pressures and so deliver budget targets

Controls in Place:

29/05/19:

Regular reporting on budget proposal tracker to PFM

Proposals developed in good time for agreement with Cabinet

Cabinet Members well briefed on the issues and decisions that will need to be taken

Where ever possible capacity for invest to save opportunities built into budget plans in some areas

Improvement Plans in place for all service areas

Quarterly budget monitoring in line with PFM cycle

National education grants are being rolled into a single Regional Consortium School

Improvement Grant and its value is being reduced. Continuing engagement with

stakeholders about funding prospects continues through Education Strategy Group and Schools Budget Forum.

Continuing work to, as far as possible, deliver required MTFP savings targets over next three years.

Actions to be taken:

29/05/19 - Budget tracker, outturn variances and continuing service pressures reported to PFM on a monthly basis. Whilst specific savings proposals remain deliverable the scale of continuing unfunded pressures on demand led and inherently volatile service budgets presents a considerable challenge and almost certainly a budget overspend.

Budget Tracker in development, should be complete and in PFM reporting by April 2018

recruitment of Invest to Save capacity by June 2018

13/11/18 - Colin Goddard Changed the responsible officer from Chris Sivers to Nick Williams (Director of Education) to fall in line with organisational restructure. Future Updates will be given by Nick Williams.

Service plans completed.

Savings targets still deliverable but external and unforeseen pressures may delay delivery of targets.

External statutory pressures are now creating a risk of overspends in other areas particularly out of county/independent placements and recoupment as well as support for severe and complex needs.

ERW Directors and joint council agreed in principle greater transparency of distribution based on purpose rather than historical precedent.

Owner: Nick Williams

Responsible Officer: nick williams

Current Likelihood: High

Current Impact: High

Overall RAG Status: Red

Report Date: 11/07/2019 12:38:54

PE 84: Increasing Demand for Specialist Services

Risk Description:

IF we cannot predict and reduce demand effectively THEN specialist services will struggle to cope and there will be insufficient resources to meet that demand

Controls in Place:

Predictive modelling taking place for some services
Prevention Strategy agreed
Budget savings tracker in preparation for reporting to PFMs

Actions to be taken:

Implementation of commissioning strategies to ensure supply matches demand.
Completion of commissioning reviews for LD, MH and YAPD services to ensure adequate sustainable services (All options appraisals to be finalised by January 2020).

Implementation of commissioning review options for OP res care to develop more specialist internal services for older people.

Updated 25 June 2019 - David Howes, Director of Social Services

Owner: Dave Howes

Responsible Officer: david howes

Current Likelihood: Medium

Current Impact: High

Overall RAG Status: Amber

Report Date: 11/07/2019 12:38:54

PE 85: Workforce Planning

Risk Description:

IF we do not predict the needs of the workforce of the future THEN we will have experience skills and resourcing gaps that will lead to additional demand and overspending on budgets.

Controls in Place:

- Senior Workforce development group (SWFDG) in partnership HR established to produce clear data sets to understand workforce current future needs
- Improvement plan for Child and family services that link workforce-planning needs throughout to ensure a skilled, qualified and experienced workforce.
- Transformation Plan for Adult services in place, outlining what will be required to achieve change.

- Preparation of workforce in readiness for legislative and regulatory changes. All roles have been mapped and plans in place in readiness for the All Wales induction Framework for our registered services
- Interim Training Needs Analysis and Workforce Plan is in place.
- Improvement program for skilled workforce in place for Child and family Services
- SCWWDP – financial application for 2019/20 has been completed and letter of confirmation received
- Agreed Practice Frameworks for both Child and Family and Adult Services

Actions to be taken:

- Identify reporting mechanisms, which must include and incorporate a performance framework this work is ongoing with SWFDG
- Conclude a performance framework and ensure it is embedded within services – Ongoing
- The development of marketing opportunities in social care
- Work force structure and data cleanse linked to the work force development plan.- Ongoing work with SWDG
- Role profile linked to qualification framework and CPD for all social care staff ongoing
- Development of system to ensure verified qualification review
- Production of training hub project plan
- Communication strategy specific to workforce planning to be developed.
- Completion of the SCWWDP Circular application for 2019/20 to be completed mid-February – completed and funding received

Updated 25 June 2019- David Howes, Director of Social Services

Owner: Dave Howes

Responsible Officer: david howes

Current Likelihood: Medium

Current Impact: Medium

Overall RAG Status: Amber

Report Date: 11/07/2019 12:38:54

PE 87: Band B Programme funding envelope is reduced

Risk Description:

IF we are unable to gain approval to detailed business cases and timely access to the full funding envelope approved in principle by WG THEN the investment in schools capital will not address all the identified priority needs.

Controls in Place:

- Robust governance arrangements for Band B
- Coherent and consistent County-wide strategy and detailed plans for early investment priority areas
- Continuing constructive engagement with WG officials

- CMT is ensuring oversight of the programme

29/05/19: Control measures reviewed and remain appropriate.

Actions to be taken:

29/05/19: Continuing positive progress to develop detailed business cases for WG approval and deliver early priority capital investment areas. Concerns have been consistently raised regarding the capacity of teams across the Council to deliver the scale of capital investment to the required timescales.

- Sufficient capacity and resourcing to inform business cases and then deliver approved schemes
- Detailed business cases submitted and approved by WG in line with indicative delivery timescales
- Contingency 'plan B' in respect of specific investment areas where WG funding support is potentially wavering (e.g. Special Schools)

06-09/18: Risk amended to reflect progress on Band B since the original risk was identified. No changes to RAG status.

Owner: Nick Williams

Responsible Officer: nick williams

Current Likelihood: Low

Current Impact: High

Overall RAG Status: Amber

Report Date: 11/07/2019 12:38:54

PE 89: Data Breaches of Confidentiality

Risk Description:

Data breaches.

Controls in Place:

Adult Services Action Plan and Child and Family Services Action Plan to counteract breaches and to prevent them taking place.

A Data Protection Impact Assessment (DPIA) has been completed

PO for Resources attends all breach panels and communicates lessons learned.

Communication on keeping data safe has been circulated via May's edition of the staff newsletter in both Adult & Children's Services.

Actions to be taken:

DPIA has been completed along with a process for sending mail. Next steps are to

roll out communication/training workshops.
Changes in processes agreed via Panel to be incorporated into guidance for staff with master copy held by PO Resources.
Practice guidance being developed for Social Work Staff to be discussed at SMT June 2019
Working Group to be formed to plan formal training.

Exercise being undertaken to ensure all managers have completed the GDPR compliance checklist and that all systems holding personal data are on the Information Asset Register by the end of June 2019

Updated 25 June 2019 - David Howes, Director of Social Services

Owner: Dave Howes
Responsible Officer: Sonia Miles
Current Likelihood: Very Low
Current Impact: Very High
Overall RAG Status: Amber
Report Date: 11/07/2019 12:38:54

PE 90: Financial Stability of Social Care Market

Risk Description:

If there is financial instability within the care home and domiciliary care provider market, then there will be a serious threat to the capacity, choice and quality of services available to citizens and to vulnerable adults to help them to remain at home or in a home of their choice

Controls in Place:

Discussions/meetings held with service providers at risk.

Liaison with Corporate Procurement/Legal/Finance teams.

Packages of care reallocated to alternative service providers, when risks identified relating to the stability of Domiciliary Care providers.

Monitoring visit with all service providers covering regulations/contract specification standards/business plans/financial risk/financial systems.

Actions to be taken:

To develop Swansea's market position through West Glamorgan Health and Social Care programme, and through the work of a Category Hub, as part of Sustainable Swansea - Fit For The Future programme.

Termination of contracts with named providers where quality standards are not consistently met or financial due diligence is not found. In some cases this includes

reallocation of some packages of care, rather than complete termination of the contract to help stabilize the provider.

Under Sustainable Swansea-Commissioning reviews of Domiciliary Care, Residential Care, and Day Services in Swansea. A re-commissioning process is underway. This involves creating zones across the county to encourage a more even distribution of services and an optimal number of supported living and domiciliary care service Providers. This will help to build stability in the sector (contract awards scheduled for first of October 2019)

Undertaking review of fee rates of care homes to ensure that rates paid can sustain services and cover costs.

A standard approach to annual costs review is being developed to ensure services are sustainable across adult services. This involves assessing impacts of NLW and other inflationary pressures to ensure fees paid cover these cost pressures.

Adult Services Improvement Plan - longer term plan to develop around process going forward.

Updated 25 June 2019 - David Howes, Director of Social Services

Owner: Dave Howes

Responsible Officer: david howes

Current Likelihood: Medium

Current Impact: Medium

Overall RAG Status: Amber

Report Date: 11/07/2019 12:38:54

PE 91: Insufficient Resources to support Business Case Submission and Programme delivery

Risk Description:

IF there are insufficient resources within other areas of the council (IT/Legal/Estates /CBPS etc.), THEN there is a risk that processes and/or timelines slip and/or PMs are not provided with sufficient information to support Business case submission and programme/project delivery.

Controls in Place:

Transferred to service risk ED51.

Escalated to Directorate risk register at Education PFM on 20/11/17 due to the resources required from other services/directorates.

08/03/19: Re-instated as Directorate Risk

24/05/19: Following formal escalation of concerns by QED Programme Board and Delivery Group the Department is continuing to seek actions to effectively mitigate the risks and potential implications to programme delivery in discussion with relevant teams across the Council. Actions will be taken to seek to address capacity constraints within the Department through filling of vacant posts and wider departmental reviews.

Actions to be taken:

24/05/19: Discussions are continuing with relevant teams across the Council to seek appropriate action to address capacity issues across the Council. Further action will be taken to address capacity constraints within the Department through filling of vacant posts and wider departmental reviews.

Owner: Nick Williams

Responsible Officer: brian roles

Current Likelihood: Medium

Current Impact: High

Overall RAG Status: Amber

Report Date: 11/07/2019 12:38:54

PE 92: Specialist Provision and OOC Placements

Risk Description:

If there continues to be a shortfall in specialist in county placements for pupils with moderate to profound and complex difficulties including ASD then the department will face escalating costs to place out of area or escalating home education placements and provision or overspend of the severe and complex needs budget.

A lack of in-county placements is reducing parents' confidence of in-county provision as well as calls from STFs for extra funding to meet the complexity of needs. There will continue to be significant pressure on the out of county and recoupment budgets which will be difficult to mitigate.

Controls in Place:

Escalated from Service Risk ED36 linked to EDR044

The LA is looking to increase recoupment charges in line with updated S.52 statement and including admin charges.

Band B proposals submitted for a new special school submitted although these are now likely to be pushed back to Band C.

3 x new ASD STFs due to open opened in Jan 2018

Further proposals increase further specialist provision capacity being drafted for approval at SLB and Cabinet/Council now subject to consultation.

Actions to be taken:

02.05.19

Capacity issues are hampering progress. Paper to restructure ALN services presented to CMT.

06/18:

Alison Lane added as responsible officer following appointment as Head of ALNU. Mark Sheridan remains risk owner as Head of Service.

- Renewed bid to transformation grant to increase/enhance capacity building activity over the next two years.
- In medium term increase STF places by re-designating current STFs, increasing number of STFs for MLD and ASD. In long term build new special school as part of Band B. The development of outreach support will help to mitigate risk. Seek to ensure ABA providers are quality assured.
- ALN Strategy to map need and provision.

12/17: In short term use innovation funding to provide outreach capacity from special schools. Identify good practice in specialist provision and provide funding to release staff from specialist provision to help with the monitoring. Develop a monitoring and evaluation framework which enables the LA to review specialist provision on an annual basis.

In short term more closely manage severe and complex needs budget and increase places in Pen-y-bryn and current STFs. In medium term increase STF places by re-designating current STFs, increasing number of STFs for MLD and ASD. In long term build new special school as part of Band B. The development of outreach support will help to mitigate risk. Seek to ensure ABA providers are quality assured.

11/17: Finalise specialist provision and special school paper. Continue with Band B proposal process. Bring STFs online

Owner: Mark Sheridan

Responsible Officer: Alison Lane (Edu)

Current Likelihood: High

Current Impact: High

Overall RAG Status: Red

Report Date: 11/07/2019 12:38:54

PE 93: Accessibility Plan in light of WG guidance

Risk Description:

If the Plan is not updated this year then the LA is liable to Equality Act discrimination appeals or Ombudsman complaints

Controls in Place:

22/05/19:

- Review and update Accessibility Strategy
- Carry out condition surveys
- Identify lead officer

Actions to be taken:

22/05/19:

New risk

Owner: Louise Herbert-Evans

Responsible Officer: louise herbert-evans

Current Likelihood: High

Current Impact: Medium

Overall RAG Status: Amber

Report Date: 11/07/2019 12:38:54

PE 94: Implementation of ALNET Act 2018**Risk Description:**

The new ALNET Act 2018 has significantly widened the potential statutory demands on LAs and increased the likelihood of escalating appeals for assessment and provision from a wider group of stakeholders.

If the confidence of parents and schools is not improved then the LA will face increasing costs awarded against it by Tribunal if the LA is not supported to oppose the appeals legally and otherwise.

The number of statements of special educational needs is proportionately the highest in Wales and is currently increasing. Statutory PIs are, therefore, deteriorating due to capacity within the LA to manage the volume of work. Inclusion of actual levels of statements and statement resource in the formula used to delegate the severe and complex needs budget has introduced a perverse incentive that may encourage schools to maintain statements and seek new statements.

The implementation of the ALNET Act by September 2020 is compromised by the lack of capacity at strategic levels in the ALN Unit due to the high level of operational management required. If these capacity issues are not resolved then there is a risk to the LAs reputation and consequent financially damaging legal actions because of the statutory nature of the reform.

05/06/19: If we do not get sign up from other key stakeholders with regard to their responsibilities to identify need and secure provision it is likely the local authority will not meet its statutory obligations with regards to the ALNET Act and face significant cost implications.

Controls in Place:

05/06/19: Review existing ALN Strategy and Implementation Plan.

- Engaging with parents and key stakeholders through the commissioning review.
- Working with schools with regard to the funding formula
- Working group set up to look at the funding formula.
- There are robust decision making and moderation processes in place for starting statutory assessments and stating levels of provision in statements.
- Proposals for addressing the staffing capacity issues are being presented to SLB.
- New models of service delivery being developed to clarify the provision offer and make it more flexible and targeted.
- Training in person centred approaches is being secured

Actions to be taken:

06/06/19 - Escalated from service risk register due to Likelihood and Impact being revised to very high.. Previously ED35. Moved by administrator CRG

05/06/19:

- ALNU structure approved in principal.
- Attendance at ALN leads meetings.
- Judicious use of transformation grant funding to support training and engagement events with regard to the Act and Draft Code.

06/18

Alison Lane added as responsible officer following appointment as Head of ALNU. Mark Sheridan remains risk owner as Head of Service.

- Commissioning Review completed and changes in staffing structures agreed and in the process of implementation, although there are issues with recruitment to key posts.
- Joint working group to look at formula funding set up but progress is slow
- PCP training will be part of the regional implementation plan
- Outreach services commissioned using innovation funding to build school capacity.
- Panels already provide robust decision making and moderation. However, lack of capacity to oppose appeals to Tribunal and volume of tribunal appeals have mitigated against this action.
- ALN Strategy to be developed.
- Website ad online presence requires improving
- Parent partnership/Early disagreement/dispute resolution processes and services require developing.

12/17:

- Careful management of decision and moderation processes including Panels.
- Meetings arranged with head reps to discuss this issue and review formula prior to ALNET Bill implementation.
- Need to look at wordings on Statements.

11/17:

- Conclude the commissioning review options appraisal
- Implement models of service delivery and commissioning review options
- Conclude negotiations with regard to funding formula
- Continued engagement with parents, carers, children and young people with regard to implementation
- Develop a communication plan and strategy as well as training for ALNET implementation

Owner: Mark Sheridan

Responsible Officer: Alison Lane (Edu)

Current Likelihood: Very High

Current Impact: Very High

Overall RAG Status: Red

Report Date: 11/07/2019 12:38:54

PE 95: Capacity for effective commissioning arrangements

Risk Description:

If there is insufficient capacity for decommission and re-commissioning arrangements remain a risk in terms of compliance with CPRs, effective draw down of funding to comply with T&Cs and timing of the commissioning cycle to allow for a co-productive approach

Controls in Place:

A cross directorate review has taken place into commissioning, seeking to establish sufficient capacity to support services in the future.

Areas for development which will add value and make arrangements more robust and fit for the future challenges have been identified

Governance arrangements are confirmed via the People Commissioning Group for oversight and decision making.

Actions to be taken:

An action plan is in place outlining the areas for development and how these will be progressed across the directorate. These include areas such as strategic partnerships, co-production, WG alignment of grant funding, contracts and monitoring, the procurement process and potential budget savings and governance.

Planning for structural changes will take place by June 2019 and then a further review of capacity once all teams have been brought together

Updated 18.06.19 - Moved to a Directorate Risk from Pov 14

Owner: Jane Whitmore

Responsible Officer: david howes

Current Likelihood: Medium

Current Impact: High

Overall RAG Status: Amber

Report Date: 11/07/2019 12:38:54

PE 96: Failure to manage the provision of ALN in line with the ALN act will result in increased expenditure

Risk Description:

The ALN Act extends the local authority's responsibilities for identifying ALN and securing additional learning provision (ALP) to the age range of 0-25. Currently it is not clear if there is sufficient provision across the authority to meet the additional learning needs for learners aged 0-3 and 16-25 with severe and or complex needs. IF there is insufficient provision available to meet identified additional learning needs in these age ranges THEN it is likely the authority will face increased costs due to the use of independent placements and provision which the local authority will be required to secure under the new legislation.

Controls in Place:

We need to map additional learning needs for the 0-3 and post 16 age ranges as well as the provision that is available across the Authority offered by Health, Social Services, Education and the third sector as well as non-maintained settings. To work with local FE colleges to improve the capacity for them to include learners with more severe and complex needs as part of their Post 16 offer. Work with Early Years non-maintained settings as well as central Early Years teams and flying start to enable early identification and increased capacity to meet needs in an integrated way. Further details are set out in the ALN Strategy and Implementation Plan.

Actions to be taken:

19/06/19: New risk escalated from Education PFM 17/06/19.

Owner: Mark Sheridan

Responsible Officer: Alison Lane (Edu)

Current Likelihood: High

Current Impact: High

Overall RAG Status: Red

Report Date: 11/07/2019 12:38:54

PE 97: Failure to administer a multiagency approach to vulnerable learners will encounter increased resource costs

Risk Description:

There are a significant cohort of learners with severe, complex and challenging needs who are proving difficult to place within the County and also out of County or in independent provision. IF the local authority cannot find a multi-agency integrated response to meet the needs of these learners THEN it will face increasing statutory costs, accommodation, and placement out of county which will have an impact on current corporate priorities such as the safe LAC reduction strategy.

Controls in Place:

Within authority multi-agency task and finish group needs to be formed to generate solutions and implementation plan.

Actions to be taken:

19/06/19: New risk escalated from Education PFM on 17/06/19.

Owner: Nick Williams

Responsible Officer: mark sheridan

Current Likelihood: High

Current Impact: High

Overall RAG Status: Red

Report Date: 11/07/2019 12:38:54

Place (Finance) Risk Register Report 11/07/19

Risk Id	Risk Title	Owner	Date Last Updated	Overall RAG
PL FIN 2	Building Maintenance	Nigel Williams	26/06/2019	A
PL FIN 12	Welfare reform	Jane Harries	07/06/2019	A
PL FIN 16	Disabled Facilities Grant - Performance and Budget Spend	Mark Wade	07/06/2019	A
PL FIN 17	Loss of expertise due to reduction in Capital Funding	Stuart Davies	24/06/2019	A

PL FIN 2: Building Maintenance

Risk Description:

Given the current condition of our building assets and the available revenue maintenance budget, there is significant risk that the demand will outstrip available

budget. As we move forward the ability for us to add to the budget will not exist with other measures to reduce by the required 20%. As part of 'Sustainable Swansea' it is recognised that should the CCoS reduce its asset register, savings could be realised from the revenue maintenance budget. This has been factored within future CB&PS savings.

To ensure we manage within the available budget there needs to be a reduction within the asset portfolio.

Controls in Place:

Maintain prioritisation of annual budget to facilitate statutory compliance programme. Programme identified within service priorities with progress reviewed on a quarterly basis. To ensure that the Authority is fully compliant, as we (CCoS) have a legal obligation under British and European law.

That appropriate measures are adopted to ensure the safety of all staff and visitors within any assets owned by the CCoS. Specific procedures to ensure compliance to include: Electrical testing programme, Asbestos revisit programme, servicing of mechanical and electrical systems, glass filming programme etc.

A statutory compliance Strategy had been developed and implemented to ensure the Authorities position is protected.

Capital maintenance budget identified for priority matters.

Additional one off capital budget made available for school's AMP, which will target areas of high risk. This will support issues of business continuity etc.

Review overall asset base as part of asset management plan.

Maintain existing budget. Work within agreed criteria as agreed by Exec Board.

Close liaison with relevant HoS to maintain communication of potential risk.

Continue with risk based approach with prioritisation of budget i.e. target 'D' rated building elements.

Maintain SLA's in respect to condition data and regime of building inspections.

[Updated Aug 2016]

(No further update 18th October 2016 - RL)

(No further update 14th Nov 2016 - RL)

(No further update 12th December 2016 - RL)

(No further update 23rd Jan 17 - RL)

(No further update 28th Feb- RL)

(No further update April 10th - RL)

(No further update 18th May - RL)

(No further update 19th June - RL)

(No further update 24th July - RL)

(No further update 22nd August - RL)

(No further update 17.9.17 - RL)

(No further update 11.10.17 - AS)

(No further update 17.1.18 - AS)

(No further update 28.2.18 - RL)

(No further update 20.3.18 - RL)

(No further update 23.5.18) RL

(No further update 18.6.18) RL

Removal of Leisure Centres and Plantasia will help but as the budget has already

been taken in previous years there us still a risk. 25.7.18

As above - Transfer of ownership 1.10.18 16.8.18

(No further update 19.9.18) AS

No further update 14.11.18 RL

Plantasia transferred 1st of March, LC's all transferred, still concern in relation to the level of cuts to the budget which is not in line with the number of buildings being closed.

Actions to be taken:

Removal of Leisure Centres and Plantasia will help but as the budget has already been taken in previous years there us still a risk. 25.7.18

As above - Transfer of ownership 1.10.18 16.8.18

(No further update 19.9.18) AS

No further update 14.11.18 RL

Plantasia transferred end of April, LC's all transferred, still concern in relation to the level of cuts to the budget which is not in line with the number of buildings being closed.

Further reductions in the budget will have a serious impact on the service we deliver. Year end figures not as bad as expected, many changes have been made and some assets removed allowing for a balanced budget at year end.

Any further reduction in the budget will have serious consequences in relation to the service that we can provide.

Owner: Nigel Williams

Responsible Officer: nigel williams

Current Likelihood: Medium

Current Impact: Medium

Overall RAG Status: Amber

Report Date: 11/07/2019 12:42:10

PL FIN 12: Welfare reform

Risk Description:

Reduction in the amount of rent being collected as consequence of Welfare Reform changes, impacting on income to the Housing Revenue Account.

Welfare Reform changes introduced in recent years, including the removal of the single room subsidy (bedroom tax), Universal Credit (UC) and the Benefit Cap are all having an impact on the collection of income resulting in increasing arrears.

In December 2017 the DWP will migrate Swansea to a full digital service area. One of the biggest impacts of this will be an increase in the number of UC claimants, meaning they will receive their housing costs direct once a month and their rent will no longer be paid to the Council weekly through housing benefit. In addition in December 2017 18-21 year olds will no longer be automatically entitled to receive housing costs unless they fall into and are exempted category. Collectively all the

changes highlighted along with the financial pressures generally being experienced by Council tenants will make income collection extremely challenging in the years ahead.

Controls in Place:

Welfare Reform changes introduced in recent years, including the removal of the single room subsidy (bedroom tax), Universal Credit (UC) and the Benefit Cap are all having an impact on the collection of income resulting in increasing arrears.

Swansea migrated to a full digital service area in December 2017. The biggest impact of this has and will continue to be the number of UC claimants receiving their housing costs directly on a monthly basis. The changes, along with the financial pressures generally being experienced by Council tenants, will make income collection extremely challenging in the years ahead, subsequently impacting on the business plan.

Actions to be taken:

A working group is in place to assess the impact of Welfare Reform and this meets on a quarterly basis. Universal Credit has now been introduced and the rent accounts of those being affected are being closely monitored every week.

In relation to arrears, these are being robustly monitored and appropriate action is being taken.

November Update - No new issues, arrears continue to be monitored. The next Welfare Reform Working Group Meeting is on January 26th.

December Update - no further updates.

January Update - Welfare Reform Working Group meeting is now scheduled for Jan 28th , further information regarding the impact of Welfare Reform will be reported to the group.

December Update - No further updates required

January - meeting of the Welfare Reform Officer impact group planned in February

February Update - Welfare Reform Officer Working Group met and discussed the latest impact statistics for the Authority.

March - No further updates required.

April - No further updates required.

May - no further updates

June/July - Officer working group continues to meet on a regular basis to review the current situation

August - no further updates

September - An officer group has been set up involving senior managers, to look at the options open to address specifically the changes being introduced which will affect the under 35s via the introduction of shared room rates.

October - no new updates available

Nov/Dec - no further updates

January - Corporate research project into the likely affects of Welfare Reform in Swansea to be commissioned.

Feb - no further updates

March - no new updates

April - no new updates

May - no new updates

June - no new updates

July - no new updates

August - no new updates

September - no new updates

October - results from the Universal Credit pilot Authorities in Wales being analysed

November - no new updates

December - Universal Credit introduced in Swansea on December 13th with its impact to be analysed.

January - 121 tenants now affected by Universal Credit, impact to be closely monitored

February - further increase in tenants receiving Universal credit

March - no further updates

April - no further updates

May - the impact of UC is increasing at a significant rate, there are over 1200 tenants now claiming UC credit and this is impacting on rent arrears. Analysis of the impact is on-going.

June - numbers of people on UC steadily increasing

July - Arrears have increased 595K in last 7 months and much of this can be attributed to Universal Credit

August - impact still being monitored

September - report taken to Housing Futures Programme Board outlining possible impact of Universal Credit on the HRA in future.

October -Arrears have increased by 678k in the last 10 months. Current working practices within the Rents Team are in the process of being reviewed in order to ensure that collection and recovery processes are robust and effective.

November - Impact continues to be monitored

December - no new updates

January - no new updates

Feb - no new updates

March - no further updates

April - The impact on Welfare Reform (particularly UC), continues to have a significant impact on rent arrears. Officers continue to support tenants whilst robustly following procedures, and in April the team was reorganised to ensure we continue to meet the challenges of arrears recovery.

May - no new updates

June - no further updates

Owner: Jane Harries

Responsible Officer: jane harries

Current Likelihood: Medium

Current Impact: Medium

Overall RAG Status: Amber

Report Date: 11/07/2019 12:42:10

PL FIN 16: Disabled Facilities Grant - Performance and Budget Spend

Risk Description:

Failure to meet Disabled Facilities Grant (DFG) performance and capital budget spend targets for 2019/20

Controls in Place:

Various monitoring systems in place to measure performance and spend within Housing. Regular meetings held at operational level to monitor Occupational Therapy performance within Social Services.

Actions to be taken:

A Batch of DFG referrals are to be issued to an OT staffing agency due to resource issues in the OT team. Direct recruit of OT staff employed by Housing will follow thereafter in an attempt to maximise long term performance and reduce DFG waiting times for the medium to the long term. Regular updates to P&FM to be given.

November Update - work has now been issued to an O.T agency and 1.5 new OT staff have been recruited by the Council. The agency work will help insure capital DFG spend by the end of the year and the recruitment will help build commitment for 2016/17 spend.

December Update - no new updates required.

January Update - new OTs now in post

February Update - underspend for 2015/16 now projected and P&FM have been informed however the appointments of the new OTs will ensure greater spend in 2016/17.

March - no further issues.

April - no further issues

May - no further issues

June/July - performance improving however further improvements required with regard to the speed of the process. A meeting with Social Services has been arranged to look at the issues.

August - no further updates

September - further changes/plans to increase available OT resources to be taken to CMT in the Autumn.

October - no further updates.

November - changes to procedures being discussed with Social Services

December - further OTs being recruited as part of the on-going structural changes to the OT service.

January - No further update available

Feb - no further updates

March - no new updates

April - no new updates

May - The OT service are exploring procedural changes to the way they operate which could be beneficial to the DFG process.

June - no new updates

July - no new updates

August - no new updates

September - no new updates

October - no new updates

November - New monitoring system in place with social services to ensure numbers of assessments required each month are maintained

December - No further updates

January - no further updates

February - no further updates

March - no further updates

April - no further updates

May - no new updates

June - no further updates

July - no new updates

August - no further updates

September - no further updates

October - no further updates

November - no further updates

December - no new updates

January - no new updates

Feb - no new updates

March - no further updates

April - no new updates

May - no new updates

June - no further updates

Owner: Mark Wade

Responsible Officer: mark wade

Current Likelihood: Low

Current Impact: Medium

Overall RAG Status: Amber

Report Date: 11/07/2019 12:42:10

PL FIN 17: Loss of expertise due to reduction in Capital Funding

Risk Description:

All technical staff are fee earning. Therefore, with loss of income there is insufficient funding to pay salaries and staff (knowledge and experience) will be lost. These staff play an integral part in supporting the regeneration of the city centre.

Controls in Place:

Advanced forecasting of future workload, plus diversification of skills to meet peaks in workload. Opportunity to engage with TFW

Actions to be taken:

Actions to be taken: Collaboration with Regeneration to develop successful grant bids to support future workloads. Contingency plan to be put in place to retain key staff members should external grant funding streams cease.

No further update 26/03/18

No further update 19/04/18

No further update 14/06/18

No further update 05/07/18

No further update 24/08/18

No further update 01/10/18

No further update 08/01/19

No further update 14/02/19

No further update 22/03/19

No further update 17/04/19

No further update 16/05/19

No further update 24/06/19

Owner: Stuart Davies

Responsible Officer: mark thomas
 Current Likelihood: Medium
 Current Impact: Medium
 Overall RAG Status: Amber
 Report Date: 11/07/2019 12:42:10

Place (General) Risk Register Report 11/07/19

Risk Id	Risk Title	Owner	Date Last Updated	Overall RAG
PL GEN 5	Housing Risk S: Inadequate supply of housing to meet needs	Mark Wade	07/06/2019	R
PL GEN 6	Housing Risk W: Failure to meet the Welsh Housing Quality Standard	Mark Wade	10/06/2019	A
PL GEN 45	Highways-Failure to adequately maintain structural integrity of Highway Assets	Stuart Davies	24/06/2019	A
PL GEN 81	Failure to deliver the infrastructure to support the City Bay Region's Economic Regeneration Strategy	Stuart Davies	24/06/2019	A
PL GEN 91	Major Transport Provider Ceases Trading	Stuart Davies	24/06/2019	A
PL GEN 95	Service Failure of Vehicle Fleet	Stuart Davies	24/06/2019	A
PL GEN 97	Services in the community	Geoff Bacon	21/05/2019	A
PL GEN 99	Inability to undertake food standards and low level food premises inspections	Lynda Anthony	26/06/2019	A
PL GEN 100	Swansea's natural resources and biodiversity	Paul Meller	22/03/2019	A
PL GEN 101	Backlog in low risk food safety /hygiene inspections	Mark Wade	10/06/2019	A
PL GEN 102	Loss of Trees due to Ash Die Back	Chris Howells	27/06/2019	R

PL GEN 5: Housing Risk S: Inadequate supply of housing to meet needs

Risk Description:

An inadequate supply of housing to meet needs.

Controls in Place:

A Housing Market Assessment has identified the gap between the supply and demand for affordable Housing. The Authority has been successful in ensuring full spend of the funding in the Programme Delivery Plan and has been successful in the past at applying for additional funds made available by the Welsh Government, to deliver more Affordable Housing and it will continue to apply for such additional funding as and when it is made available.

The Council's More Homes Strategy sets out the Council's plans to increase the supply of affordable housing in Swansea, including direct build council schemes on HRA land.

The More Homes Team is focussed on maximising delivery, including exploring Innovative and alternative models for delivery.

The Council works closely with WG and local RSLs to ensure there is a co-ordinated and strategic approach.

Actions to be taken:

Additional funding has been secured via the two Welsh Government initiatives listed above.

The Cabinet Member for Wellbeing accepted a number of recommendations made by the Affordable Housing Scrutiny Inquiry that would contribute to increasing the supply of affordable housing.

In December 2014 the Panel met again and confirmed that they were happy with progress being made in implementing the recommendations.

The Authority recently successfully bid for funding of £1.76m from the Welsh Government's Smaller Properties Initiative to help RSLs build more smaller affordable units which are now more in demand due to Welfare Reform.

A Strategy for using additional HRA funds to build more Council homes is currently being developed and will be considered by Cabinet early in the New Year.

November Update - A 'More Homes' Development Manager has now been appointed to take forward the Authority's new Council House Building Programme.

December Update - No further update required

January Update - environmental issues have been identified on one of the More Homes pilot sites, another potential pilot site is being identified.

January Update - Social Housing Grant allocated to Swansea is forecast to be fully spent by RSL's this financial year

February Update - Extra £1.4m to be allocated to the Authority by WG to help RSL schemes.

Work to be undertaken to determine which schemes should benefit, this needs to be done by the end of March.

March - all extra resources allocated to RSL schemes.

April - Full Social Housing Grant expenditure programme for 2016/17 developed and approved by the Cabinet Member for Next Generation Services.

May - No further updates

June - no further updates

July - Planning permission being sought for the 2 Council Housing new build schemes.

August - Welsh Government have decided to offer RSLs the opportunity to bid for further Housing Finance Grant to help them build more affordable homes.

September - a new system of financing affordable housing is being introduced by the WG with immediate effect . It blends both Social Housing Grant and Housing Finance Grant and should result in more affordable housing being grant funded over time.

October - A Meeting WG officials was attended by key officers to discuss new grant funding arrangements.

November - 'More Council Homes' - long term strategy is being reported to Council in November

December - no new updates

January - RSLs have been asked to bid for blended SHG/HFG funding for 2017/18

Feb - funding bids received from the RSLs and approved by the Cabinet Member.

march - no new updates

April - no new updates

May - The Authority has received an increased allocation of Social Housing Grant for this financial year.

June - no new updates

July - no new updates

August - the possibility of utilising the WG Innovative Housing Grant is being explored.

September - Innovative Housing Grant has been applied for and first batch of new Council houses have now been completed.

October - no new updates

November - awaiting the result of the Innovative Housing Grant application

December - The quantity of Innovative Housing Grant awarded to the Authority by the WG in relation to the Colliers Way development was less than anticipated.

January - awaiting details from WG regarding the possibility of increased borrowing to be permitted to fund more Council Housing.

February - awaiting WG guidance on changes to borrowing cap

March - information on borrowing cap changes received from the WG

April - The Authority has reported to WG that 132 affordable homes have been delivered by RSLs in 2017/18 by grant subsidised schemes such as SHG.

May - no new updates

June - audit of affordable housing delivery underway

July - Innovative Housing bid submitted to the Welsh Government

August - the Authority is participating in the Welsh Governments review of affordable housing provision

September - Response sent to WG's Affordable Housing Review

October - The Authority has been successful in its bid for IHP2, to enable 2 new council schemes of 34 homes to be built as Swansea Standard plus Homes As Power stations. The Authority is also bidding for additional borrowing to enable the full allocation of AHG, and to fund more developments post 2020.

November - WG have announced plans to lift the HRA borrowing cap for Welsh stock retaining Local Authorities. Legal advice is being sought on the implications of this. Awaiting recommendations from the Affordable Housing Supply Review.

December - no new updates

January - no new updates

Feb - no new updates

March - no further updates

April - no further updates

May - no new updates

June - Recommendations from the Affordable Housing Supply Review have now been published.

Owner: Mark Wade

Responsible Officer: mark wade

Current Likelihood: High

Current Impact: High

Overall RAG Status: Red

Report Date: 11/07/2019 12:43:46

PL GEN 6: Housing Risk W: Failure to meet the Welsh Housing Quality Standard

Risk Description:

Failure to meet the Welsh Housing Quality Standard.

Controls in Place:

The Welsh Government has accepted the Council's HRA Business Plan for funding the improvements needed to the stock to meet the requirements of the Welsh Housing Quality Standard by 2020. The Business Plan is based on a number of key assumptions, some of which are outside the direct control of the Council such as rent setting policies which are controlled by the Welsh Government. Progress in delivering the capital programme is monitored monthly via the Joint Housing Programmes Forum and the Housing Futures Programme Board to ensure expenditure is maximised and that any slippage is minimised.

Actions to be taken:

The submission of further reports to Programme Board will be made, should any change in terms of the Council's financial position or WG policy occurs.

November Update - A WHQS Compliance Policy has been developed and will be submitted to Council for consideration on February 25th. In addition, WG officials

recently visited the Authority and the issue of risks in relation to the WHQS was discussed.

December Update - No further updates required

January Update - The Welsh Housing Quality Standard is being considered by a Scrutiny Working Group on Feb 3rd.

February Update - A WHQS Compliance Policy has been approved by Council and submitted to the WG. A Scrutiny working group have met to consider progress towards WHQS and have put forward a number of recommendations to be considered. A response will be sent to the chair of the group by the end of March highlighting how these recommendations will be addressed.

March - Response sent to the chair of the WHQS Scrutiny Group

April - All local ward Members informed in writing of WHQS capital works in their area

May - No further updates

June - No further updates

July - Welsh Government Officers visited the Authority to discuss progress with meeting the WHQS. Positive feedback was received and it was indicated that the Authority would continue to receive Major Repairs Allowance funding.

August - Current WHQS compliance statistics sent to the WG to meet their requirements.

September - some potential 'reputational' issues are being experienced with the kitchen and bathroom element of the WHQS. The situation is being closely monitored by both Housing & CBS and remedial action is being taken.

October - no new updates

November/December - adjustments to the HRA Business Plan are being explored which might have an impact on future Capital Programmes.

January - Capital programme for 2017/18 going to Council in Feb

Feb - Capital Programme approved by Council

March - WHQS verification process to commence shortly.

April - no new updates

May - - no new updates

June - no new updates

July - no new updates

August - WHQS compliance return submitted to the Welsh Government.

September - no new updates

October - no new updates

November - overall RAG status reduced to Medium (Amber) after a review of the risk by Housing Futures Programme Board

December - the Welsh Audit Office have arranged to visit the Authority in February to assess progress in relation to achieving the WHQS. An initial planning meeting with the WAO took place in December.

January - no further details regarding WAO audit of WHQS

February - WAO to visit week commencing April 16th, stock condition survey to commence Feb 19th

March - stock condition survey underway

April - WAO currently visiting the Authority to look at WHQS delivery. Stock condition fieldwork now complete

May - provisional results of WAO review now made available to the Authority.

June - The Authority has supplied responses to initial questions raised by the WAO

July - no new updates

August - latest compliance stats being sent to the Welsh Government

September - technical strategy Commissioning Review underway

October - WAO report received. The report was generally positive.

Novemeber - Authority's comments regarding the WAO report have been sent back to them.

December - Capital programme for 2019/2020 being developed

January - Capital programme for 2019/20 being developed and will go to Council in February.

Feb - £58.7m WHQS capital programme going to Council in Feb for approval

March - Capital programme for 2019/20 approved.

April - no new updates

May - Revised/Updated WHQS Compliance Policy to go to Council in July

June - Revised/Updated WHQS Compliance Policy now on Forward Look for July Council

Owner: Mark Wade

Responsible Officer: mark wade

Current Likelihood: Medium

Current Impact: Medium

Overall RAG Status: Amber

Report Date: 11/07/2019 12:43:46

PL GEN 45: Highways-Failure to adequately maintain structural integrity of Highway Assets

Risk Description:

That some of the highway infrastructure is in a poor condition due to a lack of investment over many years. Current backlog in carriageways alone is calculated to be £54m.

Current funding levels mean that the number of roads in poor condition will double within 10 years. An increase of traffic, local HGV movements and prevailing weather conditions are also major contributory factors.

An increase in assets due to reassignment between services without budget transfer also puts increasing pressures on what can be achieved.

Risk of further deterioration and highway becoming unfit for purpose.

Risk of increasing claims due to failure to meet statutory duty.

Risk to continued operation of multi storey car parks may have a significant impact on revenue and City Centre economy.

Controls in Place:

Policy framework developed and approved by Council 2009.

2009 Inspection regime meets code of practice for maintenance management.

Asset Management Plan 2010-15 published autumn 2010.

2010-15 - New 5 year programme for maintenance.

2011 Agreement across all Wales on intervention levels.

Local Road Capital Grant from WAG diminishing and stopped 2011/12.

2012-15 LGBI investment from WG. A total of £10.45m for the Authority to invest in its highways asset of which around £1m per years was directed to this asset.

2013 All Wales Asset Mgmt Project links with SCOTTS project for best practice.

2013-16. £1m extra capital funding each year from the Authority's insurance reserve was allocated to reduce the deficit in funding. With this funding the total budget remains at around 55% of that required to maintain a steady state condition of the highway.

2015-20 - New 5 year programme for maintenance for carriageways, footways,

street lighting, structures and drainage published.
Asset Management Plan 2016-25 under review.
2016-17 Asset Management Annual Status Options Report(ASOR).
2017 Review of Safety Inspection Policy in accordance with new draft code of practice.

Significant progress being made through CSS wales and WLGA with additional £1.8m of funding from WG for 18/19 and a commitment to look at future funding levels.

Actions to be taken:

Actions to be taken:
Finalise the 2016-25 Asset Management plan in accordance with latest CCS Wales guidance. Code of Practice Updated 2017.
Bid on further funding to reach steady state levels.
CSS Wales working with WLGA to present case for further funding from WG
Review of non-adopted highway and recently transferred assets to value risk, cost implications and to establish the increase in shortfall in budget due to condition.
Review of safety inspection to new Code of Practice 2019.

Updated 08/01/19

No further update 19/04/18
No further update 14/06/18
No further update 05/07/18
No further update 01/10/18
No further update 14/02/19
No further update 28/03/19
No further update 17/04/19
No further update 16/05/19
No further update 24/06/19

Owner: Stuart Davies
Responsible Officer: bob fenwick
Current Likelihood: Medium
Current Impact: High
Overall RAG Status: Amber
Report Date: 11/07/2019 12:43:46

PL GEN 81: Failure to deliver the infrastructure to support the City Bay Region's Economic Regeneration Strategy

Risk Description:

To provide Strategic Transport links to main centres of employment. Infrastructure projects are partially reliant on grant funding from Europe or via Welsh Government, the uncertainty of future grant funding streams is a risk to the continued regeneration of the city centre and improving connectivity with other regional centres and key transport corridors / interchanges.

Controls in Place:

Annual bid for grant funding takes place and is successful to date. Transport has now been raised as a key element in the City Deal with proposals to develop a Metro solution being supported by WG

The proposal to develop a SW Wales Metro in collaboration with the Regional Authorities will contribute to the aim of improving connectivity.

Actions to be taken:

A review of our bid submissions are regularly undertaken and advice sought from Welsh Government on quality of bids. Collaborative working across the authority to maximise benefit from various funding sources.

Awaiting announcement regarding Metro funding for 18/19

No further update 19/04/18

No further update 14/06/18

No further update 05/07/18

No further update 24/08/18

No further update 01/10/18

Updated 08/01/19

No further update 14/02/19

No further update 22/03/19

No further update 17/04/19

No further update 16/05/19

No further update 24/06/19

Owner: Stuart Davies

Responsible Officer: mark thomas

Current Likelihood: Medium

Current Impact: Medium

Overall RAG Status: Amber

Report Date: 11/07/2019 12:43:46

PL GEN 91: Major Transport Provider Ceases Trading**Risk Description:**

The Council has contracts in place with transport operators to provide subsidised socially necessary local bus services and also statutory home to school transport services.

The majority of local bus services in the Swansea area are operated by First Cymru and over 80% of these are provided commercially.

Controls in Place:

Transport Officers carry out pre-qualifying checks on all transport providers as part of the procurement process for transport services.

A Corporate Taxi Framework Agreement is in place so that replacement or new taxi services can be arranged quickly.

Transport officers monitor the licensing and fleet makeup of the main providers in the area so that the appropriate suppliers could be contacted and alternative arrangements made quickly should the need arise.

Swansea Council works closely with other local authorities in S W Wales and shares intelligence on transport providers/ issues with them.

Actions to be taken:

Continuing to monitor industry and work with WG.

No further update 19/04/18

No further update 14/06/18

No further update 05/07/18

No further update 24/08/18

No further update 01/10/18

No further update 08/01/19

No further update 14/02/19

No further update 22/03/19

No further update 17/04/19

No further update 16/05/19

No further update 24/06/19

Owner: Stuart Davies

Responsible Officer: cath swain

Current Likelihood: Low

Current Impact: Medium

Overall RAG Status: Amber

Report Date: 11/07/2019 12:43:46

PL GEN 95: Service Failure of Vehicle Fleet

Risk Description:

The delayed vehicle replacement programme has resulted in a vehicle fleet age profile that is older than required. Resultant large increase in vehicle maintenance costs and non-availability as occurring as a result. Approximately 66% of vehicles have passed their planned replacement dates. There may be a subsequent large increase in vehicle (end of contract) costs within year when vehicles are replaced.

Majority of minibuses owned and used by schools do not use the corporate vehicle maintenance facility (CTU) and the extent of compliance with subsequent H&S and legal obligations is unknown. Vehicles are insured by CCoS. Lack of corporate governance in this regard.

June 2017 - Social Services fleet transferred to ITU under Directorate of Place. 65%

existing fleet is overdue for renewal with some vehicles operating beyond their economic life.

Controls in Place:

Tenders for medium commercial, light commercial and refuse collection vehicles. Vehicles are being withdrawn from service and replaced with short term hire where repairs are deemed uneconomic to continue use.

Tenders for electric vans, public lighting towers, social services welfare buses and some heavier commercials being prepared.

Some schools use CTU

Fleet Manager presented to primary and secondary business managers on risk (Feb 2015)

Investment in RCV fleet completed. Client Services fleet - 20 vehicles to be procured this year. RCCO approved for £300k 2019/2020 and 2020/21. Robust vehicle replacement programme is being developed and minimum vehicle requirement and specification identified.

Fleet transporting Social Service users - current funding being reviewed.

350 new vehicles procured 2017/18.

New vehicles being procured 2019/20

Actions to be taken:

Jan 2017 - 38 medium commercial vehicles ordered, deliveries expected to commence June 2017

Jan 2017 light commercial tender for 300 advertised, closes Feb 2017

Jan 2017 refuse collection tender for 36 advertised, closed Feb 2017

Jan 2017 instruction issued to workshop staff for prior authorising of repairs to older vehicles

Feb 2017 potential for end of contract cost increases discussed with Finance

August 2017 Tenders completed. 85 vehicles ordered with expectation of full delivery by Feb 2018. Light Commercial tender requirements being agreed with users (300 vehicles). Significant levels of demand on CTU workshops due to age, maintenance costs anticipated to exceed budget by @ £300k for 17/18 if current trend continues.

Jan 2017 Fleet Manager to arrange to present to headteachers' forum. Corporate H&S manager to assist.

August 2017 Initial meet with Education. Fleet Manager to provide guide in readiness for new term

No further update 19/04/18

No further update 14/06/18

No further update 05/07/18

No further update 24/08/18

No further update 01/10/18

Updated 08/01/19

No further update 14/02/19

No further update 22/03/19
Updated 17/01/19
No further update 16/05/19
No further update 24/06/19

Owner: Stuart Davies
Responsible Officer: mark barrow
Current Likelihood: Medium
Current Impact: Medium
Overall RAG Status: Amber
Report Date: 11/07/2019 12:43:46

PL GEN 97: Services in the community

Risk Description:

If there's insufficient buy in from services, then full operational and financial benefits will not be achieved

Controls in Place:

Significant engagement at team and board level. Pathfinder project in Clydach to test the principles

Pilot due to launch Oct 18 (RL) 25.7.18

On target for launch w/c 15th October, Gorseinon project team held first meeting this month too. (RL 24.9.18)

Launch delayed until 5th Nov due to IT issues and Councillors leave. (22.10.18)

Actions to be taken:

Pilot launch date on track, with next pilot area - Gorseinon - identified

risk of underachievement of savings still likely

Pilot launched on 6th Nov at Clydach Library. Work commencing on Hub strategy across county. RL 14.11.18

Resources due to resignation of PM has highlighted requirements for operational management

Refection paper to be discussed at Leadership June 6th. (RL 21.5.19)

Owner: Geoff Bacon
Responsible Officer: geoff bacon
Current Likelihood: High
Current Impact: Medium

Overall RAG Status: Amber

Report Date: 11/07/2019 12:43:46

PL GEN 99: Inability to undertake food standards and low level food premises inspections

Risk Description:

There is currently a backlog of food safety/hygiene inspections of lower risk (category D and E) food premises and food safety/standards inspections of new business premises which are unrated.

As the inspection of the high risk premises (categories A, B and C) continues to be the priority and the lower risk premises and new businesses are not inspected in accordance with required frequencies

due to existing resources, the number of outstanding inspections of these premises continues to grow.

This has been identified as an issue that needs to be addressed by the Food Standards Agency (FSA)

during their audit of the food service in November 2014 and again in their follow up audit in

December 2018. This presents a risk to public safety in respect of potential for food poisoning

cases/outbreaks and incorrectly described food, particularly the incorrect description of allergens.

Controls in Place:

Inspection of the high risk premises remains a priority but where capacity is identified through close

monitoring of inspection targets, resources are allocated to inspection of the lower risk and unrated

premises. The food business registration form has been amended to identify the risk presented by the

new business and this information is used to prioritise inspections. New ways of working are being

explored, in line with the agile working programme to increase capacity/output and a review

of resource requirements is underway.

Actions to be taken:

Feb - no new updates

March - no further updates

April - no further updates

May - no further updates

June - no further updates

Owner: Lynda Anthony

Responsible Officer: mark wade

Current Likelihood: Medium

Current Impact: Medium

Overall RAG Status: Amber

Report Date: 11/07/2019 12:43:46

PL GEN 100: Swansea's natural resources and biodiversity

Risk Description:

If we do not maintain and enhance Swansea's natural resources and biodiversity, including reversing tree loss, then there will be wider and detrimental impacts on environmental, social, cultural and economic well-being.

Issue: The number of trees and area of tree cover within the County of Swansea is declining.

Factors causing loss of trees (including hedgerows and woodlands) include:

- Tree diseases and pathogens.
- Removal of trees for safety reasons.
- Trees lost through development.
- Lack of robust tree protection measures.
- Lack of a strategy for replacing lost trees.
- Natural loss through age.

Risks arising as a result of tree loss include

- Air and water quality will deteriorate, affecting people's health.
- Mental health and well-being will decline.
- The risk of flooding and landslip will increase in some areas.
- Atmospheric carbon levels will increase.
- Loss of biodiversity and ecological resilience.
- Localised temperature controls and other environmental shelter will be lost.
- Birds and other wildlife will lose habitats and food sources.
- The loss of ecosystem services will impact on public service budgets.
- The loss of aesthetic and character will lead to falling property values, affecting the local and regional economy.
- Noise levels will increase.
- We will not comply with legislative requirements, e.g. Environment (Wales) Act 2016.
- Reputational damage.
- Precedent set for 'other' developers.

- Loss of local distinctiveness and sense of place.
- Sale of council owned land – should be assessed for consideration under the duty imposed by the Environment (Wales) Act 2016 for Tree retention and protection by TPO; could result in both the legal cost and reputational risk of non-compliance.

Controls in Place:

- Planning Policy Wales.
- LDP.
- Felling licence requirements for cutting down large amounts of wood.
- Tree Preservation Orders and Conservation area status.
- Legislation: Biodiversity controls to protect trees with particular features from felling.
- I-tree software to support calculation of ecosystem services in order to assess comparative economic risks of tree loss or other intervention.
- Wildlife legislation and protected sites.
- Internal management and controls and part of formal and informal process
- Addition of additional corporate priority around biodiversity
- Commissioning of Nowcaster system to monitor air quality

Actions to be taken:

- Mapping of suitable areas for tree planting & setting of targets for planting. The council is setting up a 3 year programme to map Green Infrastructure (GI) assets and ecosystems services for every ward – corporate biodiversity objective for Nature Conservation Team.
- Recording numbers of trees lost, trees maintained and trees planted to measure increase of tree cover on council owned land- current Nature Conservation Team action.
- Raising awareness of rights & responsibilities of the public, encouraging “ownership” of the planting and management of trees. Nature Conservation Team.
- Adopting and implementing a Greening Initiative / Link wildlife corridors / create attractive and used public open spaces. By the planting of trees in the creation of linkages between existing habitats and in the creation of ‘Place’. This is Incorporated within LDP policy, and is a corporate biodiversity objective for the Nature Conservation Team to action.
- Adopt LDP Policy including maintaining and enhancing biodiversity and encouraging the planting of trees. LDP Policy due to be adopted in Feb 2019 – for Development Management and Strategic Planning to apply in decision making.
- Develop, adopt and implement a Green Infrastructure Strategy. GI Strategy to be prepared within the next 2-3 yrs. Corporate biodiversity objective and action for the Nature Conservation Team working with partners.
- Develop, adopt and implement appropriate tree policy to govern the removal and replacement of trees on council land. Tree Policy currently being drafted to provide guidance for trees on Council owned land. Adoption of Council Tree Policy is a Corporate Biodiversity objective for the Landscape Team.
- Actions included in the well-being plan for green infrastructure Already highlighted and picked up in corporate biodiversity objective actions for the Nature Conservation team to deliver.
- Identify resources for ongoing maintenance of newly planted trees/hedgerows etc. where appropriate 106 agreements and commuted sums are in
- Produce guidance note for new tree planting with recommended choice of species. Suitable species will vary from site to site depending upon location, orientation,

ground conditions, minimising ongoing conflicts and maintenance issues and whilst native species are encouraged many are unsuitable or urban and residential locations and some can trigger health issues such as hay fever from pollen. With so many options it would be preferable to produce a guidance note on what/how not to plant. Long term action for Landscape Team.

Owner: Paul Meller

Responsible Officer: phillip holmes

Current Likelihood: Medium

Current Impact: Medium

Overall RAG Status: Amber

Report Date: 11/07/2019 12:43:46

PL GEN 101: Backlog in low risk food safety /hygiene inspections

Risk Description:

There is currently a backlog of food safety/hygiene inspections of lower risk (category D and E) food premises and food safety/standards inspections of new business premises which are unrated. As the inspection of the high risk premises (categories A, B and C) continues to be the priority and the lower risk premises and new businesses are not inspected in accordance with required frequencies due to existing resources, the number of outstanding inspections of these premises continues to grow. This has been identified as an issue that needs to be addressed by the Food Standards Agency (FSA) during their audit of the food service in November 2014 and again in their follow up audit in December 2018. This presents a risk to public safety in respect of potential for food poisoning cases/outbreaks and incorrectly described food, particularly the incorrect description of allergens.

Controls in Place:

Inspection of the high risk premises remains a priority but where capacity is identified through close monitoring of inspection targets, resources are allocated to inspection of the lower risk and unrated premises. The food business registration form has been amended to identify the risk presented by the new business and this information is used to prioritise inspections. New ways of working are being explored, in line with the agile working programme to increase capacity/output and a review of resource requirements is underway.

Actions to be taken:

March - no new updates

April - no new updates

May - no new updates

June - no new updates

Owner: Mark Wade
Responsible Officer: lynda anthony
Current Likelihood: Medium
Current Impact: Medium
Overall RAG Status: Amber
Report Date: 11/07/2019 12:43:46

PL GEN 102: Loss of Trees due to Ash Die Back

Risk Description:

Ash Die Back is a disease which is likely to affect all Ash trees across the country. Any Ash trees which become infected need to be felled for safety. The risks include safety risk due to the shedding of dead limbs, environmental due to the loss of trees, and reputational if the reasons for the widespread felling of trees is not effectively communicated.

Controls in Place:

Database of trees across most of Council owned land.
Increased frequency of inspections for Ash trees.
The felling of a number of Ash trees significantly affected has been programmed.

Actions to be taken:

June 17 - Surveys to record and monitor infect trees on going.
Approval to recruit additional Arborists approved - required in new year.
Liaison with Comms Team on going.
August 17 - No change
Sept 17 - No change
Oct 17 - No change
Nov 17 - No change
Dec 17 - Works on a needs basis ongoing
Jan 18 - Works on a needs basis on going
Feb 18 - No change
Mar 18 - Further discussions regarding tree replacement due to be held with Cabinet Members for Future Generations
Apr 18 - No change, awaiting for trees to come into leaf to assess spread of disease
May 18 - No change, awaiting for trees to come into leaf to assess spread of disease
July 18 - No change
Sept 18 - No change
Oct 18 - No change
Dec 18 - No change
Jan 19 - No change
Mar 19 - No change
Apr 19 - Presentation prepared for Cabinet Member
June 19 - Presentation given to Cabinet and Member Forum, cross authority Working Group being set up, private sector options to supplement in-house Arborists being explored
27/6/19 - Escalated from service risk WP6 after discussion at PFM 26.6.19

Owner: Chris Howells
Responsible Officer: chris howell
Current Likelihood: Very High
Current Impact: Very High
Overall RAG Status: Red
Report Date: 11/07/2019 12:43:46

Agenda Item 7



Report of the Section 151 Officer

Audit Committee – 13 August 2019

Revenue Financial Outturn 2018/19

Purpose:	To provide the Audit Committee with the Revenue Financial Outturn Report that was presented to Cabinet on 18 July 2019.
Report Author:	Ben Smith
Finance Officer:	N/A
Legal Officer:	N/A
Access to Services Officer:	N/A

For Information

1. Background

- 1.1 To provide the Audit Committee with the Revenue Financial Outturn Report that was presented to Cabinet on 18 July 2019.

Background papers: None.

Appendices: Appendix 1 - Revenue Financial Outturn Report to Cabinet on 18 July 2019 and Appendix 'A' Revenue Outturn Summary 2018/19.



Report of the S151 Officer

Cabinet - 18 July 2019

Revenue Financial Outturn 2018/19

Purpose:	To report on the detailed Revenue financial outturn for 2018/19
Policy Framework:	Budget 2018/19, Sustainable Swansea
Consultation:	Cabinet Members, Corporate Management Team, Legal Services and Access to Services.
Recommendation:	It is recommended that the comments and variations in this report be noted, and that the proposed reserve transfers detailed in Section 7.3 are approved
Report Author:	Ben Smith
Finance Officer:	Ben Smith
Legal Officer:	Tracey Meredith
Access to Services Officer:	Rhian Millar

1. Background and Introduction

- 1.1 This report details net expenditure for 2018/19 and highlights variances from the revised budget.
- 1.2 The Revenue Budget for 2018/19 was approved at Council on 6th March 2018. The budget as approved included the following proposals to address a potential budget deficit of £28.928m

<u>Budget Proposals 2018/19</u>	£'000	£'000
Planned Service Savings	-10,252	
Cross cutting savings	-1,055	

Invest to Save savings*	-4,295	
Reduction to Contingency Fund	-1,400	
		-17,002
Schools pressures funded by schools.	-2,698	
Reserve Changes(Restructure, Specific grants)	-2,195	
Draw from General Fund reserve	-1,000	
Net effect of Council Tax base increase and increased charge	-6,033	
Overall resourcing		-28,928

* Invest to Save savings were predominantly in respect of packages of care and direct payments in Adult Services (£1.7m) and in respect of implementing the Safe Looked After Children Strategy and the commissioning review recommendations (£2.7m).

- 1.3 The specific savings proposals detailed above were incorporated into Directorate budgets at service level and have been the subject of specific monitoring via the budget savings tracker, reported to Cabinet on a quarterly basis during the year.
- 1.4 2018/19 marked the fifth year following the introduction, from 1st April 2014, of the Council's single status pay and grading scheme relating to all staff on NJC grades. The scheme specifically excludes Teaching staff, those on the Soulbury Scheme and Senior Officers at Head of Service/Director level.
- 1.5 The introduction of the scheme has been accompanied by an extensive appeals process for those staff adversely affected by pay and grading allocations made during the original allocation process. Despite significant inroads made to the numbers of appeals, elements of the appeals and grievance process does remain ongoing.
- 1.6 The extent to which appeals are successful in terms of job allocation will inevitably affect financial performance on an annual basis and impact on future budget planning.
- 1.7 The modelled costs of single status as at the implementation date have been incorporated in revenue budgets going forward. However, costs in respect of successful appeals have not, and any costs arising from appeals and grievances will have to be met from within existing Directorate Budgets.
- 1.8 The report that follows details the Revenue outturn position for 2018/19, makes commentary on comparison with in year budget monitoring and, where appropriate, details action already taken in setting the 2019/20 Revenue Budget based on anticipated outcome at quarter 3 of the year. It remains critical that the progress on savings adopted under *Sustainable Swansea* is subject to constant review and

updated during each financial year and that future budgets are constantly informed by outcomes from the monitoring process.

2. Detailed Outturn Position

2.1 Overall direct revenue expenditure for 2018/19 was £883,000 more than the revised budget as follows:

	£000's
Net Expenditure on Services per appendix 'A' - overspend	2,806
Reduced call on Apprenticeship levy	-220
Inflationary provision not utilised	-1,000
One off corporate costs/income	-1,079
Council Tax collection shortfall	328
Other net overspends	48
<hr/> Overall net overspend <hr/>	<hr/> 883 <hr/>

2.2 Members will see from the table at 2.1 above that the net overall overspend at year end is primarily the result of a net overspend in services of nearly £3m, a lower than anticipated overspend (which had ranged from £6-9m in the in-year reports), predominantly as a result of the action taken in the third and fourth quarter by all Directorates to contain or reduce overspending, in line with Cabinet decisions and target setting, following receipt of the in-year quarterly monitoring reports. This has then been significantly offset further by the already agreed actions, namely to utilise unspent budgets on the central inflation provision and Apprenticeship Levy, and boosted by some further one off corporate income.

2.3 Separately, there is, as highlighted during the year, a significant in year underspend on capital financing of £7.7m. An element of capital programme slippage has contributed to the capital charge underspend. There is a strategy to monitor interest rates and average in the borrowing requirement over a period of time but inevitably as the need to fund the capital financing requirement increases so will the capital charges in line with budget. Such underspends should therefore be considered temporary, albeit not necessarily solely one off. Further borrowing will be externalised where rates, which are monitored on a constant basis, are favourable. Indeed already in 2018/19, £60m of that external borrowing has now occurred to lock in favourable rates. The indicative minimum revenue provision at current 2.5% rates would cost £1.5m per annum and interest a further £1.5m per annum in the following full year (2019/20).

2.4 As outlined throughout the year (and set out in Section 7 below) it is proposed that the whole underspend on the Capital Charges be transferred in its entirety to the Capital Equalisation Reserve to help prudently meet part of future capital costs. This approach was re-affirmed by Council in its review of all reserves.

- 2.5 As reported to Cabinet in the 1st Quarter monitoring report as a result of concerns and lobbying from both members and officers, the Welsh Government provided, belatedly, funding in respect of Minority Ethnic Achievement Grant and School Uniform Grant. As a result the original anticipated budget draw of £1m from the General Fund reserve was not required.
- 2.6 Council approved, in October 2018, the S151 officer's recommendation of utilising up to £3m of earmarked reserves, in light of general reserves being at the minimum declared safe level, to help mitigate the forecast overspend pressures at that time. The final position indicates that some £0.673m is actually required in 2018/19. An element of the balance not utilised related specifically to Social Services and will now be available for use in later years by that service. The remaining balance amounting to £1.6m is proposed to be added to the Capital Equalisation Reserve to provide further funding for the future capital programme.
- 2.7 The improved final position, lower overspend and reduced cost of ER/VR scheme, has resulted in a reduced transfer from the Restructure Reserve (originally anticipated that the entire reserve would be exhausted in 2018-19). This allows the S151 officer to propose that £3 million is retained in the Restructure Reserve to be used to continue to contribute towards helping centrally fund the costs of ER/VR in 2019-20, again only where there is an evidenced business case and reasonable payback period, as in previous years.
- 2.8 Details of net expenditure variations are given in Section 2.11 and onwards below.
- 2.9 Recommendations in terms of Reserve Movements and Review as a result of the final outturn position as set out in Section 2.1 to 2.3 are made in Section 7 of this report.
- 2.10 The Directorate/Services outturn position itself is made up of a mix of over and under spends and it is clear that some elements of the overspends in particular will substantially continue into 2019/20. Consequently, urgent management action and, in some cases, further Member decisions, will inevitably be required to address the underlying base budget issues, which at present stands at around £5 million as set out further in directors' comments.
- 2.11 The following sets out the major service specific variances in 2018/19.

Resources Directorate

	£
Net Employee Costs	-1,598,000
Shortfall in Sustainable Swansea savings target – predominantly ongoing spend pressure (see below)	2,505,000
Council Tax Reduction Scheme (CTRS)	-837,000
IT spend delayed to conserve budgets	-824,000

Other net variances

285,000

-469,000

Director Comments:-

1. As reported in the 2017/18 outturn, there was a shortfall in the target attributable to Sustainable Swansea savings in the Directorate. This was compounded with a further shortfall into 2018/19 and highlighted at quarterly monitoring throughout the year. The shortfall in both years was due to a timing delay. Several change projects had to be delivered first before savings could be realised. Both the interim Director and Deputy Chief Executive (appointed in November), in conjunction with existing Heads of Service undertook measures to proactively underspend to control the in-year budget.

This action meant a steady reduction of in-year spending mostly related to staff costs through the management of both vacancies and ER/VR applications during the restructure, which began in January 2018. A key role of The Resources Directorate is to support the other directorates and due to the reduction in staffing this has had a serious impact on other services and service delivery. These actions resulted in a temporarily rebalanced Directorate budget ready for the start of 2019/20, although its longer-term sustainability remains challenging.

2. Secondly, the ER/VR scheme significantly contributed to the accelerated reduction in staff costs.
3. A third area of underspend variance relates to the deliberate holding back of ICT development spend to contain overall directorate costs. However, this is beginning to have significant implications for the roll out of digital solutions across the Council and could imperil other future efficiency savings if not developed. The impact has meant a drop in performance by the digital service desk, with more open cases as a result of vacancies not filled. In addition, several key development projects were delayed, e.g. passenger transport, schools LAN replacement, network consolidation and mobile device management.
4. A fourth area of Underspend variance relates to Legal Services, where vacancies have not been filled, left the Authority or been on maternity leave. This has resulted in case management increasing per lawyer which in turn has had implications on the speed of which work is completed and increased complaints from customers and service users.
5. The final major variance relates to budget overprovision for CTRS (Council Tax Reduction Scheme), which is predominantly demand led. Some significant reduction in this overall budget was factored into the 2018-19 budget but it remains under review with the wider rollout of the Universal Credit system and wider efforts by Welsh Government to encourage and maximise local take up of the scheme.

6. The shortfalls in Sustainable Swansea savings targets are predominantly:

Unachieved Savings	£
Management Review of senior staff in corporate services – ongoing spend pressure	113,000
Service Reviews/Regional Working/Shared Services - ongoing	239,000
Stopping Services - areas where services could stop or reduce through new ways of working – ongoing spend pressure	597,000
Working commercially across the Council on income / contract spend, prioritising resources as per strategy and plan	1,150,000
Other Net Saving Targets (pre 2018/19 £602k, Business Hubs in People & Place £-221k, Other £25k) - ongoing spend pressure	406,000
TOTAL	2,505,000

The Commercial Services shortfall is primarily as a result of the target being held corporately, whilst any additional income earned/reduced contract spend as a result of actions taken is already reflected within service budgets and outturns. The totality of commercial activity in terms of income generation and procurement activity across all directorates has been significant and this will be reported upon separately.

The remaining shortfall of approximately £1.4m will currently recur without further action and the Director has therefore committed to produce a further update report and action plan to either address this through direct management action or identify alternative options for Cabinet to consider as part of the first quarter monitoring for 2019-20.

Director of Social Services

Children's and Adult Services

	£
Unachieved Savings	
Review of CHC arrangements - ongoing spend pressure	1,000,000
Reduce Number of Independent Residential placements - ongoing spend pressure	1,400,000
Reduce number of independent fostering placements - ongoing spend pressure	250,000
Reduce mother and baby residential placements – ongoing spend pressure	50,000
Senior Staffing - Review/Reduce posts at senior level	54,000
Reduction in Number of In House Beds	87,000
Provide day services to those who are eligible only	22,000
Implement preferred options as outcome of LD, PH and MH	63,000
Commissioning Review	
Reduce overall number of funded residential care	142,000

placements	
Direct Payments Strategy - Targeted increase in recourse to direct payments as alternative to non-complex domiciliary care packages and complex care packages for MH & LD	158,000
Charging Policy and Annual Fee Increases - Increased client income through uplifts and more efficient processes	183,000
	3,409,000

Other – net £127,000*

Independent Child and Family Placements	314,000
External Domiciliary Care (Older Persons)	108,000
External Residential Care	1,305,000
Internal Services	-2,539,000
Community Equipment	-371,000
MHLD Complex Care	1,674,000
Third Party Spend	-237,000
Other	-127,000
	<u>3,536,000</u>

*Note that the net variance on other overspending is £127,000 but the major variations are set out for completeness. The Director will seek to vire sums as appropriate in 19-20 to ensure budgets are closer aligned to spend within the overall budget envelope

Director's Comments

There have been significant improvements in the Social Services position throughout the year.

In adult services, the savings target was c £4 million against the headings detailed above. £3.3 million was achieved. Of the £700k not achieved, £550k remains deliverable but over a longer period than originally intended.

In children services, unachieved savings are more significant and linked to large increases to the number of looked after children and a complete cessation of health board funding for children with complex needs.

The value of unachieved savings has required significant remedial action to offset. This has predominantly involved reducing discretionary spend and freezing vacancies. At the same time reviews of grant spend has provided opportunities to reduce the net cost of internal services.

These remedial actions have been built into budget allocations for the coming year with the intention of maintaining lower staff levels and stopping discretionary services where this is safe to do so (and would not lead to increased pressure and spend elsewhere in the service).

The increased reliance on grant income to maintain prevention services that would historically have attracted core Council funding is a concern in the medium term but manageable for 2019/20. At this stage the level of exposure to known short term grant funding is c.£7 million.

The additional cost pressures linked to internal wage inflation should begin to ease in the new financial year. However cost pressures for externally commissioned care will continue to rise. The combination of inflated costs and higher demand are continuing to cause some of the bigger overspends highlighted in the budget variances above (ext dom care, ext res care, MH/ LD complex care, ind. Placements). Again these pressures have been reflected in budget allocations for the coming year as far as possible.

Underspends in respect of the Community Equipment Store are representative of the higher contributions received from partners, alongside the service's success in attracting external funding. The partnership agreement for this service requires that such underspends are set aside for the ongoing benefit of the service.

Poverty & Prevention

	£
Adult Wellbeing and Prosperity	-338,000
Young People's Services	-63,000
Early Intervention Services	-156,000
Joint People Directorate Commissioning	-164,000
Other	-61,000
	<u>-782,000</u>

Directors Comments:-

The core budget of Poverty and Prevention funds 33% of the service, with the remainder funded by income, mostly Welsh Government grants. The principle adopted by the service is to maximise grant funding where legitimate and able to do so. Where this approach is successful it can create underspends and one off savings to core budgets.

The increased integration of commissioning services has provided additional opportunities for core funding underspends.

The Director has set out ambitious plans to reduce the budget for poverty and prevention by over £2m by closer integrating early intervention and prevention work with Social Services and also with Education. This is likely to remove opportunities for further underspending against the new lower budget in 2019-20.

Director of Education	£
EOTAS/One to One	-336,000
Recoupment/Independent Placements – ongoing spend pressure	288,000
Home to School Transport – ongoing spend pressure	599,000
Cleaning	100,000
School Catering	199,000
Other Catering	96,000
Other net variances	40,000
	<u>986,000</u>

Directors Comments:-

Education

EOTAS/One to One Support : A number of one off underspends were identified in year to support the department's financial position and robust management action taken to contain pressures in the 'one to one' and other areas of the additional learning needs budget. A review of budgets in this area will continue in line with the development of the new model of EOTAS provision.

Recoupment/ Independent Placements: The overspend is in respect of contributions to the educational cost of social services placements. Like all independent placements, this is an inherently volatile demand-led budget.

Home to School Transport remains a significant area of concern, as it is inherently volatile and uncontrollable within existing national and local policy. Expectations continue to be raised through Welsh Government action and legal challenges. There has been some success in mitigating inflationary pressures through process reviews and the achievement of service efficiencies.

Catering and Cleaning: Overspends in this area are primarily due to cost pressures, particularly the effect of the 2018/19 Pay Award, food inflation and free school meal entitlement. This has been mitigated in part by continuing management action to further increase income and efficiencies within the services.

The significant areas of unavoidable service and demand pressures identified above will predominantly continue into 2019/20, especially around specialist provision and this is anticipated to become a growing pressure with the Additional Learning Needs Act provisions, whilst many of the mitigating savings identified during 2018/19 are one off in nature. Work will continue to mitigate the areas of continuing pressure.

Place Directorate

Director Comments:-

Notwithstanding the ongoing financial challenges, significant progress has been made against the 18/19 savings targets with 87% of savings achieved and mitigation delivered for any that were undelivered or delayed. In addition a number of savings have been accrued earlier than planned and extra income also derived which in many cases will be sustained into 2019/20. Proactive budget management has also reduced overall spend levels across the directorate. This will assist the directorate in achieving a balanced budget in 2019/20 with Heads of Service looking to further align any budget variances and amend the base budgets to reflect any recurring underspends as part of its overall budget strategy and savings programme.

Unachieved savings

	£
Mobile working delayed IT solution (building services)	150,000
Grand theatre savings (part unachieved)	180,000
Integrated transport cross cutting savings (part unachieved)	110,000
Unachieved sickness saving	400,000
	<u>840,000</u>

Main areas of variance

	£
Highways and Transportation additional income from car parks, fees and charges and staff underspends offset by additional costs fleet management costs and unachieved ITU savings	-710,000
Waste management overspend arising from reduced value of recyclates and increases vehicles charges mitigated by in years changes to recycling and HWRC	431,000
Property services increases income from letting strategy and commercialism of the estate (*note below)	-928,000
Unachieved sickness saving as a result of delayed introduction of new policy	400,000
Overspend as service picked up the "management fee" to Freedom Leisure funded from underspend within the linked budgets (Indoor leisure) and delayed creation of new model of delivery for Plantasia	253,000
Swansea market overspend resulting from additional staffing and agency costs resulting from short term staffing issues, under achievement of income due to falling occupancy levels, one-off staff back pay.	222,000
Housing options underspend due to additional funding this year from the RSG for Homelessness prevention and whilst a robust spending plan is being developed there is a short term underspend which will be linked with longer term improvements and capital investment.	-917,000
City Centre regeneration short term overspend on staff until Swansea Central FPR report approved and capitalisation of staff authorised due to be addressed in 2019	265,000
Other overspends /underspends	<u>-20,000</u>
Total underspend	-1,004,000

(*)Note-

It should be noted that the substantial income outperformance in respect of the property investment fund will with effect from 2019-20 be used to reduce the net cost of unsupported borrowing (capital financing) and thus not be available to help support the Place Directorate overall financial position going forward.

3. Items met from the Contingency Fund

- 3.1 The Council Report on 6th March 2018 highlighted a number of risks that may need to be met from the Contingency Fund in 2018/19.
- 3.2 The £3.511m shown at Appendix 'A' represents the cost of the ER/VR exercise for 2018/19 which has been charged to the Contingency Fund on an 'Invest to Save' basis. Of this amount some £1.115m will be funded, as approved by Council on the 6th March 2018, out of the Restructure Reserve specifically towards Teachers ER/VR costs. This £3.511m reflects the inevitable workforce reductions implicit within the budget proposals for 2018/19 and 2019/20 contained within the 'Sustainable Swansea- Fit for the Future' Budget strategy adopted by the Council. As in prior years access to ER/VR requires a maximum payback period of three years for an employee who leaves under the scheme.
- 3.3 In addition to the above, other costs have been funded from the contingency in year including funding for a Data Protection Post (£53,000), City Centre Regeneration , City Deal and Tidal Lagoon costs (£113,000 – initial costs – where future reimbursement materially expected from Welsh Government), Adult Services 'invest to save' staffing costs and targeted social care support costs (£308,000) and additional staffing costs to deal with Occupational Health support (£33,000).
- 3.4 Items charged to the fund represent one off costs which, apart from ER/VR costs, will not re-occur during 2019/20. The budgeted Contingency fund for 2019/20 is £7,072,000 (approximately half one – off and half base funded). The level has been increased from 2018/19 as further risk mitigation against repeated overspending in 2019/20.

4 Schools Expenditure and Reserves Position

- 4.1 The Schools delegated budget for 2018/19 was £147,013,217.
- 4.2 This delegated budget in reality reflects in actual expenditure as shown in the education directorate line of the outturn summary given at appendix 'A', and any variation in expenditure incurred by Schools at a level greater/less than overall delegated budgets will result in a movement in ring-fenced delegated schools reserves.
- 4.3 During 2018/19 Schools expenditure overall was £1,499,725 less than the delegated budget, equating to an underspend of 0.01%

4.4 This underspend will be added to the schools own reserves.

The following is a summary of overall Schools Reserves since 2016:

	Balance 31/3/2016	Balance 31/3/2017	Balance 31/3/2018	Balance 31/3/2019	Overall change over last 3 year period (%)
Primary	7,026,483	5,433,323	5,310,963	5,694,092	-18.9
Secondary	2,188,589	1,687,157	1,612,646	2,730,332	+24.7
Special	331,635	454,287	177,098	176,008	-46.9
Total	9,546,707	7,574,767	7,100,707	8,600,432	-9.9

4.5 The above table is presented to reflect the quantum of schools reserves against each stream and the position within individual schools may vary quite considerably from the trend shown.

4.6 The above overall movement in Schools Reserves – a net increase of £1,499,725 or 21.1% in year has to be viewed in the context of an overall increase in Schools funding of £3.045m in 2018/19. The position was also affected by a late decision by Welsh Government to release additional specific grant funding for schools (principally the pay grant at £1.2m) which effectively had to go into schools reserves with an expectation of spend immediately thereafter in 2019/20.

4.7 It is expected that the outturn position for 2019/20 for schools will evidence a net call on existing reserves.

5 Ongoing implications for the 2019/20 budget

5.1 There are ongoing risks from planned savings not achieved from 2018/19 budget which cumulatively impact future years.

5.2 There are ongoing overspend risks arising from the outturn position in the following areas

- Sustainable Swansea 2018/19 savings targets;
- Social Services both Adults and Children;
- Home to School Transport; and
- Education catering and cleaning.

5.3 There are inherent risks in the current 2019/20 budget around:

- Sustainable Swansea workstream savings 2019/20;
- Additional Learning Needs;
- Ongoing costs relating to residual Single Status appeals; and
- Uncertainty of impact of Brexit.

5.4 There are emerging and continuing risks going forward in future years arising from national developments around:

- Risk of redistribution of block government grant (especially re sparsity factors);
- Continued loss of specific grants;
- Ongoing demographic pressures especially in the older age population, pressures and interlinkages with NHS health care funding and a relative fragile private sector care sector;
- Higher than expected cases of looked after children;
- Affordability of the national employer pay awards to address National minimum and Living Wage issues and the effective, but unfunded, removal, of the public sector pay cap;
- Potential changed costs from the triennial revaluation of the pension fund;
- Ongoing Brexit uncertainty; and
- Increased costs from changes to the way the employer contribution costs are calculated in respect of the teachers' pension scheme (the current arrangements are such that the part first year impact is temporarily funded by substantial one off grant - a more sustainable, and base budgeted, funding solution needs to be assured by Welsh Government).

5.5 Continued uncertainty at national government level means there remains doubt as to the timing, completion, or otherwise, and also the depth of the scheduled forthcoming Spending Review. This means there is less certainty of a definitive redrawing of UK government departmental cash limits, consequential Welsh government cash limits and consequently the scope for considering the rebasing of the Welsh local government settlement. Budgets risk being broadly cash flat, simply rolled over, with a temporary continuation of some one-off grants that could have otherwise been hoped to have been more definitively built into base budget settlements.

5.6 We can anticipate therefore that the authority's overall budget position will remain under significant pressure for the foreseeable future, with added uncertainty and thus all efforts to live within budget must be redoubled.

6. Use of the savings tracker and outturn position

6.1 During 2018/19 the Council continued with use of a tracking mechanism in order to monitor progress against the specific savings proposals contained within service and overall budgets proposals.

6.2 The detailed final position as shown by the savings tracker for 2018/19 showed an overall achievement of 62% and specific details on the outturn position are given at Appendix B

6.3 Given the overall outturn position it is clear that some additional compensating savings have been made where specific savings have been delayed or have not been achieved.

7 Summary of Outturn Position and Recommendations

- 7.1 The outturn position for 2018/19 reflects a significant improvement on the forecast position at quarter 3 (Reported to Cabinet in February 2019) i.e. a much reduced level of overspend, as a result of actions taken, but nonetheless continued overall directorate service overspending, which is not sustainable.
- 7.2 This is the minimum that should be expected in terms of Service Revenue Budgets as a result of in year budget monitoring, management action and spending restrictions.
- 7.3 The Revenue Budget as set by Council in March 2018 approved the use of Earmarked Reserves to support the 2018/19 budget. In addition the report to Council in October 2018 reviewing its reserves proposed utilising some earmarked reserves to offset forecast service budget shortfalls together with any underspends/savings in budgeted Capital Financing charges to a Capital Equalisation reserve. Based on the net Revenue position arising out of the actual outturn position it is recommended that:-
- 7.3.1 The following transfers are made TO earmarked Revenue Reserves as follows:-
- Commuted Sums Received £533,000 ,
 - Crematorium mercury abatement reserve £108,000 ,
 - Community Equipment Service Section 33 agreement £371,000 ,
 - ICT schools development £159,000 ,
 - Vibrant and Viable City Centre £73,000 ,
 - Proceeds of Crime/Home Office £55,000 ,
 - Homelessness Prevention £200,000 ,
 - Joint Archives service £45,000 ,
 - Communities for work £60,000 ,
 - Workways extension/match funding £33,000 ,
 - Design Print relocation costs £19,000 ,
 - Online booking system development £15,000 ,
 - Capital Equalisation Reserve £12,005,000.
- 7.4 Notwithstanding these proposed transfers, it is a duty of the Section 151 Officer to consider levels of General and earmarked reserves in order to continually monitor their adequacy and projected use. This has to be done in terms of both current known and projected future liabilities.
- 7.5 It is the opinion of the Section 151 Officer at this point that there is no scope within General reserves to fund any additional expenditure of the Council given the current risks facing the Council in terms of continuing single status issues, ongoing spending pressures and the uncertainty of future Welsh Government funding streams. That means that subject to any limited emergency one off use of earmarked reserves, and other limited action the S151 Officer can propose immediately in year, all spending must otherwise be wholly contained within existing budgets.

8. Legal Implications

- 8.1 There are no legal implications relating to matters contained within this report.

9. Equality and Engagement Implications

- 9.1. There are no direct equalities implications arising from this report. Equalities implications are identified and addressed by departments via the Equality Impact Assessment process at the time that budgets are developed.

Background Papers: None

Appendices:

Appendix 'A' Revenue Outturn Summary 2018/19

Revenue Outturn Summary 2018/19

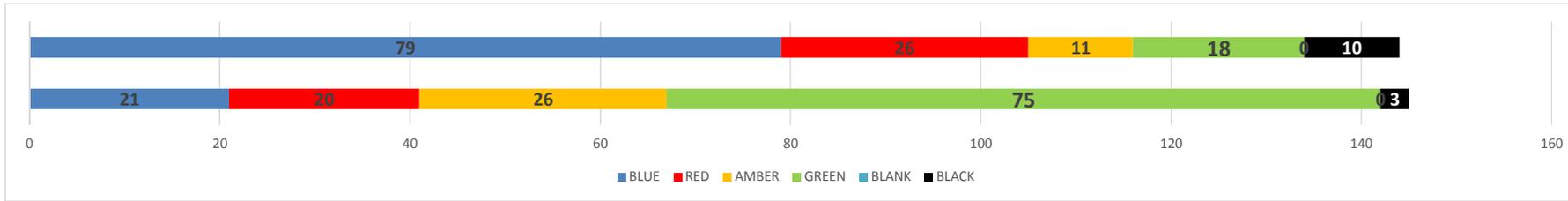
Appendix 'A'

Directorate

	Revised Budget £'000	Revenue Outturn £'000	Variance £'000	Variance %
Resources	42,094	41,625	-469	-1.1
People - Poverty and Prevention	6,576	5,794	-782	-11.9
People - Social Services	111,614	115,150	3,536	3.2
People - Education	166,876	167,862	986	0.6
Place	57,553	56,549	-1,004	-1.7
Net Directorate expenditure	384,713	386,980	2,267	0.6
Financed from Contingency Fund	2,972	3,511	539	
Total Service costs	387,685	390,491	2,806	
Inflation /Apprenticeship levy	2,000	780	-1,220	
Corporate items		-1,079	-1,079	
<i>Levies:</i>				
Swansea Bay Port Health	86	86	0	
<i>Contributions:</i>				
Combined Fire Authority	12,631	12,631	0	
	402,402	402,909	507	
<i>Capital financing charges</i>				
Principal repayments	16,066	10,654	-5,412	-33.7
Net interest charges	16,643	14,367	-2,276	-13.7
Net Revenue Expenditure	435,111	427,930	-7,181	-1.7
Movement in balances				
General Balances	0	0	0	
Earmarked reserves	-2,295	4,510	6,805	
Total Budget Requirement	432,816	432,440	-376	
Discretionary NNDR relief	400	448	48	12.0
Total CCS requirement	433,216	432,888	-328	
Community Council precepts	1,403	1,403	0	
Total spending requirement	434,619	434,291	-328	-0.1
Revenue Support Grant	239,946	239,946	0	
NNDR	79,141	79,141	0	
Council Tax	115,532	115,204	-328	-0.3
Total financing	434,619	434,291	-328	-0.1

SSFFF/MTFP Saving & Delivery Tracker - Programme/Project End of Qtr 4

Number of projects BBRAG rated in current month compared to previous month



BBRAG Postion

	Blue	Red	Amber	Green	BLANK	Black
Total BBRAGS	55	40	11	29	0	10
Total £	£ 6,163,000	£ 6,549,000	£ 349,000	£ 122,000	£ -	£ 3,347,000

DIRECTORATE	SAVING TARGET	FIRM	FORECAST	VARIANCE	FIRM %	FORECAST %	Status
PLACE	£ 3,318,000	£ 2,873,098	£ 2,873,098	£ 444,902	87%	87%	GREEN
PEOPLE (Social Services & Education)	£ 7,355,000	£ 4,561,485	£ 4,561,485	£ 2,793,515	62%	62%	RED
CROSS CUTTING	£ 2,455,000	£ 1,400,000	£ 1,400,000	£ 1,055,000	57%	57%	RED
RESOURCES	£ 3,402,000	£ 1,446,855	£ 1,446,855	£ 1,955,145	43%	43%	RED
	£ 16,530,000	£ 10,281,438	£ 10,281,438	£ 6,248,562	62%	62%	RED

Status Classification	Q1- Jun	Q2 - Sept	Q3 - Dec	Q4 - Mar
BLUE	Forecast below target by 0%	0%	0%	0%
RED	Forecast below target by 30%+	20%+	15%+	5%+
AMBER	Forecast below target by 15-30%	10-20%	5-15%	0-5%
GREEN	Forecast below target by 15%	10%	5%	0%

Agenda Item 8



Report of the Chief Legal Officer

Audit Committee – 13 August 2019

Draft Annual Governance Statement 2018/19

Purpose:	This report provides the draft Annual Governance Statement 2018/19 and allows the Audit Committee the opportunity to contribute to the annual review of governance.
Policy Framework:	None.
Consultation:	Corporate Management Team, Legal, Finance and Access to Services.
Recommendation(s):	It is recommended that the Audit Committee reviews the Annual Governance Statement prior to approval by Council as part of the Statement of Accounts.
Report Author:	Tracey Meredith
Finance Officer:	Ben Smith
Legal Officer:	Tracey Meredith
Access to Services Officer:	Rhian Millar

1. Introduction

- 1.1 The Council is required by the Accounts and Audit (Wales) Regulations 2014 to undertake a review of its governance arrangements, at least annually. The review is intended to show how the Council has complied with its Code of Corporate Governance.
- 1.2 The Audit Committee's role in Corporate Governance is set out in the Local Government (Wales) Measure 2011. Paragraph 9.2 of the

statutory guidance relating to the Measure states that one of the functions of the Audit Committee is to:

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

- 1.3 The review of governance is brought together in the Annual Governance Statement (AGS) which is to accompany the Council’s Annual Statement of Accounts. The AGS is a key document informed by a number of both internal and external assurance sources.
- 1.4 This report provides the opportunity for the Audit Committee to review and contribute to the amended AGS prior to being signed off and published.

2. Code of Corporate Governance

2.1 Following a number of high profile cases of failed corporate governance, in both the private and public sectors, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) published a Framework for Delivering Good Governance in Local Government in 2007. The Framework was reviewed by CIPFA and SOLACE in 2015 to ensure it remained fit for purpose and a revised Framework was published in spring 2016. The new *‘Delivering Good Governance in Local Government Framework 2016’* applies to annual governance statements prepared for the financial year 2016/17 onwards.

2.2 The revised framework defines governance as:

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

The Framework also states that:

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

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

- 2.3 The Framework introduces 7 principles as follows:
- A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
 - B) Ensuring openness and comprehensive stakeholder engagement.
 - C) Defining outcomes in terms of sustainable economic, social and environmental benefits.

- D) Determining the interventions necessary to optimise the achievement of the intended outcomes.
- E) Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F) Managing risks and performance through robust internal control and string public financial management.
- G) Implementing good practices in transparency, reporting and audit to deliver effective accountability.

2.4 To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in the Framework. It should therefore develop and maintain a local Code of Corporate Governance reflecting the principles set out in the Framework.

3. Annual Governance Statement

3.1 The AGS should report publically on the extent to which the Council has complied with its own code of governance on an annual basis, including how it has monitored and evaluated the effectiveness of the governance arrangements in the year, and on any planned changes in the coming period. The process of preparing the AGS should itself add value to the effectiveness of the corporate governance and internal control framework.

3.2 The draft AGS 2018/19 is attached in Appendix 1.

3.3 The final version of the AGS will be reported to Council in September before being signed by the Chief Executive and Leader and then published with the audited Statement of Accounts 2018/19.

4. Equality and Engagement Implications

4.1 An EIA is not required as there are no equality and engagement implications associated with this report.

5. Financial Implications

5.1 There are no financial implications associated with this report.

6. Legal Implications

6.1 Production of the Annual Governance Statement is required under the Accounts and Audit (Wales) Regulations 2014 and supports the Annual Statement of Accounts.

Background Papers: None.

Appendices: Appendix 1 Draft Annual Governance Statement 2018/19.



1. Scope of Responsibility

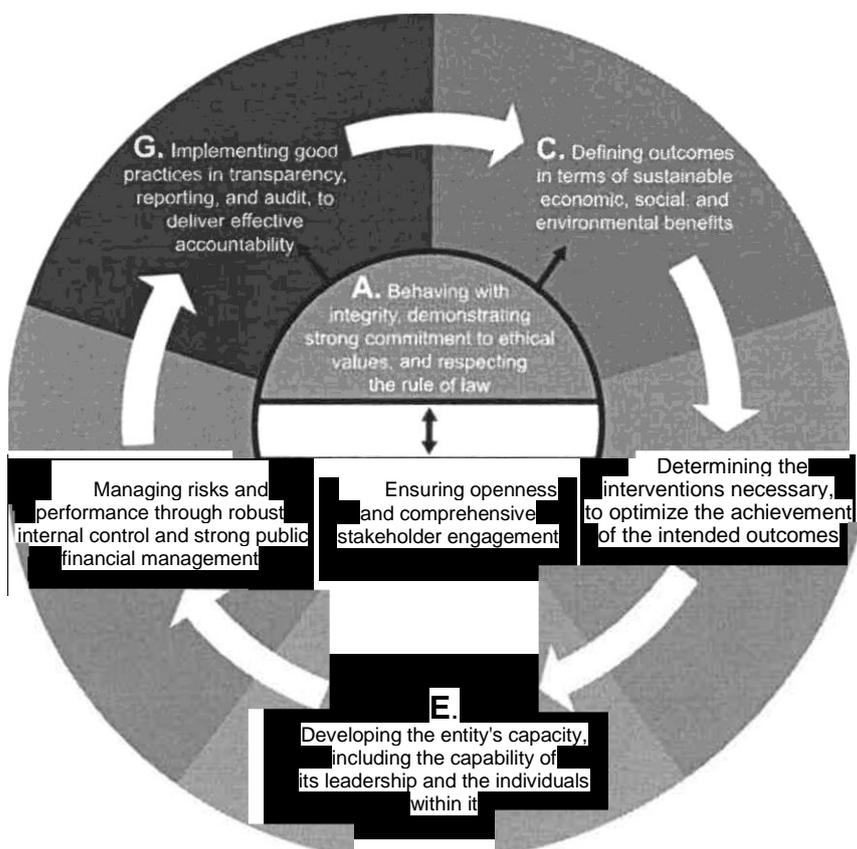
- 1.1 The City and County of Swansea is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the 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 2019 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.

ANNUAL GOVERNANCE STATEMENT 2018/19

- 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.

ANNUAL GOVERNANCE STATEMENT 2018/19

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
- 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

ANNUAL GOVERNANCE STATEMENT 2018/19

Principle B

Ensuring openness and comprehensive stakeholder engagement

Sub Principles:

Openness

Engaging comprehensively with institutional stakeholders

Engaging stakeholders effectively, including individual citizens and service users

How we do this:

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

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

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

ANNUAL GOVERNANCE STATEMENT 2018/19

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. The sixth well-being objective *Natural Resources and Biodiversity* was added during the 2-18/22 refresh of the Corporate Plan
- Delivery of the Corporate Plan is monitored through the Council's Performance Management Framework with quarterly performance monitoring by CMT/Cabinet
- There is an Annual Performance Review
- Annual Service Plans address the sustainability of service delivery along with key corporate priorities
- There is monthly Performance and Financial Monitoring meetings held for each Directorate
- There is a Corporate Risk Management Policy ensuring consistent application of risk registers and terminology and audit scrutiny

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

ANNUAL GOVERNANCE STATEMENT 2018/19

Principle D

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

Sub Principles:

Determining interventions

Planning interventions

Optimising achievement of intended outcomes

How we do this:

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

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

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

ANNUAL GOVERNANCE STATEMENT 2018/19

Principle E

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

Sub Principles:

Developing the entity's capacity

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

How we do this:

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

- Effective shared leadership and understanding of roles and objectives is supported by:
 - The Leader and Chief Executive have clearly defined leadership roles
 - The Chief Executive Appraisal and Remuneration Committee have responsibility for the appraisal of the Chief Executive
 - there has been member led training with both senior officers and cabinet members
 - there are regular 1-2-1 meetings with the Leader, Cabinet members, Chief Ex, CMT and Heads of Service
 - the Transformation and Future Council objective and the Organisational Development Strategy
- The Constitution sets out the Scheme of Delegation which is regularly reviewed
- Annual appraisal and performance review
- A review of senior management roles report to Council in July 2018.

ANNUAL GOVERNANCE STATEMENT 2018/19

Principle F

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

Sub Principles:

Managing risk

Managing performance

Robust internal control

Managing data

Strong public financial management

How we do this:

Page 314

- Risk management is an integral part of decision making supported by:
 - A revised Corporate Risk Management Policy with clear nominated officer responsibility
 - Quarterly review of risks by CMT
 - Monthly review of Directorate Risks at PFM meetings
 - The publication of Corporate & Directorate Risks allowing greater scrutiny
 - The Audit Committee regular review of risks

- 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

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

- 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 Sustainable Swansea owned by the S151 officer

ANNUAL GOVERNANCE STATEMENT 2018/19

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

Page 315

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

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

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

ANNUAL GOVERNANCE STATEMENT 2018/19

Internal Assurance

External Assurance

Annual Governance Statement

Council/
Cabinet/
Committee

External audit

Internal Audit

External Regulators/
Inspections

Monitoring
officer/S151
officer

Statutory
Inspections

CMT -SMAS

Audit
Committee

Scrutiny

4. Review of Effectiveness

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

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

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

INTERNAL SOURCES OF ASSURANCE

5 Corporate Management Team/SMAS

5.1 The Senior Management Assurance Statements (SMAS) form part of the governance assessment framework. Through the SMAS each Director responds to 20 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 points maturity scale for their areas of responsibility ranging from “not in place” to “embedded”. Directors are expected to consult with their Heads of Service to support a directorate approach to each statement.

5.3 The Four SMAS from the Directors of Corporate Resources, People, Place and Education were challenged and reviewed at CMT. The Director of People submitted a SMAS split into Social Services – Adult and Social Services – Child & Family.

5.4 The 20 assurance statements summarised by 9 categories showed an overall “strong application” of good governance across the assurance areas. The greatest maturity was reported in budget monitoring with a 60% “embedded” and 40% “strong application” rating. Risk Management maturity was strong with a rating of 88% strong or embedded application and the 12% mixed application was supported by an assurance that training was in place to embed in 2019/20.

ANNUAL GOVERNANCE STATEMENT 2018/19

- 5.5 The maturity assessment highlighted opportunities to enhance the categories relating to Performance Measurement and Management for which there was a higher incidence of “mixed application” which have been identified in the significant governance risks for 2019/20.
- 5.6 CMT reviewed the SMAS and draft Annual Governance Statement on 8 May and 10 May 2019. Having considered and discussed the outcomes of the SMAS and noting the “mixed application” responses overall CMT considered the assurance level to be strong. The significant governance issues for 2019/20 as identified by CMT are those set out below.

6. The Monitoring Officer

- The Chief Legal Officer is the Monitoring Officer with a specific duty to ensure that the Council, Officers and Members maintain the highest ethical standards of conduct. The Standards Committee has the responsibility for monitoring the ethical standards of conduct and to deal with any breaches of the Code referred to the Committee by the Public Service Ombudsman (PSOW).
- In 2018/19 the Monitoring Officer was notified of 6 complaints relating to members conduct by the PSOW. The PSOW decided not to investigate 5 of those complaints and the remaining complaint the PSOW found that there was no evidence of a failure to comply with the Code of Conduct. There are regular PSOW bulletins circulated to all councillors as to Code of Conduct issues.
- During 2018/19 the Standards Committee interviewed the Leaders of the Opposition, the Chairs of Planning, Democratic Services and Licensing Committees and the Chief Executive. Following the Leaders attendance at committee the Standards Committee will reflect their views in the Annual Report.
- An audit of officer gifts and hospitality was undertaken in 2018/19 with recommendations to improve consistency across departments. Members and officers are required to register their personal interests, gifts and hospitality with regular reminders sent out by the Head of Democratic Services. A Gifts and Hospitality Policy is currently under review.
- The Monitoring Officer has not had to issue any statutory Section 5 Local Government and Housing Act 1989 reports during 2018/19.
- A number of amendments to the Constitution were adopted by Council including a new Call-In procedure enabling greater scrutiny of Cabinet decisions. Further work is being undertaken by the Monitoring Officer in terms of publication of officer delegated decisions and changes to procedure rules.

ANNUAL GOVERNANCE STATEMENT 2018/19

- The Deputy Chief Executive has overall responsibility for governance and as part of his strengthening of governance arrangements has presented the assurance framework to audit committee.
7. The **S151 Officer**
- Quarterly **Financial Monitoring Reports** were presented to Cabinet throughout 2018/19. The reports consistently identified a service revenue budget overspend at year end based on available information and stressed the need for expenditure to be contained within the budget set by Council. That service overspend has now been confirmed (at just under £3m) and a draw from Specific Reserves of similar sum (as reported from as early as first quarter) will be necessary for 2018/19, a position that is clearly unsustainable and unrepeatable in future years, given the S151 Officer has already ruled reserves to be at the absolute minimum. On a more positive note the equally fully planned substantial underspending on capital financing (around £7m) facilitated, in part, by the in-year review, and approval by Council, of the Minimum Revenue Provision policy has enabled similar sum to be added to the capital equalisation reserve which is a prudent way of planning for and addressing some of, the future certain increased costs of financing the ambitious mid-term capital programme.
 - A **Mid Term Budget Statement 2018/19** (verbal) and **Review of Reserves** (written) was presented to Council on 25/10/18 which provided a strategic and focussed assessment of the current year's financial performance and an update on strategic planning assumptions over the next 3 financial years. The conclusion of the Statement was that the Council would struggle to deliver within the overall resources identified to support the budget in 2019/20 and beyond. The likely projected outturn was dependent upon the willingness and ability of the Council to reduce and restrict ongoing expenditure across all areas.
 - The Revenue and Capital Budgets were approved by Council on 28/02/19. They continued to set out an ambitious programme of approved capital spending plans and future contingent capital spending plans (partly financed by the Swansea Bay City Deal but predominantly by unsupported borrowing) which would require challenging budget savings to be delivered to help facilitate that major capital investment and economic regeneration stimulus.
 - The **Medium Term Financial Plan 2020/21 – 2022/23** was approved by Council on 28/02/19. The Plan outlined the significant shortfall in funding faced by the Council over the period and the strategy to be adopted to address the shortfall as well as the inherent risks to the success of the adopted strategy.
 - Each Corporate Director held monthly **Performance and Financial Monitoring** meetings where Chief Officers and Heads of Service reported on progress in terms of continuous improvement and budgets.
 - The **Wales Audit Office Annual Management Letter** dated 29 November 2018 (and referred to below) noted that whilst the Council have appropriate arrangements in place to secure economy, efficiency and effectiveness in their use of resources, the Council continues to “face significant financial challenges”. This reflected external auditor concerns around ongoing service

overspending, actual delivery of efficiency savings to the planned timetable and the substantial future capital programme aspirations.

- The Council is the Administering Authority for the City and County of Swansea Pension Fund (the Pension Fund) and Swansea Bay Port Health Authority (SBPHA). The governance arrangements detailed in this Annual Governance Statement apply equally to the Council's responsibilities to the Pension Fund and SBPHA. There are further specific requirements for the Pension Fund which are:
 - Investment Strategy Statement
 - Internal Dispute Resolution Process
 - Funding Strategy Statement
 - Administration Strategy Statement
 - A full actuarial valuation to be carried out every third year
 - Communications Strategy Statement

8. Chief Internal Auditor's Internal Control Opinion

- 8.1 The system of internal control is designed to help the Council manage and control the risks which could affect the achievement of the Council's objectives. However it is not possible to eliminate all risks completely.
- 8.2 This means that Internal Audit can only provide 'reasonable' assurance that the systems of internal control within the areas of the Council reviewed are operating adequately and effectively.
- 8.3 A pleasing trend which has been identified for the past two years of an increase in the number of audits receiving a high level of assurance has continued this year. There has also been a small decrease in the number of audits with a substantial, moderate or limited level of assurance.
- 8.4 There are 14 audits which are classed as fundamental audits. The fundamental audits are the systems that are considered to be so significant to the achievement of the Council's objectives that they are audited either annually or bi-annually. Following the audits completed in 2018/19, 12 of the 14 fundamental audits have a high level of assurance, one has a substantial level of assurance (Accounts Payable) and one has a moderate level of assurance (Accounts Receivable). It is disappointing to note that one of the fundamental audits received a moderate assurance rating in 2018/19. The reasons provided by the service for the weaknesses identified in this area were in relation to reduced resources. As noted in the previous Internal Audit Annual Report, continuity and maintenance of core grip with changing, and more often diminishing, resources was a recognised clear challenge across the Authority and this continues to be the case.
- 8.5 Despite this, it should be noted that of the 14 fundamental audits, 12 have a high assurance level and one has a substantial assurance level. In addition, the

ANNUAL GOVERNANCE STATEMENT 2018/19

increase in the number of audits receiving a high level of assurance in the overall audit universe and the results of the work undertaken in 2018/19 provides reasonable assurance that across the Authority, the systems of internal control are operating effectively.

- 8.6 Throughout the year, a significant amount of effort has been directed at further strengthening the systems of risk management across the Authority. Audit Committee now have access to the Corporate Risk Register and also receive regular update reports from the Strategic Delivery and Performance Manager outlining the status of key risks to further strengthen assurance in this area. The Corporate Management Team and Risk Owners have also reviewed the risk register entries regularly throughout the year to ensure the register is up to date and all mitigating controls have been captured and remain effective.
- 8.7 In addition, the appointment in year of the Deputy Chief Executive, tasked with overarching responsibility for ensuring existing corporate governance arrangements are effective, has further strengthened assurances in this area.
- 8.8 Overall, based on the work undertaken in 2018/19, I am satisfied that Internal Audit can provide reasonable assurance that the systems of risk management, internal control and governance established by the Council are operating effectively and that no significant weaknesses were identified in 2018/19 which would have a material impact on the Council's financial affairs or the achievement of its objectives.

9. **The Audit Committee**
(TO BE COMPLETED BY COMMITTEE)

EXTERNAL SOURCES OF ASSURANCE

10. External Auditors

- The Wales Audit Office finalised their review of the 22 councils in Wales as to how fit for the future their scrutiny functions were. The "Overview and Scrutiny – Fit for the Future" report for Swansea issued in July 2018 summarised that *"the Council's scrutiny function is well-placed to respond to future challenges, but could improve arrangements for pre-decision scrutiny and strengthen its evaluation of the impact of scrutiny activity."*
- The Wales Audit Office Annual Improvement Report 2017/18 was issued in September 2018 and based on the Wales Audit Office work carried out; the Auditor General believed that the Council was likely to comply with the requirements of the Local Government Measure 2009 during 2018/19.
- The Wales Audit Office Use of Local Government Data was issued on 4 January 2019 with a number of recommendations including further training. The

ANNUAL GOVERNANCE STATEMENT 2018/19

Council's Data Protection Officer is working on the recommendations including an action plan around improvements.

- The Appointed Auditor's **Annual Audit Letter 2017/18** was issued on 29 November 2018 and presented to the Audit Committee on 11 December 2018. The letter stated that the Council had made good progress in bringing forward the production of the financial statements. The letter also stated that *'The Auditor General for Wales is satisfied that the Authority has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources but the Council continues to face significant financial challenges'*. The letter further adds that *"To achieve a balanced budget for 2019/20 the Council must continue to risk assess its efficiency savings plans and implement robust arrangements to secure their delivery"*. No significant issues were identified on work carried out on certification of grant claims and returns that would impact on the 2017/18 accounts or key financial systems.
- The Wales Audit Office on behalf of the Auditor General for Wales presented the **Audit of Financial Statements Report 2017/18** to Audit Committee on 11/9/18 and to Council on 20/09/18. 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 issues an unqualified audit report on the financial statements and the report concluded that the financial statements for both the City & County of Swansea and the City and County of Swansea Pension Fund gave a true and fair view of the financial position of the Council and had been properly prepared.

11. STATUTORY EXTERNAL INSPECTIONS/REGULATORS

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

CIW inspected a number of services during 2018/19 including regional arrangements. They inspected services for children living in Swansea and published their report in October 2018. CIW found good quality practice with positive outcomes and identified areas for development and action to be monitored through ongoing performance review.

In October 2018 CIW also published a report into Foster Swansea Service which identified a well-managed service with quality assurance mechanisms in place. A number of recommendations for improvement were also made.

A Joint inspection took place of Youth Offending Services in Western Bay with a report published in March 2019 with a number of recommendations.

The **Estyn** profile of school inspections for 2018-2019 is very positive in all sectors. The secondary profile is one of the best in Wales. Between the

ANNUAL GOVERNANCE STATEMENT 2018/19

summer term 2018 and spring term 2019 11 schools were inspected by Estyn in Swansea. 10 schools were judged to be good or excellent in all the five areas that are inspected under the current framework. One school was judged adequate in the area of leadership and management but good in all other areas and is under Estyn review as a result. All inspection results and recommendations as well as other intelligence is discussed in monthly PFM meetings and appropriate support and challenge through the advisory team is identified as a result.

In February 2019 the Swansea Pupil Referral Unit (PRU) was inspected by Estyn who noted that the PRU provides a nurturing and supportive learning environment, which meets the wide range of pupil needs well. Standards, well-being, teaching and learning, care and support and leadership were all judged as good.

Estyn made two recommendations. Firstly to ensure that teachers make effective use of assessment outcomes to plan suitable next steps in their pupils' learning and to inform their individual education plans. Secondly to improve the provision to develop pupils' Welsh language skills across the curriculum, particularly for those transferring from Welsh medium schools. The PRU will continue to be accountable to the Management Committee and EOTAS Steering Group to ensure the vision for improved services for learners educated otherwise than at school is implemented and outcomes are improved further.

Overall the picture for Swansea compared to other authorities is very positive and against the trend of inspection results across Wales.

CORE EVIDENCE

12. Council & Cabinet

The following provide assurance based on reports covering 2018/19. In some instances reports from 2017/18 are reflected in the Annual Governance Statement as the reports for 2018/19 are not yet available

- Council adopted a revised Corporate Plan 2018/22 *Delivering a Successful and Sustainable Swansea* on 25 October 2018. The annual review of the Well-being Objectives resulted in the addition of a sixth Objective – *Maintaining and enhancing Swansea's Natural Resources and Biodiversity* which aligns with the Public Service Boards' Well-being Objective "Working with Nature". The Corporate Plan sets out the Council's values and principles underpinning the delivery of the objectives and sets out how the Council will monitor progress through quarterly and annual performance monitoring reports.

ANNUAL GOVERNANCE STATEMENT 2018/19

- Performance on delivery of the Council's Well-being Objectives is monitored quarterly by Cabinet. Quarterly 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 2017/18 was presented to Cabinet in July 2018.
- The Annual Review of Performance 2017/18 was approved by Cabinet on 18/10/18 in accordance with the publishing requirements of the Local Government (Wales) Measure 2009. The report showed the results of each performance measure for the 5 Key Priorities ('Improvement Objectives') set out in the Corporate Plan 2017/22. The results showed that overall the Council has made significant progress undertaking the steps to meet its Well-being Objectives but that there were areas for development and lessons learnt.
- The Corporate Complaints Policy is in line with the Welsh Government Model Complaints Policy and was in place throughout 2018/19. It enables the public to tell the Council what they think about services. The Corporate Complaints Annual Report 2017/18 was presented to Cabinet on 17/1/2019. The report reflects the greater emphasis on prompt resolution of complaints and includes compliments about services. Whilst the total of complaints to the Public Service Ombudsman for Wales increased from 54 to 62 only 1 was upheld, 10 were resolved by quick fix/voluntary settlement, 1 was not upheld and the remaining referrals were either out of jurisdiction, premature or closed after initial consideration. There was an assurance that there were no s 16 Public Interest reports during the year.
- The Audit Committee Annual Report 2017/18 was presented to Council on 25/10/18 and outlined the assurance the Committee had gained over control, risk management and governance from various sources over the course of 2017/18. In particular, the report focused on the Performance Review facilitated by the Wales Audit Office and the key findings forming part of an ongoing Action Plan.
- The Equality Review Report 2017/18 was reported to Cabinet on 20 September 2018, which highlighted progress against the Equality Objectives. The report highlighted work linked to the core principles i.e. co-production, engagement and embedding of children's rights.
- The Welsh Language Annual Report 2017/18 went to Cabinet on 21 June 2018 and reflected progress and compliance on the 169 Welsh Language Standards with which the Council has to comply. The report contained an overview of activity and how the Council internally promotes the Welsh Language Standards with tools and information.
- There were a number of key reports presented to Cabinet/Council during 2018/19 including The Local Development Plan, which was approved by

ANNUAL GOVERNANCE STATEMENT 2018/19

Council on 28 February 2019, and the Homelessness Strategy and Action Plan 2018-22 approved by Cabinet on 15 November 2018.

13. Committees

- 1.1 The **Scrutiny Programme Committee and Panels** met throughout 2018/19 and were supported by the Scrutiny Support Team. The **Scrutiny Annual Report 2017/18** was presented to Council on 25/10/18. The report highlighted the work carried out by Scrutiny, showed how Scrutiny had made a difference and supported continuous improvement for the Scrutiny function. The Scrutiny Programme Committee met on 16 occasions. In total, there were 91 panel and working group meetings during the year with 2 Inquiries relating to Equalities and the Natural Environment. Two Inquiry Panels reconvened to follow up actions agreed by Cabinet – CAMHS and Tackling Poverty. There was also pre decision scrutiny undertaken on a number of Cabinet reports and a high level of councillor commitment. The Council Constitution was also amended to provide for Call-in of Cabinet decisions by Scrutiny. The Call-In procedure was used on one occasion.
- There are well established links between the scrutiny function and Estyn, in respect of Education Services and School Improvement, and similarly with CIW (Care Inspectorate Wales), in respect of Audit Services and Child & Family Services. Scrutiny Performance Panels are routinely provided with relevant reports from Estyn and CIW, and are discussed as required. In November 2018 the Scrutiny Programme Committee agreed that Wales Audit Office reports should go to scrutiny and support the developing relationship. All Wales Audit Office local performance audit reports and relevant national Wales Audit Office reports (those with implications for local government) are included in the Scrutiny Work Programme and there is co-ordination with the Audit Committee. Regional scrutiny continues with ERW and City Deal.
 - The **Standards Committee** met on 3 occasions during 2018/19 and the **Standards Committee Annual Report 2017/18** was presented to Council on 20/9/18. The Committee is chaired by an independent person and is responsible for monitoring the ethical standards of the authority and maintaining the highest standards of conduct by elected councillors. The Committee commenced discussions with the Political Group Leaders as to ethical values within the council and this work is largely finalised and hopefully will form part of the Annual Report for 2018/19. The Standards Committee were also instrumental in ensuring the Ombudsman's Code of Conduct Casebook was considered and circulated to all members by the Monitoring Officer. There were only 6 cases of alleged breach of the code of conduct referred to the Ombudsman with 5 not investigated and one where no evidence was found of failure to comply. The Members Internal Dispute Resolution Process has not yet been utilised, underpins the strong commitment to, and provides assurance that the Council's Code of Conduct is adhered to.
 - The **Audit Committee** met on 10 occasions during 2018/19 and followed a structured work-plan, which covered all areas of the Committee's

ANNUAL GOVERNANCE STATEMENT 2018/19

responsibilities with the aim of obtaining assurance over the areas included in its terms of reference. The Committee includes a lay member who is also the Chair of the Committee. The Committee receive all Wales Audit Office reports once reported to Scrutiny Programme Committee. The Committee may decide to track or prioritise specific proposals or recommendations in addition to the oversight provided by Scrutiny. This arrangement provides additional assurance that the Council responds and puts in place action plans to address any recommendations. The Committee also receives quarterly updates on the overall status of risk within the Council to give assurance that the risk management process is being followed. The Committee have chosen to track 3 corporate risks – Financial Control & Sustainable Swansea, City Centre and Decision to leave the EU monthly.

- During 2015/16 the governance structure for the Pension Fund was amended to include the Local Pension Board, in compliance with the Public Service Pensions Act 2013. The role of the Board is to assist the Council as Scheme Manager and Administering Authority to secure compliance with LGPS regulations and other legislation relating to the scheme. Terms of Reference for the Board were established and appropriate Board members were appointed. The Board convened meetings on 6 occasions during 2018/19.
- The **Pension Fund Committee** met on 6 occasions during 2018/19 and dealt with all issues relating to the governance of the Pension Fund. The Chair of the Pension Fund Committee also represents the Council on the Joint Governance Committee of the Wales Pension Partnership, a collaborative working arrangement between the 8 local government pension funds in Wales.

The **Democratic Services Committee** met on 3 occasions and considered the Social Media Guide for Councillors, the Councillors' Handbook and Personal Safety.

Significant Governance Issues

The following table shows the significant governance issues which were identified during the review of effectiveness undertaken when preparing the Annual Governance Statement **2017/18** and the action taken during the year to address the issues.

ANNUAL GOVERNANCE STATEMENT 2018/19

Issue	Action Taken
<p>1. Budgetary pressures within the Council.</p> <p>The Council is facing unprecedented financial pressures and budget savings have to be made by departments in a timely manner.</p>	<ul style="list-style-type: none"> • The budget position is tracked on a monthly basis at P&FM, CMT and FSTG to monitor progress and highlight risk. • The sustainable development principals within Sustainable Swansea – Fit for the Future is embedded in to the budget setting process • The introduction of the reshaping board to further challenge for non delivery of savings • Linked to corporate risk CR80.
<p>2. Sustainable savings – there needs to be full consideration and robust business case underpinning savings proposals particularly relating to staff cuts. With wellbeing of future generations in mind sustainability of service, delivery together with mitigation of risks should be part of any proposals.</p>	<ul style="list-style-type: none"> • CMT/Cabinet consider savings proposals in the context of equality impact assessments and well-being of future generations assessments so that any service delivery implications are assessed and monitored • Any risk associated with any saving proposal would be highlighted on the risk register as appropriate.
<p>3. Regional working– with collaboration/merger on national agenda going forward it is essential that not only are governance issues around regional working appropriate and transparent but also that regional working benefits CCS.</p>	<ul style="list-style-type: none"> • Governance arrangements around regional and collaborative working are considered with advice from the legal/finance departments and associated governance documentation being drafted. • An Annual report on Regional Working will be presented to Cabinet and will include reference to the benefits to CCS. This will include City Deal, Western Bay

ANNUAL GOVERNANCE STATEMENT 2018/19

	and ERW and any new regional collaborations.
<p>4. Workforce capacity and performance- Directorates have seen a reduction in staff resources and it is essential that workforce performance is monitored through an effective system of appraisal which supports and upskills existing officers.</p>	<ul style="list-style-type: none"> • This is achieved by ongoing staff development through workforce planning and an appraisal system to ensure staff are performing and are being supported in their role • Where appraisals are not undertaken there are regular 1-2-1's and support to staff
<p>5. Delivery of Leisure Partnership Report to be done on an annual basis. This should include reference to activity with other entities within the group structure as part of the review of effectiveness of the system of internal control.</p>	<p>A combined Annual Leisure Partnership Report for 2015/16 and 2016/17 was reported to Council in July 2018.</p>
<p>6. Major projects – significant officer time will continue to need to be dedicated to major projects to ensure transparency around decision making and good governance.</p>	<p>There was revised programme management around Sustainable Swansea, City Deal, City Centre Regeneration, 21st Century Schools and other significant projects with reporting to CMT by exception including the following project boards:</p> <ul style="list-style-type: none"> - Regeneration Programme Board - Housing Futures Programme Board - Property Investment Board - 21st Century Schools Project Board

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 **2019/20** to address the issues.

ANNUAL GOVERNANCE STATEMENT 2018/19

Significant Governance Issue linked to Framework	Action to be taken
<p>Maintaining sufficient financial discipline (revenue service spending) to deliver Corporate Objectives and Sustainable Swansea (red risk on Corporate Register)</p> <p>The Council will continue to face unprecedented financial challenge. It is essential that approved service savings are made in a timely way with full risks and impact being understood.</p>	<ul style="list-style-type: none"> • Launch of Reshaping Board to monitor and challenge failure to deliver savings/overspending by Heads of Service • Robust challenge by CMT/Corporate Directors through P&FM • Development of an integrated impact assessment approach to inform budget decisions and longer term sustainability of service provision.
<p>Engagement and communication</p> <p>The views of the public, service users, staff and external partners must be taken into account in decisions impacting upon them. It is essential that there are sufficient structures in place to encourage and enable public participation.</p>	<ul style="list-style-type: none"> • Ensure that there is adequate resources to enable participation • A renewed Engagement and Consultation Strategy • Develop a Co-Production Strategy • An integrated Impact Assessment process embedded in decision making around budget savings (to include Equality implications and Well-being of Future Generations considerations)
<p>Performance Reviews</p> <p>Whilst there is a strong performance management system with regular supervision/training of staff evidenced across the authority there is evidence of inconsistency associated with the IT appraisal use.</p>	<ul style="list-style-type: none"> • Review the corporate appraisal system to ensure it is fit for purpose
<p>Project Governance</p> <p>It remains the position that significant officer time will need to be dedicated to major projects with which the Council is involved. Consideration will need to be given to adequately resourcing project teams to ensure strong and transparent governance arrangements are in place.</p>	<ul style="list-style-type: none"> • All project leads should consider in advance the requirement for legal/finance/other input and ensure sufficient resources are made available for such assistance • Organisational capacity must be considered in preparation of business cases for project delivery • Significant project risks to be reported to CMT
<p>Decision to Leave the European Union</p>	<ul style="list-style-type: none"> • Formation of Brexit Steering Group • Testing/Review of Business Continuity Plans

ANNUAL GOVERNANCE STATEMENT 2018/19

<p>Any consequences of leaving the European Union will have to be planned, monitored and managed.</p>	<ul style="list-style-type: none"> Communication with partners/ stakeholders
<p>Partnership/Collaboration/Regional Working Governance</p> <p>As there is increased drive for partnership/regional working the council will need to focus on ensuring the appropriate governance arrangements and benefit to Swansea residents.</p>	<ul style="list-style-type: none"> Ensuring adequate governance arrangements are in place Reports to CMT/Cabinet/Council where appropriate reflecting on governance and benefit Ensuring adequate scrutiny and audit arrangements are in place Robust business case consideration

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed Chief Executive

Date

Signed..... Leader

Date

Agenda Item 9



Report of the Chief Auditor

Audit Committee – 13 August 2019

Internal Audit Annual Report 2018/19

Purpose:	This report reviews the work of the Internal Audit Section during 2018/19 and includes the Chief Auditor's required opinion on the internal control environment for 2018/19 based on the audit testing completed in the year.
Policy Framework:	None.
Consultation:	Legal, Finance and Access to Services
Recommendation(s):	It is recommended that Committee: <ol style="list-style-type: none">1. Review and discuss the work of the Internal Audit Section during 2018/19.2. Review the annual review of conformance with the Public Sector Internal Audit Standards.3. Consider the Statement of Organisational Independence.4. Consider the Chief Auditor's opinion on the internal control environment.
Report Author:	Simon Cockings
Finance Officer:	Simon Cockings
Legal Officer:	Debbie Smith
Access to Services Officer:	Rhian Millar

1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) defines Internal Audit as an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps

an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

- 1.2 This report reviews the work of the Internal Audit Section in 2018/19 and compares its performance against the Internal Audit Annual Plan for the year which was approved by the Audit Committee on 10 April 2018.
- 1.3 A series of Performance Indicators are used to measure the performance of the Internal Audit Section against agreed targets set at the start of the year and also in comparison with other Welsh Authorities. A review of the Performance Indicators in 2018/19 is included in this report.
- 1.4 This report also contains the Chief Auditor's required opinion on the overall standards of the control environment in operation in the Council based on the testing performed during 2018/19.
- 1.5 This report and the annual opinion on internal control are key elements of assurance that are used in the Council's Annual Governance Statement.

2. Review of 2018/19

- 2.1 A summary of time spent in 2018/19 on the different categories of Internal Audit work is shown in Appendix 1.
- 2.2 As shown in the summary table, there was an increase of 37 days (2%) in the actual productive audit days achieved against the planned number of productive days. This arose as result of a redeployment situation whereby one additional member of staff joined the team for a period of 9 weeks to allow a suitable handover and training period prior to the retirement of one of the long-standing members of the team. Note that this meant 9 additional weeks have been accounted for in the year that were not expected when putting the original audit plan together. It should also be emphasised that the overall resources of the team have not been affected as the retiree has been replaced in year by the redeployee. There continues to be 9.1 FTE staff in the section.
- 2.3 There was an overall increase in the number of non-productive days of 8 days (1%). Actual sickness absence in the year was significantly higher than planned, totalling 148 days against a budget of 66 days (125% more than budgeted). It should be noted that in all cases, as reported to committee in the quarterly monitoring reports, these absences were not work related. The increase in the amount of sickness absence has been offset by the reduction in the amount of time taken by training and also by the use of the contingency budget.
- 2.4 Appendix 1 also shows the variances of the amount of time spent across the different directorates and types of audits.

- 2.5 The original Internal Audit Annual Plan 2018/19 contained 144 audit jobs, of which 125 (87%) were completed to at least draft report stage during the year while a further 5 audits were in progress as at 31/03/19. Taking into account those audits that were in progress, 90% of the audit jobs in the Annual Plan 2018/19 had been completed or were in progress as at 31/03/19.
- 2.6 An audit report was produced for each audit which was discussed and agreed with the client. The reports included recommendations to improve any weaknesses or areas of concern identified during the audit in relation to systems, procedures and controls. During the year 99% of recommendations made were accepted by clients.
- 2.7 A list of the audits finalised each quarter has been included in the quarterly monitoring reports presented to the Audit Committee during the year. A complete list of each audit finalised during 2018/19 along with the level of assurance and the number of recommendations made and accepted is shown in Appendix 2.
- 2.8 As well as the planned audit work, a number of other pieces of work were undertaken during the year which are summarised below:

- i) The following grants were audited and certified in 2018/19:

Grant	Amount £
Live Kilometre Support Grant 2017/18	34,769 (449,075 km)
Supporting People Programme Grant – Outcomes Jan-Dec 2017	n/a (9092 Outcomes)
Supporting People Programme Grant – Regional Coordinator 2017/18	42,374
Supporting People Programme Grant – Certification 2017/18	13,817,121
Education Improvement Grant 2017/18	9,771,837
Pupil Deprivation Grant 2017/18	7,300,230
School Uniform Grant 2018/19	52,832
Regional Consortia School Improvement Grant (Q3 Checklist)	n/a
Work Choice Programme Grant 2018/19 (Claim Process)	n/a

- ii) A total of 21 unplanned days was spent in 2018/19 undertaking 11 follow up reviews for those audits receiving moderate assurance audit reports. 5 follow up reviews were in relation to moderate audit reports issued in 2017/18 and 6 were in relation to moderate audit reports issued in 2018/19.
- iii) Continuation of the NFI 2016 work and preparation for the NFI 2018 exercise.

- iv) Completion of the internal review of the Swansea Bay City Deal Project in collaboration with Pembrokeshire Council (lead) Carmarthen Council, and Neath Port Talbot County Borough Council.
- v) Other pieces of work undertaken in year have been reported to Committee as part of the quarterly monitoring reports.

3. Follow Ups

- 3.1 It is important that action is taken to ensure that management have implemented the recommendations agreed following each audit. The Internal Audit Section uses a risk based approach to follow up audits as shown below:
 - i) Fundamental audits are subject to a Recommendations Tracker exercise mid-way through the year to confirm that the agreed recommendations have been implemented. The results of the Recommendation Tracker exercise are reported to the Audit Committee.
 - ii) Non Fundamental audits which receive a 'moderate' or 'limited' level of assurance have historically received a follow up visit usually within 6 months to test whether the 'high' and 'medium' risks recommendations have been implemented. The results of any follow up visits for non-fundamental audits are included in the quarterly monitoring reports presented to the Audit Committee.
- 3.2 Any audits that receive a 'moderate' or 'limited' level of assurance are also reported to the relevant Directorate Performance and Financial Monitoring (PFM) meeting to allow senior management to monitor the implementation of the recommendations arising from the audit.
- 3.3 The Recommendations Tracker exercise carried out in 2018/19 was reported to the Audit Committee on 11/12/18 where the conclusion was positive with 78% of agreed recommendations due for implementation being implemented by the end of September 2018. The report also noted that three medium risk recommendations that had been partly implemented related to the Accounts Receivable audit. This audit continues to be completed on an annual basis and the issues highlighted were reviewed as part of the 2018/19 audit. The remaining 7 recommendations that had not been implemented were classed either low risk or good practice.
- 3.4 The Accounts Receivable Fundamental Audit for 2018/19 was finalised in March 2019. It is unfortunate to note that as reported to committee in the Quarter 4 Monitoring Report, this audit was given a moderate assurance rating with a number of issues being highlighted, primarily in relation to the monitoring of invoices categorised as being 'on dispute', the escalation of unpaid invoices and the communication with staff in the

Legal department regarding invoices referred for court action. The primary reason provided by the service for these failings was a lack of adequate resources. As noted in the previous annual report, continuity and maintenance of core grip with changing, and more often diminishing, resources was a recognised clear challenge across the Authority and this continues to be the case.

- 3.5 During 2018/19, 11 moderate audit follow up reviews were completed and it was found that in all cases, suitable action had been taken to address the issues that had been highlighted and all recommendations had been adequately addressed as previously reported to Committee via the quarterly monitoring reports.

4. Performance Indicators

- 4.1 A series of 11 Performance Indicators (PI's) are used to measure the work of the Internal Audit Section as agreed by the Welsh Chief Internal Auditors Group (WCIAG). The PI's measure output, quality and cost and are also measured by other local authority Internal Audit Sections across Wales to provide comparable statistics.

- 4.2 The PI's are presented in detail in Appendix 3 which shows that in 2018/19, the Internal Audit Section met or exceeded the target set at the start of the year for 10 out of the 11 PI's. This is an improvement on 2017/18 where 9 of the 12 PI's were met or exceeded by the Section. (Note that the WCIAG agreed to decommission one historical PI from 2018/19 onwards).

- 4.3 The PI that was not achieved in 2018/19 was:

- PI 9 – average cost per directly chargeable day.

- 4.4 As agreed by the WCIAG, average cost for this performance indicator is made up of total salary, NI and pensions costs of the Internal Audit Team. These costs have seen an overall increase of 7.5% in 2018/19 when compared to 2017/18. The number of directly chargeable days has increased from 1,415 in 2017/18 to 1,553 in 2018/19. As a result, average costs per directly chargeable day has decreased overall in 2018/19 to £294, from £300 in 2017/18. Efforts will continue throughout 2019/20 to maximise the number of directly chargeable days in year.

- 4.5 As in previous years, where available PI data has been compared to the average results of other Local Authorities in Wales, as shown in Appendix 3. However, at the time of writing this report the results from a number of suitable comparator authorities had not been received. The average results shown in Appendix 3 are taken from the results of the 13 Local Authorities that had responded to the WCIAG at the time of writing this report.

- 4.6 Unfortunately, the comparison with other Internal Audit Sections across Wales is becoming less meaningful over time as a number of Authorities no longer collect the data or are only able to provide results for some of the PI's. In addition, consideration should be given to the variances in size of both the Local Authorities and their internal audit departments when comparing the results of Swansea's PI's with the group averages provided.
- 4.7 It should also be noted that the WCIAG is currently reviewing the PI's that are currently used and these may be subject to further change.

5. Quality Assurance & Improvement Programme and Statement of Conformance with the PSIAS

- 5.1 It is a requirement of the PSIAS that internal audit providers must maintain a Quality Assurance and Improvement Programme (QAIP) which covers all aspects of the internal audit activity and is intended to assist in raising standards across the public sector and ensuring consistency in improvement.
- 5.2 The QAIP allows internal audit providers to be assessed, both internally and externally, to show that the provider is fully complying with the PSIAS. Internal assessments are both ongoing and periodic and an external assessment must be undertaken at least once every 5 years.
- 5.3 The preferred method adopted in Swansea was a self-assessment review subject to external validation using the peer review group established by the Welsh Chief Auditors Group.
- 5.4 The outcome of the peer review was presented to the Head of Financial Services & Service Centre, the Director of Resources and the Chief Executive on 28/03/18 and to Audit Committee on the 10/04/18. In summary, the peer review concluded that the City and County of Swansea's Internal Audit Section is broadly compliant with the PSIAS and CIPFA Application Note with no significant deviations from the Standards being noted. Some areas for improvement were highlighted as part of the review and the recommendations arising from these have been included in the PSIAS Compliance Report in Appendix 4.
- 5.5 The results of the annual internal assessment of compliance with the PSIAS using CIPFA's detailed Local Government Application Note completed in July 2019 can be found in Appendix 4. In summary there are 336 best practice lines within the PSIAS. The self-assessment review of conformance against the PSIAS revealed that the Internal Audit Section is 99.1% compliant with the best practice of the PSIAS.
- 5.6 In addition to the self-assessment review, as part of the QAIP an action plan is compiled in order to set targets for improvement for the coming

year in relation to those PI's that have not been achieved. A copy of the QAIP report and action plan for 2019/20 can be found in Appendix 5.

- 5.7 **The result of the external peer review and the updated internal assessment of conformance against CIPFA's detailed Local Government Application note confirm that the Internal Audit Section of the City and County of Swansea conforms with the International Standards for the Professional Practice of Internal Auditing and all engagements are undertaken in conformance with the Public Sector Internal Audit Standards.**

6. Statement of Organisational Independence

6.1 The PSIAS also require the Chief Auditor to confirm the organisational independence of the internal audit activity. As outlined in the self-assessment review, the organisational independence of the Chief Auditor can be confirmed for the following reasons:

- I) The Chief Auditor reports to the Chief Finance Officer (Section 151 Officer), who is a permanent member of Corporate Management Team.
- II) The Chief Auditor reports functionally to the Audit Committee and has unrestricted access to the Committee.
- III) As a third tier officer, the Chief Auditor can influence the control environment, has sufficient status to pursue audit issues and provide credible, constructive challenge to management.
- IV) The Internal Audit Charter is reviewed and approved by Audit Committee and the Corporate Management Team on an annual basis.
- V) The risk-based audit plan is reviewed and approved by Audit Committee on an annual basis.
- VI) The performance of the Internal Audit Function is reported to Audit Committee on a quarterly basis via quarterly monitoring reports, annually as part of the Internal Audit Annual Report and also as part of the QAIP programme.
- VII) The Chief Auditor has no other management responsibilities other than Internal Audit and the Corporate Fraud Function.
- VIII) The Chief Auditor also has unrestricted access to senior management and the Audit Committee and has the ability to report to all levels in his own name which allows the internal audit activity to fulfil its responsibilities.
- IX) The Chief Auditor also has the right of direct access to the Chief Executive as agreed by the Section 151 Officer.

7. Internal Control Opinion

7.1 The system of internal control is designed to help the Council manage and control the risks which could affect the achievement of the Council's objectives. However it is not possible to eliminate all risks completely.

- 7.2 This means that Internal Audit can only provide 'reasonable' assurance that the systems of internal control within the areas of the Council reviewed are operating adequately and effectively.
- 7.3 The Internal Audit Section give levels of assurance for all reviews undertaken. The basis used for each level of assurance is shown in Appendix 6.
- 7.4 The table below provides a summary of the assurance levels across all audits in the audit universe as at the 31/03/19, compared to the assurance levels as at 31/03/18.

Opinion / Level of Assurance	As at 31/03/18		As at 31/03/19		Variation	
	No.	%	No.	%	No.	%
High	110	28.4	127	34.5	17	+6.1
Substantial	244	63.1	224	60.9	-20	-2.2
Moderate	31	8.0	17	4.6	-14	-3.4
Limited	2	0.5	0	0	-2	-0.5
Total	387	100.0	368	100.0	-19	0

- 7.5 Note that as a result of the consultation exercise, departmental restructures and other changes across the Council, the total number of audits in the audit universe will vary each year.
- 7.6 A pleasing trend which has been identified for the past two years of an increase in the number of audits receiving a high level of assurance has continued this year. There has also been a small decrease in the number of audits with a substantial, moderate or limited level of assurance.
- 7.7 There are 14 audits which are classed as fundamental audits. The fundamental audits are the systems that are considered to be so significant to the achievement of the Council's objectives that they are audited either annually or bi-annually. Following the audits completed in 2018/19, 12 of the 14 fundamental audits have a high level of assurance, one has a substantial level of assurance (Accounts Payable) and one has a moderate level of assurance (Accounts Receivable). It is disappointing to note that one of the fundamental audits received a moderate assurance rating in 2018/19. As detailed in the Quarter 4 Monitoring Report and above, the reasons provided by the service for the weaknesses identified in this area were in relation to reduced resources. As noted in the previous annual report, continuity and maintenance of core grip with changing, and more often diminishing, resources was a recognised clear challenge across the Authority and this continues to be the case.
- 7.8 Despite this, it should be noted that of the 14 fundamental system audits, 12 have a high assurance level and one has a substantial assurance level. In addition, the increase in the number of audits receiving a high level of assurance in the overall audit universe and the results of the

work undertaken in 2018/19 provides reasonable assurance that across the Authority, the systems of internal control are operating effectively.

7.9 Throughout the year, a significant amount of effort has been directed at further strengthening the systems of risk management across the Authority. Audit Committee now have access to the Corporate Risk Register and also receive regular update reports from the Strategic Delivery and Performance Manager outlining the status of key risks to further strengthen assurance in this area. The Corporate Management Team and Risk Owners have also reviewed the risk register entries regularly throughout the year to ensure the register is up to date and all mitigating controls have been captured and remain effective.

7.10 In addition, the appointment in year of the Deputy Chief Executive, tasked with overarching responsibility for ensuring existing corporate governance arrangements are effective, has further strengthened assurances in this area. A diagram illustrating the sources of the key areas of corporate governance assurance and how they interrelate can be found in Appendix 7.

7.11 **Overall, based on the work undertaken in 2018/19, I am satisfied that Internal Audit can provide reasonable assurance that the systems of risk management, internal control and governance established by the Council are operating effectively and that no significant weaknesses were identified in 2018/19 which would have a material impact on the Council's financial affairs or the achievement of its objectives.**

8. Equality and Engagement Implications

8.1 The Council is subject to the Public Sector Equality Duty (Wales) 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 Act.
- 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.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

8.2 There are no equality and engagement implications associated with this report.

9. Financial Implications

9.1 There are no financial implications associated with this report.

10 Legal Implications

10.1 There are no legal implications associated with this report

Background Papers: Internal Audit Plan 2018/19

Appendices: Appendix 1 Internal Audit – Plan 2018/19 Summary
Appendix 2 Internal Audit – Audits Finalised 2018/19
Appendix 3 Internal Audit – Performance Indicators 2018/19
Appendix 4 Internal Audit – PSIAS Compliance Report
Appendix 5 Internal Audit – QAIP Report & Action Plan 2019/20
Appendix 6 Internal Audit – Audit Levels of Assurance
Appendix 7 Internal Audit – Governance & Assurance Map

INTERNAL AUDIT PLAN 2018/19 - SUMMARY

Categories of Audit Work	Plan 2018/19		Actuals 2018/19		Variation 2018/19	
	Days	%	Days	%	Days	%
People	298	12.6	318	13.2	20	7%
Place	357	15.1	448	18.6	91	25%
Corporate Services	315	13.3	251	10.4	-64	-20%
Systems Audits	248	10.5	246	10.2	-2	-1%
Computer Audits	117	4.9	65	2.7	-52	-45%
Contract Audits	8	0.3	0	0.0	-8	-100%
Projects and Special Investigations	123	5.2	169	7.0	46	37%
Miscellaneous Audits	0	0.0	0	0.0	0	0%
Cross Cutting Audits	50	2.1	57	2.4	7	14%
Productive Days	1516	64.1	1553	64.4	37	2%
Other Activities						
1. Staff Training	76	3.2	47	2.0	-29	-38%
2. Holidays & Public Holidays	409	17.3	411	17.0	2	0%
3 Sick, Special Leave, Phased Return	66	2.8	148	6.1	82	125%
4. Admin, Planning, Clerical Support etc	219	9.3	235	9.7	16	7%
5. Contingencies	64	2.7	0	0.0	-64	-100%
6. Secondments	0	0.0	0	0.0	0	0%
7. Vacancies	0	0.0	0	0.0	0	0%
8. Voluntary Reduction in Hours	0	0.0	0	0.0	0	0%
9. Maternity Leave	0	0.0	0	0.0	0	0%
10. Staff Appraisals	0	0.0	0	0.0	0	0%
11. Non Audit Work	16	0.7	18	0.7	2	13%
Non Productive Days	850	35.9	858	35.6	8	1%
Total Days	2366	100.0	2411	100.0	45	2%

INTERNAL AUDIT - ANNUAL REPORT 2018/19

Head of Service	Audit	Date	Assurance Level	Recommendations		
				Made	Agreed	Not Agreed
Financial Services & Service Centre	Schools Bank Reconciliations	07/01/19	High	2	2	0
Building Services	Heol y Gors Depot - Admin & Finance	08/01/19	High	3	2	1
Education Planning & Resources	Birchgrove Comprehensive School	18/01/19	High	2	2	0
Financial Services & Service Centre	Payment Card Industry Data Security Standard	24/01/19	High	5	5	0
Financial Services & Service Centre	Council Tax 2018/19	18/02/19	High	7	7	0
Financial Services & Service Centre	Employee Services 2018/19	19/02/19	High	3	3	0
Digital & Transformation	ICT Administration	21/02/19	High	3	2	1
Financial Services & Service Centre	Main Accounting System 2018/19	26/02/19	High	0	0	0
Legal, Dem. Services & Business Intelligence	Land Charges	07/03/19	High	9	9	0
Financial Services & Service Centre	Income Tax - Self Employed & Misc	07/03/19	High	5	5	0
Planning & City Regeneration	Landscaping	08/03/19	High	4	4	0
Financial Services & Service Centre	Cashiers Office	11/03/19	High	4	4	0
Financial Services & Service Centre	Adult Family Placements	13/03/19	High	1	1	0
Financial Services & Service Centre	Treasury Management 2018/19	19/03/19	High	1	1	0
Financial Services & Service Centre	Cash 2018/19	28/03/19	High	0	0	0
Education Planning & Resources	St Helen's Primary School	23/10/18	High	4	4	0
Waste Management & Parks	Domestic Refuse Collection	05/11/18	High	7	7	0
Education Planning & Resources	Cila Primary School	08/11/18	High	9	9	0
Financial Services & Service Centre	Bank Reconciliations	09/11/18	High	0	0	0
Financial Services & Service Centre	Leasing	09/11/18	High	3	3	0
Housing & Public Protection	Affordable Housing	16/11/18	High	0	0	0
Financial Services & Service Centre	Blue Badges	28/11/18	High	2	2	0
Education Planning & Resources	Talycopa Primary School	28/11/18	High	6	6	0
Adult Services	Private Residential Care Charges	07/12/18	High	9	9	0
Education Planning & Resources	Trallwyn Primary School	14/12/18	High	1	1	0
Housing & Public Protection	Housing Loans and Grants	21/12/18	High	5	5	0
Education Planning & Resources	Pontlliw Primary	03/07/18	High	1	1	0
Financial Services & Service Centre	Petty Cash Accounts	12/07/18	High	3	3	0
Education Planning & Resources	Arts in Educaiton	24/07/18	High	2	2	0
Housing & Public Protection	Neighbourhood Support Unit	14/08/18	High	8	8	0
Digital & Transformation	Firewall Controls	15/08/18	High	1	1	0
Housing & Public Protection	Rechargeable Works	20/08/18	High	0	0	0

INTERNAL AUDIT - ANNUAL REPORT 2018/19

Financial Services & Service Centre	Construction Industry Tax Scheme	21/08/18	High	0	0	0
Digital & Transformation	Oracle Authorisation Limits	11/09/18	High	1	1	0
Education Planning & Resources	Newton Primary	13/09/18	High	6	6	0
Digital & Transformation	Fostercare System (Application Controls)	25/09/18	High	2	2	0
Digital & Transformation	Data Protection (Software Licences)	27/09/18	High	5	5	0
Digital & Transformation	Internet Controls (Corporate Network)	28/09/18	High	4	4	0
Housing & Public Protection	Blaenymaes DHO*	26/04/18	High	10	10	0
Housing & Public Protection	Eastside DHO	11/05/18	High	9	9	0
Housing & Public Protection	Morrison DHO	27/06/18	High	9	9	0
Child & Family Services	Foster Swansea*	16/05/18	High	1	1	0
Financial Services & Service Centre	Funded Nursing Care*	04/04/18	High	1	1	0
Financial Services & Service Centre	Housing & Council Tax Benefit*	10/04/18	High	23	23	0
Financial Services & Service Centre	Employee Services*	29/05/18	High	4	4	0
Financial Services & Service Centre	Pensions Admin*	30/04/18	High	4	4	0
Financial Services & Service Centre	NNDR*	11/05/18	High	0	0	0
Financial Services & Service Centre	Capital Accounting*	17/04/18	High	1	1	0
Planning & City Regeneration	External Funding Team	20/06/18	High	0	0	0
Housing & Public Protection	Registration Service*	04/04/18	High	8	8	0
Education Planning & Resources	School Funding & Information*	12/07/18	High	1	1	0
Education Planning & Resources	Christchurch Primary School	02/01/19	Substantial	11	11	0
Legal, Dem. Services & Business Intelligence	Freedom of Information	29/01/19	Substantial	1	1	0
Education Planning & Resources	Penclawdd Primary School	05/02/19	Substantial	13	13	0
Digital & Transformation	E-Commerce Controls	06/02/19	Substantial	8	8	0
Planning & City Regeneration	Nature Conservation	20/02/19	Substantial	13	13	0
Education Planning & Resources	School Kitchens	21/02/19	Substantial	16	16	0
Communications & Marketing	Health, Safety & Wellbeing	05/03/19	Substantial	4	4	0
Adult Services	Adult Services Establishemnts - Questionnaire	20/03/19	Substantial	60	60	0
Highways & Transportation	Traffic Orders	29/03/19	Substantial	7	6	1
Education Planning & Resources	Terrace Road Primary School	31/03/19	Substantial	7	6	1
Education Planning & Resources	Burlais Primary School	02/10/18	Substantial	7	7	0
Financial Services & Service Centre	Flexicard Service and Security	04/10/18	Substantial	13	13	0
Financial Services & Service Centre	Risk Management	05/10/18	Substantial	3	3	0
Education Planning & Resources	Dunvant Primary School	10/10/18	Substantial	14	14	0
Education Planning & Resources	Knelston Primary School	15/10/18	Substantial	17	17	0

INTERNAL AUDIT - ANNUAL REPORT 2018/19

Communications & Marketing	House	15/10/18	Substantial	14	14	0
Education Planning & Resources	Gors Community Primary School	18/10/18	Substantial	13	13	0
Highways & Transportation	Fleet Hire - Spot Hire	23/10/18	Substantial	7	7	0
Cultural Services	Outdoor Leisure	23/10/18	Substantial	7	7	0
Cultural Services	Plantastia	24/10/18	Substantial	10	10	0
Education Planning & Resources	Y.G.G. Bryniago	30/10/18	Substantial	18	18	0
Cross Cutting Audits	Corporate Governance Review	12/11/18	Substantial	6	6	0
Highways & Transportation	Clydach Plant	13/11/18	Substantial	6	5	1
Highways & Transportation	Concessionary Bus Fares	20/11/18	Substantial	2	2	0
Housing & Public Protection	Building Regulations	20/11/18	Substantial	6	6	0
Cross Cutting Audits	General Data Protection Regulations	23/11/18	Substantial	17	17	0
Education Planning & Resources	Gowerton Primary School	26/11/18	Substantial	16	16	0
Cross Cutting Audits	Department Gift & Hospitality Registers	26/11/18	Substantial	4	4	0
Cultural Services	Record Management	29/11/18	Substantial	18	18	0
Education Planning & Resources	Y.G.G. Bryn-y-Mor	10/12/18	Substantial	8	8	0
Waste Management & Parks	Grounds Maintenance	11/12/18	Substantial	7	6	1
Poverty & Prevention	Early Intervention Services	13/12/18	Substantial	9	9	0
Education Planning & Resources	Danygraig Primary	09/07/18	Substantial	2	2	0
Education Planning & Resources	YGG Y Login Fach	09/07/18	Substantial	6	6	0
Education Planning & Resources	Gowerton Comprehensive School	10/07/18	Substantial	21	21	0
Highways & Transportation	Swansea Highways Partnership*	10/07/18	Substantial	1	1	0
Housing & Public Protection	Trading Standards Division	13/07/18	Substantial	16	16	0
Education Planning & Resources	Brynhyfryd Primary	20/07/18	Substantial	9	9	0
Poverty & Prevention	Swansea Childrens Centre & Mayhill Centre	24/07/18	Substantial	15	15	0
Housing & Public Protection	Housing Options	25/07/18	Substantial	15	15	0
Education Planning & Resources	Dylan Thomas Comprehensive School	25/07/18	Substantial	21	21	0
Cultural Services	Central Library	27/07/18	Substantial	10	10	0
Education Planning & Resources	Townhill Primary	11/09/18	Substantial	14	14	0
Child & Family	Grants & Contracts (Child & Family)	17/09/18	Substantial	5	5	0
Vulnerable Learner Service	Catering Service	17/09/18	Substantial	9	9	0
Cultural Services	St Helen's Ground	19/09/18	Substantial	7	7	0
Education Planning & Resources	Hendrefoilan Primary	27/09/18	Substantial	11	11	0
Education Planning & Resources	Sketty Primary	27/09/18	Substantial	7	7	0
Adult Services	Community Alarm Service	19/06/18	Substantial	7	7	0
Adult Services	Community Equipment Store & Suresprung	29/06/18	Substantial	17	17	0

INTERNAL AUDIT - ANNUAL REPORT 2018/19

Adult Services	Taxi Framework Contract - Adult Services	22/06/18	Substantial	6	6	0
Education Planning & Resources	Mayals Primary School	29/06/18	Substantial	17	17	0
Education Planning & Resources	YGG Llwynderw*	12/06/18	Substantial	16	16	0
Achievement Partnership Service	Education Welfare Service	19/06/18	Substantial	8	8	0
Highways & Transportation	Streetworks	11/06/18	Substantial	5	5	0
Planning & City Regeneration	Planning & Enforcement*	15/05/18	Substantial	3	3	0
Digital & Transforamtion	IT File Controls*	15/05/18	Substantial	1	1	0
Digital & Transforamtion	Flare System	01/05/18	Substantial	4	4	0
Cultural Services	Grand Theatre	27/06/18	Substantial	20	19	1
Poverty & Prevention	Partnership & Commissioning Team*	16/04/18	Substantial	14	14	0
Legal, Democratic Services & Business						
Intelligence	Electoral Services & Reg. of Electors	05/06/18	Substantial	6	6	0
Digital & Transforamtion	Telephones (inc Mobiles)	29/06/18	Substantial	2	2	0
HR & OD	Emergency Management*	02/05/18	Substantial	10	10	0
Highways & Transportation	Car Parks	21/06/18	Substantial	18	18	0
Financial Services & Service Centre	Senior Management Assurance Statements*	17/04/18	Substantial	2	2	0
Commercial Services	Supplier Contracts Review	28/03/19	Substantial	3	3	0
Financial Services & Service Centre	Accounts Receivable 2018/19	15/03/19	Moderate	21	21	0
Digital & Transforamtion	Disaster Recovery & Business Continuity*	26/06/18	Moderate	21	21	0
Education Planning & Resources	Bishop Gore Comprehensive School	11/10/18	Moderate	19	19	0
Education Planning & Resources	Portmead Primary School	04/11/18	Moderate	17	17	0
Vulnerable Learner Service	Cleaing Service - Education	04/12/18	Moderate	20	20	0
Total				987	980	7

* Audits from the 2017/18 Audit Plan finalised in 2018/19.

INTERNAL AUDIT - PERFORMANCE INDICATORS 2018/19

APPENDIX 3

Performance Indicator			2017/18		2018/19		2018/19	2019/20
			Target	Actual	Target	Actual	WCAG Average	Target
1	Audit Assignments achieved against planned	%	75	78	75	87	82	75
2	Clients satisfied with quality of audit service	%	98	99	98	99	99	98
3	Audit recommendations accepted against made	%	95	99	95	99	99	95
4	Audits completed within planned time	%	70	72	70	90	75	70
5	Directly productive time against time available	%	65	61	60	65	69	60
6	Average period - from response to final report	Days	3	1	3	0.4	4	3
7	Average period - closing meeting to draft report	Days	10	2	10	0.8	8	10
8	Directly productive time achieved against planned time	%	90	88	90	102	91	90
9	Average cost per directly chargeable day	£	278	300	278	294	265	300
10	Staff turnover rate	%	15	8	15	9	7	15
11	Staff costs per £m gross revenue expenditure (inc. HRA)	£	650	554	650	607	806	650

Note that comparator figures were not included for 2017/18 due to lack of responses from the Welsh Chief Auditors Group.
 Comparator figures for 2018/19 above relate to the average results of the 13 Welsh Local Authorities that had responded to the Welsh Chief Auditors Group at the time of writing this report.



Report of the Chief Auditor

Internal Audit

Summary of Self-Assessment of PSIAS Conformance 2018/19

It is a requirement of the Public Sector Internal Audit Standards (PSIAS) that internal audit providers must maintain a Quality Assurance and Improvement Programme (QAIP) which covers all aspects of the internal audit activity and is intended to assist in raising standards across the public sector and ensuring consistency in improvement.

The QAIP allows internal audit providers to be assessed, both internally and externally, to show that the provider is complying with the PSIAS. Part of the internal assessment involves an annual review of compliance with the PSIAS using the detailed checklist included in CIPFA's Local Government Application Note. CIPFA released an updated version of the Local Government Application Note in February 2019 and this updated version has been used to complete the self-assessment for 2018/19. The annual self-assessment also fulfils the requirement established in the Accounts and Audit (Wales) Regulations 2014 for an annual assessment of the effectiveness of the Internal Audit service.

An external assessment of compliance with the PSIAS must be completed at least once every 5 years and may either be a full external assessment or a self-assessment which is subject to independent external validation.

The first external assessment in Swansea was completed in quarter 4 2017/18. The assessment method adopted was a self-assessment subject to external validation using the peer review group established by the Welsh Chief Auditors Group. The validation was completed by Cardiff Council.

In summary, the peer review concluded that the City and County of Swansea's Internal Audit Section is broadly compliant with the PSIAS, with no significant deviations from the Standards being noted. Some areas for improvement were highlighted as part of the review and the recommendations arising from these can be seen in Appendix 3.

The results of the annual internal assessment of compliance with the PSIAS using CIPFA's detailed Local Government Application Note can be found in the table in Appendix 1.

Further details in relation to areas where the Service has been assessed as non-compliant or partly-compliant can be found in Appendix 2.

In summary there are 336 best practice lines within the PSIAS. A self-assessment review of conformance against the PSIAS was undertaken during July 2019 by the Chief Auditor revealed that 99.1% of the best practice of the PSIAS was in place.

The table below summarises the outcome of the self-assessment.

Standard	Conformance			Total
	C	P	N	
1. Mission of Internal Audit	1			1
2. Definition of Internal Audit	2			2
3. Core Principles	10			10
4. Code of Ethics	13			13
5. Attribute Standards				
1000. Purpose, Authority and Responsibility	21			21
1100. Independence and Objectivity	36	1		37
1200. Proficiency and Due Professional Care	21			21
1300. Quality Assurance and Improvement Programme	25			25
6. Performance Standards				
2000. Managing the Internal Audit Activity	41			41
2100. Nature of Work	30			30
2200. Engagement Planning	58			58
2300. Performing the Engagement	17	1		18
2400. Communicating Results	53			53
2500. Monitoring Progress	3		1	4
2600. Communicating the Acceptance of Risks	2			2
Total	333	2	1	336
Percentage	99.1%	0.6%	0.3%	100%

Summary of Part/Non-Compliance					
Ref	Conformance with the Standard	C	P	N	Evidence
5	Attribute Standards				
5.2	1100 Independence and Objectivity				
	Is the risk of over-familiarity or complacency managed effectively: for example by rotating assignments for ongoing assurance engagements and other audit responsibilities periodically within the internal audit team?		P		Audits are rotated amongst staff but there is no specific policy to rotate audits as experience in particular areas is felt to be advantageous and knowledge base is deemed to be more efficient from a client perspective. The review of the audits is rotated between Senior Auditors / Principal Auditor as a compensating control to reduce the risk of over-familiarity or complacency.
6	Performance Standards				
6.4	2300 Performing the Engagement				
	Does the CAE control access to engagement records?		P		Working papers are either held on paper files or on the Galileo Audit Management System. Paper files are held in the Internal Audit room but are not locked away when the room is unattended. However, unauthorised access to the files is unlikely due to the position of the room within the Guildhall. The permission of the Chief Auditor is required before access to records is granted to anyone outside the Section.
6.6	2500 Monitoring Progress				
	Where issues have arisen during the follow-up process, has the CAE considered revising the internal audit opinion?			N	A report/memo is provided to the service manager and Head of Service recording the results of the follow up visit but the original level of assurance is not revised on the basis of the follow up visit. The level of assurance will be reviewed when the next full audit of the service is completed.

					However, if any significant issues were identified during a follow up audit, they would be reported to the service management, senior management and the Audit Committee if appropriate.
--	--	--	--	--	--

**CITY AND COUNTY OF SWANSEA
MANAGEMENT ACTION PLAN
PSIAS PEER REVIEW RECOMMENDATIONS 2017/18**

REPORT REF	RECOMMENDATION	CLASS (HR; MR; LR; GP)	AGREED ACTION/ COMMENTS	RESPONSIBILITY FOR IMPLEMENTATION	IMPLEMENTATION DATE
R1	A risk-based approach in the form of an assurance mapping exercise should be carried out to inform the planning process and identify other sources of assurance.	GP	Agreed. However, due to the timing of the peer review report, we were unable to undertake an assurance mapping exercise to inform the 2018/19 planning process. This exercise will therefore be undertaken when considering the plan for 2019/20.	Chief Audit Executive	31/12/18 Implemented
R2	The Audit Charter should be updated to reflect the practices in place in respect of collating conflicts of interests from audit staff, at least annually.	GP	Agreed. The Audit Charter for 2018/19 has been updated to reflect this.	Chief Audit Executive	Implemented

REPORT REF	RECOMMENDATION	CLASS (HR; MR; LR; GP)	AGREED ACTION/ COMMENTS	RESPONSIBILITY FOR IMPLEMENTATION	IMPLEMENTATION DATE
R3	The Audit Charter should be updated to reflect the working practices that are in place in respect of managing conflicts of interests identified by staff i.e. they are taken into account when allocating individual workloads to auditors.	GP	Agreed. The Audit Charter for 2018/19 has been updated to reflect this.	Chief Audit Executive	Implemented
R4	Regular (in line with Council appraisal policy) performance reviews of the Chief Audit Executive and auditors must be carried out in order to assess skills and competencies and identify any training needs.	LR	Agreed. Appraisals will be carried out in line with the Council's appraisal policy as required in order to address any competency issues and to identify any training/development opportunities.	Head of Financial Services & Service Centre, Chief Audit Executive and Principal Auditor.	30/09/18 Not Implemented Department appraisals pending

REPORT REF	RECOMMENDATION	CLASS (HR; MR; LR; GP)	AGREED ACTION/ COMMENTS	RESPONSIBILITY FOR IMPLEMENTATION	IMPLEMENTATION DATE
R5	In order to avoid any perceived lack of independence in the running of the Audit Committee, all secretarial services should be provided by officers from Democratic Services, albeit with the Chief Audit Executive inputting relevant experience, knowledge and advice, and attending to present reports on the Internal Audit function.	LR	Agreed. All secretarial services will be provided by the Democratic Services Team going forward, subject to experience, knowledge and advice being provided by the Chief Audit Executive, who will primarily attend Audit Committee to present relevant reports.	Chief Audit Executive, Democratic Services Manager.	01/04/18 Implemented from April 2019
R6	For the avoidance of any perceived conflicts of interest or lack of independence, responsibility for the preparation of the Annual Governance Statement should lie with an officer outside Internal Audit with overall responsibility for performance, risk and governance.	LR	Agreed. As agreed by the Corporate Management Team on 14/03/18, the Annual Governance Statement will no longer be compiled by the Chief Audit Executive. The Chief Auditors Annual Opinion will continue to form part of the Governance Statement as required.	Senior Officer of the Authority as decided by the Director of Resources and wider CMT.	01/04/18 Implemented



Report of the Chief Auditor

Audit Committee – 13 August 2019

Internal Audit – Quality Assurance and Improvement Programme 2018/19

1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) are mandatory for all providers of public sector internal audit services in the UK.
- 1.2 It is a requirement of the PSIAS that internal audit providers must maintain a Quality Assurance and Improvement Programme (QAIP) which covers all aspects of the internal audit activity and is intended to assist in raising standards across the public sector and ensuring consistency in improvement.
- 1.3 The establishment of a QAIP will allow the evaluation of the operations of Internal Audit and identify any areas for improvement. The QAIP should allow for quality to be assessed at both individual member of staff level and at the team level.
- 1.4 The QAIP allows internal audit providers to be assessed, both internally and externally, to show that the provider is fully complying with the PSIAS. Internal assessments are both ongoing and periodic and an external assessment must be undertaken at least once every 5 years.
- 1.5 The results of the QAIP will provide evidence to all relevant stakeholders that the City and County of Swansea's Internal Audit Section is
 - Performing its work in accordance with its Internal Audit Charter which is consistent with all aspects of the PSIAS i.e. the Mission of Internal Audit, Definition of Internal Audit, the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics and the Attribute and Performance Standards.
 - Operating in an efficient and effective manner.

- Is adding value and continually improving internal audit operations.
- 1.6 The QAIP should be based on the following key elements to ensure compliance with the Standards:
- Supervision of the work undertaken by internal auditors as an ongoing process throughout the year.
 - Internal reviews or self-assessments to appraise the quality of the audit work and compliance with the PSIAS which is usually undertaken on an annual basis.
 - External reviews carried out by a qualified independent person to appraise the quality of the audit work and compliance with the PSIAS which must be completed at least once every 5 years.

2. Internal Assessment – Ongoing Review

- 2.1 The following systems and procedures have been established to form the internal assessment ongoing review element of the QAIP.
- Policies and procedures have been established to guide staff in the performance of their internal audit duties. Guidance in policies and procedures is provided to internal audit staff by the Chief Auditor, Principal Auditor and Senior Auditors. The Team also has access to a set of guidance notes and templates that are stored on a shared drive for staff to refer to when necessary.
 - Audit work is allocated to staff based on their level of skills, experience and competence. A quarterly Audit Plan is prepared by the Principal Auditor which allocates audit assignments to staff and is reviewed by the Chief Auditor before being issued.
 - A Lead Auditor is assigned to each audit and will be either the Principal Auditor or a Senior Auditor. The role of the Lead Auditor is to supervise and monitor progress in completion of the audit and to complete a quality assurance review to ensure that the work has been completed to the required level and complies with the PSIAS. The level of supervision required will depend upon the competence and experience of the auditor.
 - The Lead Auditor will also review the draft and final report to ensure it fully reflects the findings of the audit and includes appropriate recommendations and level of assurance.
 - All draft and final reports are subject to review by the Principal Auditor prior to being issued.
 - A Quality Control Questionnaire is issued with the final report to the client to obtain their feedback on the audit. Any issues identified in the completed QCQ are discussed with the auditor and action taken where required.

- A comprehensive set of Performance Indicators are maintained as shown in Appendix 1. The PI's are measured at team and individual level with targets being set at the start of each year. The PI's measured at individual auditor level are monitored on a quarterly basis by the Principal Auditor and Chief Auditor and any issues identified are discussed with the auditor and action taken where necessary. The team PI's are monitored annually and are reported to the Chief Finance Officer and the Audit Committee in the Internal Audit Annual Report.
- An action plan has also been produced as part of this report as shown in Appendix 2 to provide some justification in relation to those PI's that have not been achieved, together with proposed action that will be taken in 2019/20 to try and rectify this going forward.
- The Welsh Chief Auditors Group collects performance indicator information from across Wales which is used to compare performance against other similarly sized internal audit teams.
- Performance indicator information is also used as part of the annual appraisal process under the Employee Performance Management Policy. All employees receive an annual appraisal which is a competency based process that reviews performance and training and development needs.
- Use is made of available training programmes to keep staff up to date with professional practice and to meet any skill shortages identified. Particular use is made of the annual training programme put together by the South Wales Chief Auditors Group.

3. Internal Assessment – Periodic Review

3.1 The following systems and procedures have been established for the periodic internal assessment:

- A quarterly review of progress made against the Annual Audit Plan is made by the Chief Auditor to ensure the Section is meeting its aims and objectives. The results of the review are reported to the Chief Finance Officer and the Audit Committee in the quarterly Internal Audit Monitoring Report.
- The Chief Auditor completes an annual self-assessment of compliance with the PSIAS using the detailed checklist included in CIPFA's Local Government Application Note.
- The annual self-assessment also fulfils the requirement established in the Accounts and Audit (Wales) Regulations 2014 for an annual assessment of the effectiveness of the Internal Audit service.
- The annual self-assessment was completed in July 2017 and this formed the basis for the external assessment validation that was completed in quarter 4 2017/18. A self-assessment review of conformance against the

PSIAS was undertaken during July 2019 by the Chief Auditor revealed that 99.1% of the best practice of the PSIAS was in place.

4. External Assessments

- 4.1 An external assessment of compliance with the PSIAS must be completed at least once every 5 years and may either be a full external assessment or a self-assessment which is subject to independent external validation.
- 4.2 The format of the external assessment must be considered fully by the Chief Auditor and discussed with the Audit Committee. If an independent validation is to be used, the person or team appointed must be appropriately qualified, have sufficient knowledge of the PSIAS and there must be no conflicts of interest or impairment to objectivity.
- 4.3 The external assessment in Swansea was undertaken during quarter 3 and quarter 4 2017/18 with the preferred method being a self-assessment subject to an external validation using the peer review group established by the Welsh Chief Auditors Group. This approach was agreed with the Chief Finance Officer and was approved by Audit Committee on the 8 August 2017.
- 4.4 As agreed by the Welsh Chief Auditors Group, the external assessment saw Chief Auditors acting as independent assessors of other Internal Audit Sections arranged on a random basis.
- 4.5 The outcome of the external assessment was presented to the then Head of Financial Services & Service Centre (now the Chief Finance Officer), the Director of Resources and the Chief Executive on 28/03/18 and to Audit Committee on the 10/04/18. In summary, the peer review concluded that the City and County of Swansea's Internal Audit Section is broadly compliant with the PSIAS and CIPFA Application Note with no significant deviations from the Standards being noted.
- 4.6 The external assessment must be undertaken at least every 5 years, so the next assessment is due for completion by 2022/23.

5 Reporting

- 5.1 The Chief Auditor will report the outcome of the periodic internal assessment to the Chief Finance Officer and the Audit Committee on an annual basis.
- 5.2 The results of the external assessment will also be reported to the Chief Finance Officer and the Audit Committee when received along with an Action Plan to address any issues raised in the report. The Action Plan will be subject

to regular monitoring with progress being reported to the Chief Finance Officer and the Audit Committee.

- 5.3 The Chief Auditor will only use the phrase 'Conforms with International Standards for the Professional Practice of Internal Auditing' in reports where the results of the QAIP support the statement.

INTERNAL AUDIT – PERFORMANCE INDICATORS

No.	Performance Indicator		Target 2018/19	Actual 2018/19	Achieved/ Not Achieved
1	Audit assignments achieved against planned	%	75	87	Achieved
2	Clients at least satisfied with quality of audit service	%	98	99	Achieved
3	Audit recommendations accepted against made	%	95	99	Achieved
4	Audits completed within planned time	%	70	90	Achieved
5	Directly productive time against time available	%	60	65	Achieved
6	Average period from client response to issue of final report	Days	3	0.4	Achieved
7	Average period from closing meeting to issue of draft report	Days	10	0.8	Achieved
8	Directly productive time achieved against planned time	%	90	108	Achieved
9	Average cost per directly chargeable day	£	278	294	Not Achieved
10	Staff turnover rate	%	15	9	Achieved
11	Staff cost per £m gross revenue expenditure (incl HRA)	£	650	607	Achieved

INTERNAL AUDIT – PI ACTIONS 2019/20

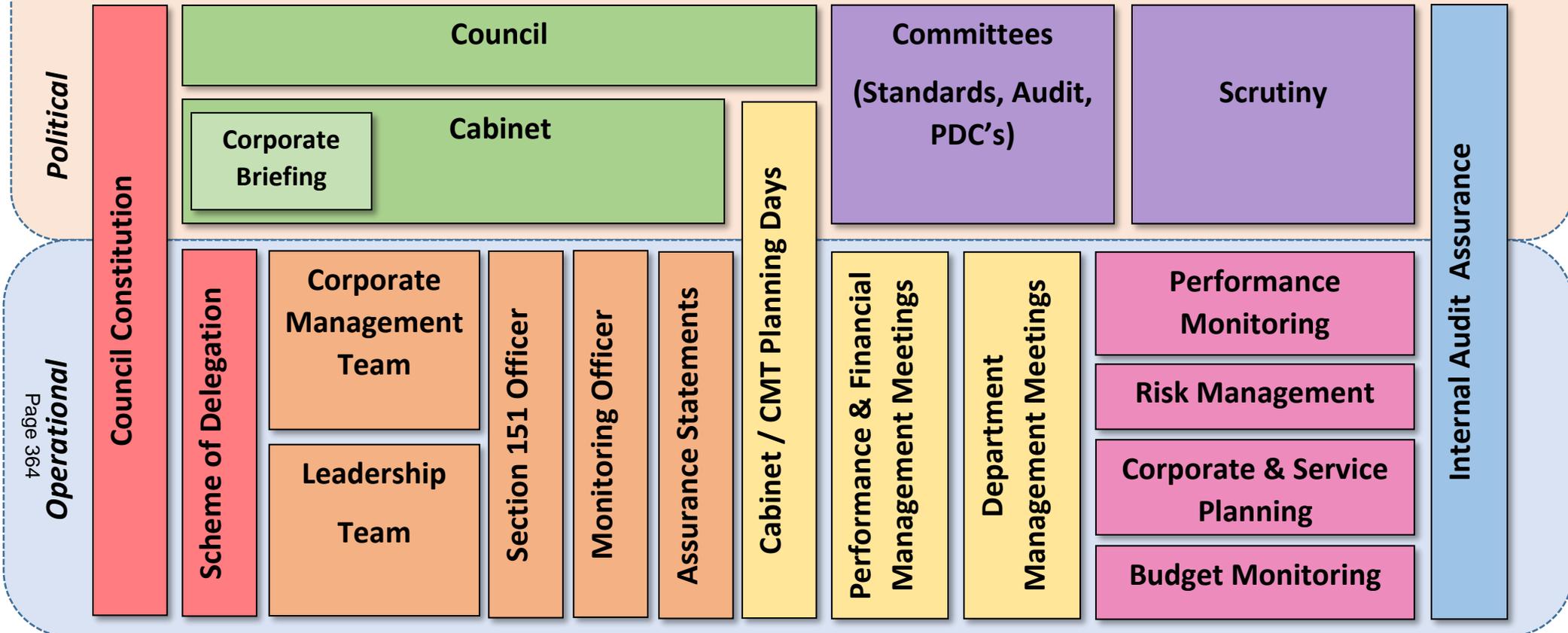
PI	Target / Result	Justification	Action to be taken 2019/20
9 - Average cost per directly chargeable day	£278 / £294	As agreed by the WCIAG, average cost for this performance indicator is made up of actual salary, NI and pensions costs of the Internal Audit Team. These costs have seen an overall increase of 7.5% on 17/18 costs. The number of directly chargeable days has increased from 1,415 in 2017/18 to 1,553 in 2018/19. As a result, average costs per directly chargeable day has decreased overall in 2018/19 to £294, from £300 in 2017/18.	Costs will continue to be monitored throughout 2019/20.

AUDIT LEVELS OF ASSURANCE

Basis of Audit Level of Assurance

Assurance Level	Basis	Description
High Assurance	Recommendations for ineffective controls affecting the material areas of the service are not High or Medium Risk. Any recommendations are mainly Good Practice with few Low Risk recommendations.	There is a sound system of internal control designed to achieve the system objectives and the controls are being consistently applied.
Substantial Assurance	Recommendations for ineffective controls affecting the material areas of the service are not High Risk. Occasional Medium Risk recommendations allowed provided all others are Low Risk or Good Practice	There is a sound system of internal control but there is some scope for improvement as the ineffective controls may put the system objectives at risk
Moderate Assurance	Recommendations for ineffective controls affecting the material areas of the service are at least Medium Risk	The ineffective controls represent a significant risk to the achievement of system objectives
Limited Assurance	Recommendations for ineffective controls affecting the material areas of the service are High Risk	The ineffective controls represent unacceptable risk to the achievement of the system objectives

Corporate Governance Map



Assurance Framework (Golden Thread)



Agenda Item 10



Report of the Chief Auditor

Audit Committee – 13 August 2019

Internal Audit Annual Plan 2019/20 Monitoring Report for the Period 1 April 2019 to 30 June 2019

Purpose:	This report shows the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 April 2019 to 30 June 2019.
Policy Framework:	None.
Consultation:	Legal, Finance, Access to Services.
Recommendation(s):	It is recommended that Committee review and discuss the work of the Internal Audit Section and note the contents of the report.
Report Author:	Simon Cockings
Finance Officer:	Simon Cockings
Legal Officer:	Debbie Smith
Access to Services Officer:	Rhian Millar

1. Introduction

- 1.1 The Internal Audit Annual Plan 2019/20 was approved by the Audit Committee on 9th April 2019. This is the first quarterly monitoring report to be presented to Committee. Further reports will be presented throughout the year to allow 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 which were finalised in the period 1st April 2019 to 30th June 2019.

2. Audits Finalised 1 April 2019 to 30 June 2019

2.1 A total of 28 audits were finalised during the quarter. The audits finalised are listed in Appendix 1 which also shows the level of assurance given 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.

Assurance Level	High	Substantial	Moderate	Limited
Number	10	17	1	0

2.3 A total of 248 audit recommendations were made and management agreed to implement all of them, 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

High Risk	Medium Risk	Low Risk	Good Practice	Total
1	19	171	57	248

2.5 Following discussions at the last Welsh Chief Auditors Group Meeting in October 2018, it was decided that a new Performance Indicator (PI) should be introduced to record the number of recommendations that have been implemented as a percentage of the recommendations made. As committee were advised in December 2018, we have been working to introduce this additional PI from 2019/20. We are currently consulting with our audit management software provider to determine whether this functionality can be built into our existing management reports. In addition, from April we have also been working closely with the Assistant Auditor to hopefully ensure these figures can be reported to the committee in a separate report.

2.6 In addition, the Internal Audit Section also certified the following grants in the quarter as required by the terms and conditions of the grant issued by the Welsh Government.

Grant	Amount
Live Kilometre Support Grant 2018/19	n/a (claim process)
Communities for Work Plus Grant 2018/19	£983k
Legacy Fund Grant 2018/19	£537k
SPPG Regional Co-ordinator Grant 2018/19	£40k
SPPG Outcomes Grant 2018/19	n/a (No. of outcomes)

2.7 The Audit Plan is a 'living' document which is likely to change during the course of the year due to e.g. emerging risks or new priorities. However it is important that the Audit 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 in April 2019 and identifies the position of each audit as at 30th June 2019.

2.8 An analysis of the details in Appendix 3 shows that by the end of June 2019, 20% of the planned reviews had been completed to at least draft report stage, with an additional 34% of the planned audits in progress. As a result approximately 54% of the Audit Plan was either completed or in progress.

2.9 The Internal Audit Section was also involved in the following work during quarter 1:

- National Fraud Initiative 2018/19.
- Review of procurement activities at specific sites at the request of the Director of Place.

2.10 One moderate report was issued in the quarter. The following table provides brief details of the significant issues which led to the moderate rating.

2.11

Audit	Young People's Services 2019/20
Objectives	The objectives of the audit were to ensure that material business risks have been identified and that the controls in place are adequate for the purpose of minimising business risk and are operating in practice. The audit reviewed the procedures in place and included detailed testing on the following areas: Expenditure, P-Card expenditure, Income, Inventory, Unofficial Funds, Employee related expenditure including travel and subsistence, Vehicles, Educational Visits, Personnel Records.
Assurance Level	Moderate

Summary of Key Points

- Sample testing of payments made via Purchase Card revealed that a Dwr Cymru Welsh Water utility bill had been paid using the card, despite the fact the bill had already been paid via Oracle resulting in a duplicate payment. Purchase Cards should not be used to pay utility bills. (MR)
- A review of inventory records for the four sites revealed a number of issues, including:
 - No inventory records being kept for Evolve Central East.
 - Inadequate detail being recorded on the inventory on the other sites.
 - No inventory certificates being available for any of the sites.
 - No annual inventory check being completed at one site.
 - Inventory records were not being submitted to Central Support for compliance monitoring. (MR)
- The Unofficial Funds in use at each of the four sites were reviewed. No evidence was available to confirm that the funds had been audited. In addition, no reconciliations had been completed for any of the funds. (MR)
- A review of the personnel records for all staff from the Young Peoples Services revealed that three members of staff did not have a valid DBS in place. This was the one high risk recommendation. Of the three:
 - One application had not been completed. The DBS expiry date was 13.07.18.
 - One application had been completed but no document verification had taken place. The DBS expiry date was 24.07.18.
 - One employee was awaiting the results of the DBS check process, although it was noted that the previous DBS had expired on 01.08.17. (HR)

3. Follow Ups Completed 1 April 2019 to 30 June 2019

- 3.1 The follow up procedures operated by the Internal Audit Section include visits to any non-fundamental audits which received a moderate or limited level of assurance to confirm and test that action has been taken by management to address the concerns raised during the original audit.
- 3.2 The follow up visit is usually within 6 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 Chief Finance Officer (Section 151 Officer).
- 3.3 No follow-up reviews were completed during the quarter. Two reviews are due to be undertaken in quarter 2.

4 Equality and Engagement Implications

4.1 The Council is subject to the Public Sector Equality Duty (Wales) 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 Act.
- 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.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

4.2 There are no equality and engagement implications associated with this report.

5. Financial Implications

5.1 There are no financial implications associated with this report.

6. Legal Implications

6.1 There are no legal implications associated with this report.

Background Papers: Internal Audit Plan 2019/20

Appendices: Appendix 1 Audits Finalised Q1 2019/20
Appendix 2 Summary of Scope of Audits Finalised Q1 2019/20
Appendix 3 Internal Audit Plan 2019/20 - Progress to 30/06/19

MONITORING REPORT Q1 2019/20 - AUDITS FINALISED

Head of Service	Audit Title	Date Finalised	Assurance Level	Recommendations		
				Made	Agreed	Not Agreed
Poverty & Prevention	Adult Prosperity & Wellbeing Service	11/06/19	High	4	4	0
Legal, Dem. Services & Business Intelligence	Coroner's Service	17/06/19	High	1	1	0
Property Services	Estates Management & Quadrant Rents	27/06/19	High	2	2	0
Adult Services	Flexible Support Service	01/05/19	High	3	3	0
Poverty & Prevention	Lifelong Learning Service	21/06/19	High	11	11	0
Fundamental Systems - S151	Pension Fund Administration	08/05/19	High	2	2	0
Financial Services & Service Centre	Purchase Card Administration	27/06/19	High	0	0	0
Highways & Transportation	Recovery of Abandoned Vehicles	25/04/19	High	5	5	0
Cultural Services	Special Events	14/05/19	High	5	5	0
Education Planning & Resources	St Joseph's Catholic Primary School	17/15/19	High	7	7	0
Fundamental Systems - S151	Accounts Payable	03/04/19	Substantial	10	10	0
Housing & Public Health	Burials & Cremations - Swansea Crematorium	12/04/19	Substantial	10	10	0
Achievement & Partnership Service	Curriculum Support Unit & Welsh Service	12/06/19	Substantial	11	11	0
Adult Services	Fforestfach Day Service	17/04/19	Substantial	10	10	0
Poverty & Prevention	Info-Nation	12/04/19	Substantial	13	13	0
Housing & Public Health	Leashold Properties	04/04/19	Substantial	17	17	0
Education Planning & Resources	Morrison Primary School	11/06/19	Substantial	14	14	0
Housing & Public Health	Penlan DHO	12/06/19	Substantial	11	11	0
Planning & City Regeneration	Planning Services Admin & Fees	27/06/19	Substantial	14	14	0
Housing & Public Health	Pollution Control Division	20/05/19	Substantial	11	11	0
Achievement & Partnership Service	School Support Unit	11/06/19	Substantial	2	2	0
Highways & Transportation	Swansea Bus Station	14/05/19	Substantial	8	8	0
Planning & City Regeneration	Swansea Market	08/05/19	Substantial	14	14	0
Highways & Transportation	Transport Depot - Social Services	21/07/19	Substantial	12	12	0
Highways & Transportation	Transport Support	31/05/19	Substantial	2	2	0
Education Planning & Resources	Wanarlwydd Primary School	24/06/19	Substantial	10	10	0
Housing & Public Health	West Cross DHO	09/05/19	Substantial	13	13	0
Poverty & Prevention	Young People's Service	13/06/19	Moderate	26	26	0
			Total	248	248	0

MONITORING REPORT Q1 2019/20 - SUMMARY OF SCOPE OF AUDITS FINALISED

Head of Service	Audit Title	Assurance Level	Audit Scope	Key Findings / Risks
Poverty & Prevention	Adult Prosperity & Wellbeing Service	High	<i>Expenditure (Inc. Purchase Cards), Income (Welfare Rights Training), Grants, Inventory, Employee expenses, Personnel Records.</i>	None
Legal, Dem. Services & Business Intelligence	Coroner's Service	High	<i>Relationship between the Local Authority and Coroner's Office, Budget monitoring procedures, Expenditure, Juror & witness expenses, Post mortem referrals/fees, Calculation of coroner's salary, Coroner's annual return, Coroner database, Business Continuity & Disaster Recovery.</i>	None
Property Services	Estates Management & Quadrant Rents	High	<i>New leases, Amendments, Rent reviews, Collections, Refunds, Rent Free Periods, Insurance, Arrears, Quadrant rent statements, Quadrant arrears, Quadrant rental expenditure, Quadrant rental income.</i>	None
Adult Services	Flexible Support Service	High	<i>Expenditure, Purchase Card, Cash Count and Security, Inventory, Petty Cash, Travel Expenses, Personnel records, Financial Assessments, Recharges, Arrears, Support Plans, Unofficial Funds.</i>	None
Poverty & Prevention	Lifelong Learning Service	High	<i>Expenditure, Purchase card, Enrolments, Income, Refunds, Course Risk Assessments, Grants, Petty Cash, Travel and Subsistence Expenses, Personnel Records, Disclosure Barring Service, IT Systems, Inventory.</i>	None
Fundamental Systems - S151	Pension Fund Administration	High	<i>Pension and ORACLE payroll system parameters, Rates of contributions received and reconciliation procedures, Input of new members to the pension scheme, AVC's/APC, Transfers in and out of the scheme, Deferred Pensioners, New pensioners, Continued pensioners, Child pensions, CARE Revaluation, ICT, Administration and back-up procedures.</i>	None
Financial Services & Service Centre	Purchase Card Administration	High	<i>Training and Guidance Notes to staff, Transactions and Credit limits allocated to staff, Monitoring carried out by P-Card Administrator, Interface to Accounts Payable, Cancellation of P-Cards for leavers.</i>	None
Highways & Transportation	Recovery of Abandoned Vehicles	High	<i>Procedures/Record Keeping, Contract Arrangements, Vehicles Recovered, Income received.</i>	None
Cultural Services	Special Events	High	<i>Purchasing and Expenditure, Purchase Cards, Hiring of Parks & Beaches, Major Events, C&D Book Income.</i>	None
Education Planning & Resources	St Joseph's Catholic Primary School	High	<i>Governance, Management of Delegated Resources, Budget Monitoring, Banking Procedures, Unofficial Funds, School Meals Income, Bank Reconciliations, Expenditure, Employees, Health & Safety, Inventory, Computer Security.</i>	None
Fundamental Systems - S151	Accounts Payable	Substantial	<i>System Access, Creation and Amendments of Supplier Records, Payment of Invoices, Validation of Payments over £10k, BACS Transmissions, Direct Debits, Checking & Countersigning of Payments over £50k, Reconciliation of Accounts Payable to the Ledger, Duplicate Payments, Payment Performance, Supplier Credits on the System, Suppliers with the Address "Cheque to Cashiers", Authorised Signatory Lists, Payment of Invoices via Purchase Card.</i>	Duplicate payment testing identified 14 actual duplicates, 8 had been identified by AP processes, 6 had not. Recovery action completed/underway.
Housing & Public Health	Burials & Cremations - Swansea Crematorium	Substantial	<i>Burials, Cremations, Expenditure, P-card expenditure, Inventory, Travel Expenses, Employees, Computer System.</i>	Procurement dispensation (CP20) not obtained for one supplier tested.

MONITORING REPORT Q1 2019/20 - SUMMARY OF SCOPE OF AUDITS FINALISED

Achievement & Partnership Service	Curriculum Support Unit & Welsh Service	Substantial	<i>Expenditure including Purchase Cards (P-Cards), Grants, Inventory, Travel Expenses, Personnel Records, Disclosure & Barring Service (DBS), Lead Practitioner Payments.</i>	<i>Travel Claim calculation resulted in one small overpayment.</i>
Adult Services	Fforestfach Day Service	Substantial	<i>Expenditure including Purchase Cards (Pcards), Safe Contents & Security, Petty Cash, Income, Budget Monitoring, Inventory, Personnel Records & Travel Expenses, Unofficial Funds, Stocks & Stores of Foodstuffs & Cleaning Materials.</i>	<i>One small overpayment of training allowance noted and money collected on behalf of service users was sometimes not being counter signed by a second person.</i>
Poverty & Prevention	Info-Nation	Substantial	<i>Expenditure, Purchase card, Inventory, Travel and Subsistence Expenses, Personnel Records.</i>	<i>Lack of appropriate inventory records/checks and no annual inventory certificates.</i>
Housing & Public Health	Leashold Properties	Substantial	<i>Operational Procedures, Completeness and Accuracy of Leasehold and Database records, Leasehold Re-sales, Estimated & Actual Leasehold Charges, Repair Costs & Miscellaneous Charges, Leaseholder Loans for Major Works, Billing, System Access and Back-up Procedures, Leasehold feedback.</i>	<i>None (17 rec's)</i>
Education Planning & Resources	Morrison Primary School	Substantial	<i>Governance, Management of Delegated Resources, Budget Monitoring, Banking Procedures, Unofficial Funds, School Meals Income, Bank Reconciliations, Expenditure, Employees, Health & Safety, Inventory, Computer Security.</i>	<i>None (14 rec's - 2 LR rec's repeated from previous audit)</i>
Housing & Public Health	Penlan DHO	Substantial	<i>Lettings, Void Properties, End of Tenancies, Redecoration allowances, Transfers, Mutual Exchanges, Expenditure, Employee Records, Security and Safety Arrangements, Inventory, Travelling and Subsistence Claims, Controlled Stationery, Cash holding, Miscellaneous Income, Purchase Cards, Estate Management.</i>	<i>None (11 rec's - 1 LR rec repeated from previous audit)</i>
Planning & City Regeneration	Planning Services Admin & Fees	Substantial	<i>Purchasing and Expenditure, Payment Cards (P-Cards), Planning Fees, Other Income, Refunds, Inventory, Travel Expenses.</i>	<i>None (14 rec's)</i>
Housing & Public Health	Pollution Control Division	Substantial	<i>Income, Personnel Records, Travel Expenses, Expenditure including Purchase Cards (P-cards), Vehicles, Inventory.</i>	<i>Procurement dispensation (CP20) not obtained for one supplier tested. Lack of appropriate inventory records/checks.</i>
Achievement & Partnership Service	School Support Unit	Substantial	<i>Expenditure, Income (Extra Milk & Clerking), Inventory, Employee expenses, Personnel Records, Performance & Chaperone Licences, Milk Claims.</i>	<i>One staff DBS had expired but renewal process was underway at the time of audit. Two were new starters/had only recently been required due to roll change and DBS applications were underway.</i>

MONITORING REPORT Q1 2019/20 - SUMMARY OF SCOPE OF AUDITS FINALISED

Highways & Transportation	Swansea Bus Station	Substantial	<i>Income, Personnel Records, Inventory, Expenditure including Purchase Cards (P-cards).</i>	<i>Procurement dispensation (CP20) not obtained for one supplier tested.</i>
Planning & City Regeneration	Swansea Market	Substantial	<i>Service Objectives, Income Collection and Banking of cash, Rents, Inventory, Petty Cash, Employee Expenses, Health & Safety, Insurance & Registration, Procurement of Goods and Services, Purchase Cards.</i>	<i>Two stalls had expired lease which were being renewed/negotiated. Overdue Annual Fire Risk Assessment completed at the time of audit, assurance from Fire Service inspection passed. Procurement dispensation (CP20) not obtained for one supplier tested.</i>
Highways & Transportation	Transport Depot - Social Services	Substantial	<i>Expenditure, MIDAS training certificates, Purchase Card (P-Card), Income, Budget monitoring, Employees, Management of vehicles and drivers, Vehicle maintenance, Live Kilometre Service Grant, Inventory, stocks and stores.</i>	<i>None (12 rec's - 1 GP rec repeated from previous audit)</i>
Highways & Transportation	Transport Support	Substantial	<i>Tendering & Procurement arrangements, Payments to bus operators, Payments to Community Transport operators.</i>	<i>Procurement dispensation (CP20) not obtained for one supplier tested.</i>
Education Planning & Resources	Wanarlwydd Primary School	Substantial	<i>Governance, Management of Delegated Resources, Budget Monitoring, Banking Procedures, Unofficial Funds, School Meals Income, Bank Reconciliations, Expenditure, Employees, Health & Safety, Inventory, Computer Security.</i>	<i>Non-order facility being used on SIMS to process payment (repeated rec). Four LR rec's repeated from previous audit.</i>
Housing & Public Health	West Cross DHO	Substantial	<i>Lettings, Void Properties, End of Tenancies, Redecoration allowances, Transfers, Mutual Exchanges, Expenditure, Employee Records, Security and Safety Arrangements, Inventory, Travelling and Subsistence Claims, Controlled Stationery, Cash holding, Miscellaneous Income, Purchase Cards, Estate Management.</i>	<i>None (13 rec's - 1 LR rec repeated from previous audit)</i>
Poverty & Prevention	Young People's Service	Moderate	<i>Expenditure, P-Card expenditure, Income, Inventory, Unofficial Funds, Employee related expenditure, including travel and subsistence, Vehicles, Educational Visits, Personnel Records.</i>	<i>See detail in the body of the Q1 Monitoring Report.</i>

Audit Title	Risk Rating	Status as at 30/06/19	Corporate Priority	Days
Level 1 – Cross Cutting Reviews – Council Governance & Control				
Corporate Governance	Med/High	In Progress	Cross Cutting	20
Delegated Decision Making	New	In Progress	Cross Cutting	10
Workforce Planning	New	In Progress	Cross Cutting	10
Ethics & Values	New	In Progress	Cross Cutting	15
Safeguarding	Med/Low	In Progress	Cross Cutting	10
Information Governance	New	Planned	Cross Cutting	20
Corporate Performance Management	New	Planned	Cross Cutting	15
Added Value Work	n/a	Planned	Cross Cutting	10
Level 2 – Fundamental Systems - Section 151 Officer Assurance				
Financial Services & Service Centre				
Employee Services	Med/High	Planned	Section 151 Assurance	30
Pensions Administration	Med/High	Planned	Section 151 Assurance	20
Teachers Pensions	Med	Planned	Section 151 Assurance	15
Accounts Receivable	Med	Planned	Section 151 Assurance	35
NNDR	Med	Planned	Section 151 Assurance	22
Pension Fund Investments	Med/High	Planned	Section 151 Assurance	7
Housing Rents	Med	Planned	Section 151 Assurance	20
Housing & Council Tax Benefits	Med/High	Planned	Section 151 Assurance	40
Fixed Assets	Med	Planned	Section 151 Assurance	25
Level 3 – Service Level Audits – Other Assurance				
Education Planning & Resources				
Bishopston Primary	Med	Draft Issued	Education	3
Cadle Primary	High	In Progress	Education	3
Clwyd Community Primary	Med	Planned	Education	3
Crwys Primary	Med	Draft Issued	Education	3
Cwmglas Primary	Med	Planned	Education	3
Glyncollen Primary	Med	In Progress	Education	3
Grange Primary	Med	Planned	Education	3
Gwyrosydd Primary	Med	Planned	Education	3
Hafod Primary	Med	Planned	Education	3
Morrison Primary	Med	Final Issued	Education	3
Pen y Fro Primary	Med	Planned	Education	3
Pengelli Primary	Med	In Progress	Education	3

Pennard Primary	Med	In Progress	Education	3
Pentrechwyth Primary	Med/Low	Planned	Education	3
Penyrheol Primary	Med	In Progress	Education	3
Pondarddulais Primary	Med	In Progress	Education	3
Seaview Community Primary	Med	Planned	Education	3
St Thomas Primary	Med/Low	Planned	Education	3
Waun Wen Primary	Med	In Progress	Education	3
Waunarlwydd Primary	Med	Final Issued	Education	3
YGG Felindre	Med	Planned	Education	3
YGG Pontybrenin	Med	Draft Issued	Education	3
St David's RC Primary	Med	In Progress	Education	3
St Joseph's Cathedral Primary	Med	Planned	Education	3
St Joseph's Catholic Primary	Med	Final Issued	Education	3
Bishop Vaughan Comprehensive	Med	Planned	Education	10
Morrison Comprehensive	Med	In Progress	Education	10
Olchfa Comprehensive	Med	In Progress	Education	10
Ysgol Gyfun Gwyr	Med	Planned	Education	10
Penybryn Special School	Med/High	Planned	Education	4
Achievement & Partnership Service				
Curriculum Support Unit inc. Welsh Service	New	Final Issued	Education	5
School Support Unit	Low	Final Issued	Education	5
Vulnerable Learner Service				
Swansea Pupil Referral Units	Med	In Progress	Education, Safeguarding & Poverty	15
Education Grants & Other				
Additional Support for Disadvantaged Learners (G)	n/a	In Progress	Education, Safeguarding & Poverty	5
Regional Consortia School Improvement (G)	n/a	In Progress	Education, Safeguarding & Poverty	15
Pupil Deprivation (G)	n/a	In Progress	Education, Safeguarding & Poverty	10
Schools Annual Report	n/a	In Progress	Education, Safeguarding & Poverty	3
Child & Family Services				
Discretionary Payments	Med/High	Planned	Safeguarding	10
Emergency Duties Team	Low	In Progress	Safeguarding	10
Use of Taxis Authorisation	Med/Low	Planned	Safeguarding	10
Adult Services				

Supporting People (G)	n/a	In Progress	Safeguarding	10
Suresprung Supported Employees Claim Process (G)	n/a	Planned	Safeguarding	5
Flexible Support Service	Med	Final Issued	Safeguarding	10
Fforestfach Day Service	Low	Final Issued	Safeguarding	10
Social Services Directorate Services				
Client Property & Finance	High	Planned	Safeguarding	15
Business Support Team - Adult Services	New	In Progress	Safeguarding	10
Application Controls - Paris System	Med	Planned	Safeguarding	5
Poverty & Prevention				
Adult Prosperity & Wellbeing Service	Low	Final Issued	Poverty	5
Young Peoples Service	Med	Final Issued	Poverty	15
Info-Nation	Med	Final Issued	Poverty	10
Community Safety	Med/Low	In Progress	Poverty	10
Lifelong Learning Service	Med	Final Issued	Poverty	10
Building Services				
Heol y Gors - Plant & Transport	Med	In Progress	Economy & Infrastructure, Safeguarding	7
Property Services				
Estates Management & Quadrant Rents	Med	Final Issued	Economy & Infrastructure	10
Waste Management & Parks				
Waste Management	Med	Draft Issued	Economy & Infrastructure	10
Street Cleaning	Med	In Progress	Economy & Infrastructure	10
Highways & Transportation				
Service Support	Low	Final Issued	Economy & Infrastructure	15
Transport Support	Med	Final Issued	Economy & Infrastructure	10
Concessionary Bus Fares	Med	In Progress	Economy & Infrastructure	5
Recovery of Abandoned Vehicles	Med/Low	Final Issued	Economy & Infrastructure	5
Swansea City Bus Station	Med	Final Issued	Economy & Infrastructure	8
Advance Payments Code	Med	Planned	Economy & Infrastructure	8
CTU Fleet Maintenance	Med/High	Planned	Economy & Infrastructure	15
CTU Fuel	Med	In Progress	Economy & Infrastructure	10
CTU Stores	Med	In Progress	Economy & Infrastructure	8
Transport Depot	Med	Final Issued	Economy & Infrastructure	15
Live Kilometre Support (G)	n/a	Final Issued	Economy & Infrastructure	5
Housing & Public Health				

Penlan District Housing Office	Med	Final Issued	Poverty, Safeguarding	15
Gorseinon District Housing Office	Med	Planned	Poverty, Safeguarding	10
Furniture Store & Tenancy Scheme	Low	In Progress	Poverty, Safeguarding	12
Tenancy Support Unit & SPG	Low	Planned	Poverty, Safeguarding	10
Housing Partnerships	Med	In Progress	Poverty, Safeguarding	10
Food & Safety Division	Low	In Progress	Poverty, Safeguarding	10
Pollution Control Division	Med/Low	Final Issued	Poverty, Safeguarding	10
Cultural Services				
Community Parks Development & Community Buildings	Low	In Progress	Economy & Infrastructure	15
Foreshores & Lettings: Sports Permits	Low	Planned	Economy & Infrastructure	10
Active Swansea	Med	Planned	Economy & Infrastructure	5
Spot Checks	Med	Deferred	Economy & Infrastructure	5
Grand Theatre	Med/High	Final Issued	Economy & Infrastructure	15
Grand Theatre & Glyn Vivian Catering	New	Planned	Economy & Infrastructure	5
Literature Officer	Low	Planned	Economy & Infrastructure	5
Libraries Administration	Med/Low	In Progress	Economy & Infrastructure	10
Special Events	Med	Final Issued	Economy & Infrastructure	15
Passport to Leisure	Low	Planned	Economy & Infrastructure	10
Tourism Marketing	Med/Low	In Progress	Economy & Infrastructure	10
Planning & City Regeneration				
Sustainable Development	Low	Planned	Economy & Infrastructure, Resources & Biodiversity	8
Economic Development Administration	Med/Low	In Progress	Economy & Infrastructure, Resources & Biodiversity	10
External Funding Team	Med/High	Planned	Economy & Infrastructure, Resources & Biodiversity	5
Planning Services Administration & Fees	Med	Final Issued	Economy & Infrastructure, Resources & Biodiversity	15
Section 106 Agreements	Med/High	In Progress	Economy & Infrastructure, Resources & Biodiversity	10
Communications & Marketing				
Communications & Public Relations	Med	Planned	Transformation & Council Development	10
Design Print	Med	Planned	Transformation & Council Development	15
Financial Services & Service Centre				
Cashiers Office	Med/High	Planned	Section 151 Assurance	10
Write-Off Requests	n/a	Planned	Section 151 Assurance	5
Cashiers Write-off's	n/a	In Progress	Section 151 Assurance	5

Insurance	Med	Draft Issued	Section 151 Assurance	10
Taxation VAT	Med	In Progress	Section 151 Assurance	10
Pension Fund Other Transactions	Med	In Progress	Section 151 Assurance	10
Trusts & Charities	Med	In Progress	Section 151 Assurance	10
Budget Strategy & Management	New	In Progress	Section 151 Assurance	10
Direct Payments - Adult and Child & Family	Med	Planned	Section 151 Assurance	15
Welcome Break	Low	Planned	Section 151 Assurance	5
Debt Recovery	High	In Progress	Section 151 Assurance	20
Employee Vetting (DBS)	High	In Progress	Section 151 Assurance	10
Purchase Cards	Med	Final Issued	Section 151 Assurance	15
Digital & Transformation				
Information Management	Med	Planned	Transformation & Council Development	10
Legal, Democratic Services & Business Intelligence				
Coroners Service	Med	Final Issued	Monitoring Officer Assurance	12
Debt Recovery Process	High	Planned	Monitoring Officer Assurance	10
Review of Legal Files	New	In Progress	Monitoring Officer Assurance	10
Commercial Services				
Cultural Services Contracts Review	New	Planned	Section 151 Assurance	10
Chief Transformation Officer Audits				
Corporate Complaints	Med	In Progress	Transformation & Council Development	8
Welsh Translation Unit	Med	In Progress	Transformation & Council Development	10
CRM System Application Controls	New	Planned	Transformation & Council Development	10
Risk Management	Med/High	In Progress	Section 151 Assurance	10
Contract Audits				
Legal Pre-Contract Acceptance of Tenders	Med	Planned	Monitoring Officer Assurance	20
Procurement Contract Register	Med	In Progress	Transformation & Council Development	10
Final Accounts	n/a	Planned	Section 151 Assurance	3
Appraisal of Contractors for Tenders	n/a	Planned	Section 151 Assurance	5
Computer Audits				
PC Controls	Med/High	In Progress	Transformation & Council Development	5
Network Controls - Corporate & Education	Med	In Progress	Transformation & Council Development	10
Internet Controls - Education Network	Med/Low	Planned	Transformation & Council Development	10

Libraries Public Access Network	Med/Low	In Progress	Transformation & Council Development	5
E-Commerce Controls - Web Development	New	Planned	Transformation & Council Development	10
Physical & Environmental Controls and VSE	Med/High	Planned	Transformation & Council Development	10
Computer Operations	Med/High	in Progress	Transformation & Council Development	5
Change Control	Med	Planned	Transformation & Council Development	5
Change Control - Oracle	Med/High	Planned	Transformation & Council Development	5
Use of Idea - Data Extraction	n/a	Planned	Section 151 Assurance	5
Use of Idea - Data Matching NFI 2018	n/a	Planned	Section 151 Assurance	5
Projects & Special Investigations				
Unpresented Cheques	n/a	Planned	Section 151 Assurance	5
NFI 2018/19	n/a	Planned	Section 151 Assurance	20
Galileo Management System	n/a	Planned	Section 151 Assurance	10
Annual Plan & Annual Report	n/a	Planned	Section 151 Assurance	5
Annual Consultation Exercise	n/a	Planned	Section 151 Assurance	10
Health & Safety Group	n/a	Planned	Section 151 Assurance	3
Recommendation Tracker Exercise	n/a	In Progress	Section 151 Assurance	5
Follow-ups	n/a	Planned	Section 151 Assurance	20
Purchase Cards - Transaction Sample Reviews	n/a	Planned	Section 151 Assurance	10
Petty Cash Investigations	n/a	Planned	Section 151 Assurance	3
Miscellaneous Audits				
sQuid System Review	New	Planned	Section 151 Assurance	10
Brexit	New	In Progress	Section 151 Assurance	5
City Deal Review Outcomes - Follow-up	New	Planned	Section 151 Assurance	5
Sustainable Swansea	New	Planned	Transformation & Council Development	5

Corporate Priorities

Safeguarding – Safeguarding People from Harm

Education – Improving Education and Skills

Economy & Infrastructure – Transforming our Economy and Infrastructure

Poverty – Tackling Poverty

Resources & Biodiversity – Maintaining and Enhancing Swansea’s Natural Resources and Biodiversity.

Transformation & Council Development – Transformation and Future Council Development.

Agenda Item 12



Report of the Chief Auditor

Audit Committee – 13 August 2019

Internal Audit Recommendation Follow-Up Report Q1 2019/20

Purpose:	This report provides committee with the status of the recommendations made in those audits where the follow-up's has been undertaken in Q1 2019/20, to allow the Audit Committee to monitor the implementation of recommendations made by Internal Audit.
Policy Framework:	None
Consultation:	Legal, Finance and Access to Services
Recommendation(s):	For the report to be noted.
Report Author:	Simon Cockings
Finance Officer:	Simon Cockings
Legal Officer:	Debbie Smith
Access to Services Officer:	Rhian Millar

1. Introduction

- 1.1 The Audit Committee's Performance Review for 2017/18 was completed in June 2018. One of the recommendations arising from the review was in relation to the tracking of the recommendations made by Internal and External Audit.
- 1.2 This report provides an overview of how recommendations made by Internal and External Audit are tracked and followed-up.

2. Standard Follow-up Procedures

- 2.1 An amended internal audit follow-up procedure was introduced in 2014 as a result of concerns being raised over the failure of management to implement audit recommendations.
- 2.2 The current procedures identify two methods of following-up on the implementation of recommendations made as a result of internal audit reviews for the fundamental audits and non-fundamental audits.

3. Fundamental Audits

- 3.1 These audits are undertaken on a yearly or two-yearly cycle. All fundamental audits are subject to a Recommendation Tracker Exercise each year, which is normally completed as at the end of September.
- 3.2 The exercise involves discussion with the client department to go through the agreed Action Plan together with a limited amount of testing to confirm whether the recommendations have been implemented.
- 3.3 The results of the Recommendation Tracker Exercise is reported to Audit Committee in a separate Recommendation Tracker report.

4. Non-fundamental Audits

- 4.1 All other audits that have been given a 'limited' or 'moderate' level of assurance are reported to Audit Committee as part of the Quarterly Monitoring Reports. All such audits are subject to a detailed follow-up visit within 6 months of the issue of the final report.
- 4.2 The follow-up visit concentrates on 'high risk' and 'medium risk' recommendations, and will include discussion with the client department and limited testing to confirm implementation.
- 4.3 The results of the follow-up visit are reported to Audit Committee as part of the Quarterly Monitoring Reports.
- 4.4 Where an audit has been given a 'high' or 'substantial' level of assurance, client departments are asked to confirm the implementation of the recommendations via e-mail.
- 4.5 The results of all follow-up's undertaken are logged and recorded on the Audit Management System (Galileo) to ensure completion is monitored appropriately.

5. Chief Auditors Group PI's

- 5.1 Following discussions at the Welsh Chief Auditors Group Meeting in October 2018, it was decided that a new Performance Indicator (PI) should be introduced to record the number of recommendations that

have been implemented as a percentage of those recommendations made. Note that this has not been introduced for 2018/19. It is envisaged that the new process that we have introduced from April 2019 will allow these details to be recorded.

6. External Audit Recommendation Tracking

- 6.1 Scrutiny Programme Committee will receive WAO audit reports and action plans to address recommendations and proposals. Scrutiny will also review progress against recommendations within 12 months of the receipt of the report and action plan. Audit Committee will also receive reports and action plans for information and it may decide that it wants to prioritise and track specific proposals / recommendations in addition to the oversight undertaken by Scrutiny. This does not include those WAO reports that would be intended specifically for Audit Committee.

7. Status of Implementation Update to Committee

- 7.1 The purpose of this report is to allow committee to monitor the implementation status for those audits that have been subject to a follow-up review in the quarter. This will include all follow-ups completed, except for the fundamental audits as the outcome of these follow-up reviews are reported to committee separately.

8. Equality and Engagement Implications

- 8.1 The Council is subject to the Public Sector Equality Duty (Wales) 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 Act.
 - 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.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

- 8.2 There are no equality and engagement implications associated with this report.

9. Financial Implications

- 9.1 There are no financial implications associated with this report.

10. Legal Implications

- 10.1 There are no legal implications associated with this report.

Background Papers: None.

Appendix 1 – Summary - Recommendations accepted and implemented

Appendix 2 – Details of recommendations not implemented.

RECOMMENDATION TRACKING REPORT Q1 2019/20

Audit Title	Date Final Issued	Date Follow up Completed	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				
Purchase Card Administration	27/06/19	27/06/19	High Assurance	0	0	0	0	0	0	0	0	0	0	0	No rec's.
Cashiers Office (inc Controlled Stationery & BACS)	11/03/19	20/06/19	High Assurance	0	0	0	0	3	3	0	1	4	4	0	
Nature Conservation	20/02/19	20/06/19	Substantial Assurance	0	0	1	1	10	10	2	2	13	13	0	
Schools Bank Reconciliation	07/01/19	19/06/19	High Assurance	0	0	0	0	0	0	2	2	2	2	0	
Birchgrove	18/01/19	18/04/19	High Assurance	0	0	0	0	2	2	0	0	2	2	0	
Clydach - Plant	13/11/18	19/06/19	Substantial Assurance	0	0	1	1	2	2	2	1	5	4	1	Rec's remaining (GP's) relate to a new IT system being implemented
Heol y Gors Depot -	08/01/19	08/05/19	High Assurance	0	0	0	0	2	2	0	0	2	2	0	
Review of Departmental Gift & Hospitality Registers	26/11/18	18/04/19	Substantial Assurance	0	0	3	3	1	1	0	0	4	4	0	
Chapel church Ch.in Wales	02/01/19	08/05/19	Substantial Assurance	0	0	2	2	7	7	2	2	11	11	0	
Blue Badges	28/11/18	23/04/19	High Assurance	0	0	0	0	1	1	1	1	2	2	0	
Housing Loans and Grants	21/12/18	07/05/19	High Assurance	0	0	0	0	5	5	0	0	5	5	0	
Y.G.G. Bryn-y-Mor	10/12/18	02/04/19	Substantial Assurance	0	0	2	2	4	4	2	2	8	8	0	
Internet Controls - Corporate Network	28/09/18	05/04/19	High Assurance	0	0	0	0	4	4	0	0	4	4	0	
Gowerton Primary	26/11/18	02/04/19	Substantial Assurance	0	0	2	2	9	9	5	5	16	16	0	
Newton Primary	13/09/18	05/04/19	High Assurance	0	0	0	0	4	4	2	2	6	6	0	
Neighbourhood Support Unit	14/08/18	29/04/19	High Assurance	0	0	0	0	8	8	0	0	8	8	0	
ICT Data Storage	13/03/18	20/06/19	High Assurance	0	0	0	0	2	2	1	1	3	3	0	
Burlais Primary	02/10/18	01/04/19	Substantial Assurance	0	0	1	1	5	5	1	1	7	7	0	
Townhill Primary	11/09/18	02/04/19	Substantial Assurance	0	0	1	1	12	12	1	1	14	14	0	
Home Care	14/03/18	03/04/19	Substantial Assurance	0	0	2	2	9	9	3	3	14	14	0	

RECOMMENDATION TRACKING REPORT Q1 2019/20

Flexicard Service and Security	04/10/18	08/04/19	Substantial Assurance	0	0	2	2	9	9	2	2	13	13	0	
Y.G.G. Bryniago	30/10/18	11/04/19	Substantial Assurance	0	0	1	1	12	12	5	5	18	18	0	
Swansea Children's' Centre & Mayhill Family Centre	24/07/18	11/04/19	Substantial Assurance	0	0	2	2	13	13	0	0	15	15	0	
Grants & Contracts (Ch & Fam)	17/09/18	24/04/19	Substantial Assurance	0	0	1	1	3	3	1	1	5	5	0	
Fleet Hire - Spot Hire	23/10/18	25/04/19	Substantial Assurance	0	0	0	0	1	1	6	6	7	7	0	
Blaenymaes Primary	06/03/18	07/05/19	Substantial Assurance	0	0	2	2	14	14	4	4	20	20	0	
Trading Standards Division	13/07/18	07/05/19	Substantial Assurance	0	0	2	2	9	9	5	5	16	16	0	
Pontybrenin Primary	13/03/18	08/05/19	Substantial Assurance	0	0	2	2	8	8	4	4	14	14	0	
												238	237	1	99.6%

*Further details on the recommendations that have not been implemented is reported in Appendix 2.

RECOMMENDATION TRACKING REPORT Q1 2019/20 - REC'S NOT IMPLEMENTED

Audit Title	Date Final Issued	Date of Follow up Completed	Assurance Rating	Recommendations Not Implemented				
				Report Ref	Risk Rating	Agreed Imp. Date	Recommendation	Reason / Comments
Clydach - Plant	13/11/18	19/06/19	Substantial Assurance	2.1.5	GP	Mar-19	The new IT system should have access restricted by user and access levels/division of duties applied to each user.	Rec remaining relates to a new IT system that is due to be implemented and there is no real timescale on when this will happen.

Agenda Item 13



Report of the Chief Auditor

Audit Committee – 13 August 2019

Audit Committee – Action Tracker

Purpose:	This report details the actions recorded by the Audit Committee and response to the actions.
Report Author:	Simon Cockings
Finance Officer:	Simon Cockings
Legal Officer:	Debbie Smith
Access to Services Officer:	Rhian Millar
For Information	

1. Introduction

- 1.1 During the course of 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 Audit Committee and provides an outcome for each action.
- 1.4 The Action Tracker for the 2017/18, 2018/19 and 2019/20 municipal years are attached in Appendix 1, 2 and 3.
- 1.5 The Action Tracker is regularly updated and any completed actions will be marked 'CLOSED' and coloured in grey.
- 1.6 The Action Tracker is reported to each Audit Committee meeting for information.

2. Equality and Engagement Implications

2.1 The Council is subject to the Public Sector Equality Duty (Wales) 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 Act.
- 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.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

2.2 There are no equality and engagement 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

Appendix 1 – Action Tracker 2019/20

Appendix 2 – Action Tracker 2018/19 (Closed actions removed)

Appendix 3 – Action Tracker 2017/18 (Closed actions removed)

Appendix 1

AUDIT COMMITTEE ACTION TRACKER 2019/20	
Action	Outcome
11/06/19 Min 5 – Service Centre Accounts Receivable Update	
A follow-up report should be provided to Audit Committee within 6 months, the scope should include the decentralised process.	
11/06/19 Min 6 – Audit Committee Training Programme 2019/20	
The Chair/ Democratic Services report an amended Training Programme to the next scheduled meeting.	
All future committee training requirements and arrangements will be the responsibility of Democratic Services.	

Appendix 2

AUDIT COMMITTEE ACTION TRACKER 2018/19	
Action	Outcome
09/04/19 Min 86 – Wales Audit Office 2019 CCS Audit Plan	
WAO is to provide an update report on performance work and also any issues from the assurance and risk assessment scoping exercise in the next Municipal year.	
09/07/19 Min 89 – Revenue and Capital Budget Monitoring	
Revenue and Capital budget monitoring is to be a regular item on future Committee agendas.	
12/02/19 Min 80 – Audit Committee Action Tracker Report	
An update to be provided on the use of supply / agency staff by schools and establishing the spend against supply / agency costs.	Principal Finance Partner for Schools agreed to provide this information via the PSO's. Information has been received. Chair has requested a report from Head of Commercial Services in relation to Supply Procurement. Update: New National Procurement Service Framework for the provision of Supply Teachers and Education Temporary Workers has been finalised. Introduced from 01/08/19/.
11/12/18 Min 59 – Overview of the Overall Status of Risk – Quarter 2 2018/19	
The contents of the Risk Register requires enhancement.	Currently under review. New Risk Management system currently being developed which should address this.

Appendix 3

AUDIT COMMITTEE ACTION TRACKER 2017/18	
Action	Outcome
08/03/18 Min 68 – Amendments to Contract Procedure Rules	
<p>Once the amendments to the Contract Procedure Rules have been finalised, a copy should be forwarded to all Schools' Governing Bodies to make them aware of the changes. Schools are also to be requested to ensure the amended CPRs are included as an agenda item on the next Finance Committee and Building/Property Committee Meeting.</p>	<p>Amended Contract Procedure Rules are currently going through a consultation process. Chief Auditor discussed proposed amendments with Head of Commercial Services on 30/07/18. Update from Head of Commercial Services 17/05/19 – The proposed changes to the Contract Rules have been agreed in principle; there has also been additional dialogue regarding other parts of the Constitution (which impact on the award of contracts) to ensure coherence with the new rules, resulting in some further / consequential changes which again have been agreed in principle.</p> <p>The document has been submitted to our Democratic Services team who will now take the revised rules to the Council's 'Constitutional Working Group' and then to full Council for sign-off, so hopefully all will completed soon. Once sign-off process is complete the amended version will be provided.</p>

Agenda Item 14



Report of the Head of Democratic Services

Audit Committee – 13 August 2019

Audit Committee – Workplan 2019/20

Purpose:	This report details the Audit Committee Workplan to May 2020
Report Author:	Jeremy Parkhouse
Finance Officer:	Simon Cockings
Legal Officer:	Tracey Meredith
Access to Services Officer:	Rhian Millar
For Information	

1. Introduction

- 1.1 The Audit Committee's Workplan to May 2020 is attached in Appendix 1 for information.
- 1.2 The dates included for the meetings in 2019/20 were approved by Council on 28/03/19.

2. Equality and Engagement Implications

- 2.1 The Council is subject to the Public Sector Equality Duty (Wales) 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 Act.
 - 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.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

2.2 There are no equality and engagement 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

Appendix 1 – Audit Committee Workplan 2019/20

Appendix 2 – Audit Committee Statement of Purpose

Appendix 3 – Performance Review 2017/18 Action Plan

Audit Committee Workplan 2019/20

Appendix 1

Terms of Reference	11 June 2019	13 August 2019	16 September 2019	8 October 2019	10 December 2019	11 February 2020	14 April 2020
Training		Financial Management & Accounting		External Audit Risk Management	Internal Audit	Counter Fraud	Governance
Governance and Assurance	Election of Chair & Vice Chair Audit Committee Training Programme 2019/20 Audit Committee Terms of Reference	Draft Annual Governance Statement Progress addressing WAO Recommendations relating to Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities. (For Information) Progress in implementing the Recommendations of the Wales Audit Office Review of Housing Adaptations in Wales Report. (For Information) Wales Audit Office Report - Local Government Services to Rural Communities. (For Information) Local Government Services to Rural Communities. (For Information)		Chair of Scrutiny Programme Committee Draft Audit Committee Annual Report 2018/19 Audit Committee Review of Performance 2018/19 Action Plan - Draft	AC Performance Review 18/19 Action Plan Update	AC Performance Review 18/19 Action Plan Update	AC Performance Review 18/19 Action Plan Update
Internal Audit	Internal Audit Annual Plan 2018/19 - Monitoring Report for the Period 1 January 2019 to 31 March 2019 Service Centre - Accounts Receivable - Update at May 2019	Internal Audit Annual Report 2018/19 Internal Audit Annual Plan 2019/20 Monitoring Report For the Period 1 April 2019 to 30 June 2019 Internal Audit Recommendation Follow-up Report Q1 2019/20 Internal Audit Moderate Rating Follow Up Report - Young People's Services 2019/20. (Verbal)		Annual Report of School Audits 2018/19 Director of Education response to Schools Audit Report	Internal Audit Monitoring Report Q2 2019/20 Recommendation Tracker Report 2018/19 (for both IA and EA recommendations)	Internal Audit Monitoring Report Q3 2019/20 Internal Audit Annual Plan Methodology Report 2019/20	Internal Audit Charter 2020/21 Internal Audit Annual Plan 2020/21 Social Care Contracts Update

Audit Committee Workplan 2019/20

Risk Management & Performance	Overview of the Overall Status of Risk Report Q4 2018/19 Corporate Risk Policy & Framework	Overview of the Overall Status of Risk Report Q1 2019/20		Performance management framework Partnership performance WAO Proposals for Improvement Report – Six Month Update	Overview of the Overall Status of Risk Report Q2 2019/20 Digital Strategy – progress and performance. WAO Local Government Use of Data Report – CCS	WAO Proposals for Improvement Report – Six Month Update Overview of the Overall Status of Risk Report Q3 2019/20	Local Government Use of Data Report - CCS
Counter Fraud				Corporate Fraud Annual Report 2018/19			Corporate Fraud Annual Plan 2020/21
Operational matters / key risks				Update on Internal Control Environment (incl risk management) – Director of Education	Update on Internal Control Environment (incl risk management) – Director of Social Services	Update on Internal Control Environment (incl risk management) – Director of Place	Update on Internal Control Environment (incl risk management) – Deputy Chief Executive and Director of Resources
External Audit Page 394		Draft ISA 260 Report City and County of Swansea - Audit Enquiries to Those Charged with Governance and Management.	Wales Audit Office - Review of Audit Committee Effectiveness	Wales Audit Office Recommendations Following Review of Audit Committee Effectiveness	WAO Annual Audit Letter 2017/18	WAO Grants Report 2017/18	Audit Committee Review of Performance 2018/19 WAO Annual Audit Plan 2018/19 CCS & Pension Fund
Financial Reporting		Draft Statement of Accounts 2018/19 – CCS Revenue Financial Outturn 2018/19		Budget Report Treasury Management Strategy Report & Mid-Year Update Treasury Management	Budget Report Review of Reserves Report Trusts & Charities Report 2018/19 Treasury Management Annual Report 2018/19		Budget Report

Note: Audit Committee Action Tracker Report and Audit Committee Workplan will be included as agenda items at each meeting. An update from WAO will also be on the agenda for each meeting.

Reports Carried Over to 2020-2021 Municipal Year

Terms of Reference	Report Title
Risk Management & Performance	Overview of the Overall Status of Risk Report Q4 2019/20

Audit Committee Statement of Purpose

1. Our 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.
2. The purpose of our audit committee is to provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of the City and County of Swansea's governance, 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.

Governance, Risk and Control

3. To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
4. To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances.
5. To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
6. To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
7. To monitor the effective development and operation of risk management in the Council.
8. To monitor progress in addressing risk related issues reported to the committee.
9. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
10. To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
11. To monitor the counter fraud strategy, actions and resources.

Internal Audit and External Audit

12. To approve the internal audit charter and resources.
13. To consider the head of internal audit'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.
14. To consider summaries of specific internal audit reports as requested.
15. To consider reports dealing with the management and performance of the providers of internal audit services.
16. To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
17. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
18. To consider specific reports as agreed with the external auditor.
19. To comment on the scope and depth of external audit work and to ensure it gives value for money.
20. To commission work from internal and external audit.

Financial Reporting

21. 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.
22. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability Arrangements

23. 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.

**KEY FINDINGS & PROPOSED ACTION PLAN
AUDIT COMMITTEE PERFORMANCE REVIEW 2017/18**

Key Finding	Proposed Actions	Target Date	Progress Update 30/04/19
Assurance Framework – The Audit Committee needs clarity on the Council’s Assurance Framework.	Audit Committee to be provided with a report that outlines the governance and assurance arrangements operating across the Council. Lead Officer: Chief Executive	September 2018	Complete Presentation by the Deputy Chief Executive to Audit Committee covering Governance Framework was provided on 09/04/19.
Risk Register – The Audit Committee needs to see the detail behind the Corporate Risk Register.	Corporate Risk Register to be reported to Audit Committee at future meetings. Lead Officer: Strategic Delivery & Performance Manager	August 2018	Complete Committee received register details on 14/08/18.
Annual Governance Statement (AGS) – The Audit Committee would like to see the AGS separated from the Annual Accounts and a draft copy sent to them for comment prior to approval.	Annual Governance Statement received at the July 2018 meeting and comments made by members. The Chair also met with Officers after the meeting to highlight further queries. The Annual Governance Statement to be brought back to Audit Committee as a second draft. Lead Officer: Head of Legal, Democratic Services & Business Intelligence	September 2018	Complete AGS was presented to Committee separated from the Annual Accounts on 17/17/18. Amended version was distributed to Members on 13/08/18. Special Meeting was arranged to discuss and approve final amended version of the AGS on 23/08/18.
Benchmarking – The Chair has provided benchmarking detail to Internal Audit (from other Councils) but there are no plans to visit and meet with other Audit Committees: i) Consider how to best use this benchmarking information. ii) Consider visits to other audit committees to search for good practice.	The Corporate Management Team will consider this further and update the Audit Committee. The Chair has asked for arrangements to be made to visit Cardiff Audit Committee. Lead Officer: Head of Democratic Services	December 2018 September 2018	Ongoing Completed Visit took place 13/11/18 – Chair, Vice Chair and Chief Auditor attended.

Key Finding	Proposed Actions	Target Date	Progress Update 30/04/19
<p>Council Objectives – The Audit Committee would like to see the amount of over-run and deferred audits to be included in the AGS.</p>	<p>As noted above comments and queries will be progressed/actioned by the Head of Legal, Democratic Services & Business Intelligence and the Governance Group.</p> <p>Lead Officer: Head of Legal, Democratic Services & Business Intelligence</p>	<p>September 2018</p>	<p>Complete Amended version of the AGS included commentary to reflect this, as approved by Committee on 23/08/18.</p>
<p>Partnerships – Review the mechanisms for assessing and scrutinising the risk associated with partnerships.</p>	<p>Audit Committee to be provided with a report that outlines the mechanisms for assessing and scrutinising the risks associated with partnerships.</p> <p>Lead Officer: Chief Executive / Head of Legal, Democratic Services & Business Intelligence.</p>	<p>December 2018</p>	<p>Ongoing</p>
<p>Reporting – produce a programme of expected external reports for Audit Committee to receive.</p>	<p>Known expected external reports will be added to the Audit Committee Work Programme.</p> <p>Lead Officer: Strategic Delivery & Performance Manager.</p>	<p>December 2018</p>	<p>Ongoing Reports will be added to the Audit Committee agenda for information as they arise.</p>
<p>Recommendations – produce a tracker for the recommendations that arise from the work of internal and external audit so that Audit Committee can effectively monitor progress.</p>	<p>Tracker for recommendations to be developed that will capture internal and external recommendations.</p> <p>To be discussed with Chief Auditor and Chief Finance Officer.</p> <p>Lead Officer: Chief Auditor, Chief Finance Officer</p>	<p>December 2018</p>	<p>Ongoing Report provided to Committee outlining the method of tracking internal and external audit recommendations on 11/12/18.</p>

Key Finding	Proposed Actions	Target Date	Progress Update 30/04/19
<p>Wales Audit Office (WAO) escalation process – clarify the process the WAO uses to escalate actions when recommendations have not been completed.</p>	<p>WAO to explain the process at the next Audit Committee Meeting.</p> <p>Lead: Wales Audit Office</p>	<p>September 2018</p>	<p>WAO Response received 22/08/18 for discussion:</p> <p>There is no formal process as such. The process is to agree actions with service managers and directors. If we have any problems with agreement or progress we will escalate to the Chief Executive. If we still have issues we will then raise with the Audit Committee Chair Audit Committee.</p>
<p>Meeting with WAO – consider who should attend meetings with the WAO as external auditor (just the Chair or the whole committee).</p>	<p>To be discussed by Committee.</p> <p>Lead: Chair of the Audit Committee</p>	<p>September 2018</p>	<p>WAO Response received 22/08/18 for discussion:</p> <p>This is a decision for the Audit Committee although as a minimum we would expect at least an annual meeting with the Chair. We are happy to meet the Chair and the Committee or a combination of both during the year. As per comment above, if we feel it is necessary we will request an ad hoc meeting with the Chair or the full Audit Committee.</p>



Report of the Cabinet Member for Care, Health and Ageing Well

Adult Services Scrutiny Performance Panel – 16th April 2019

Progress addressing WAO Recommendations relating to Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities

Purpose	<ul style="list-style-type: none">• To provide an overview of the WAO report and recommendations.• To highlight actions taken by Adult Services to address recommendations.
Content	This report includes a summary of the context and methodology used to produce the WAO report and conclusions and a summary of how Swansea is performing against the recommendations.
Councillors are being asked to	Endorse the conclusion of the report
Lead Councillor(s)	Cabinet Member Mark Child
Lead Officer(s)	Deborah Reed (Interim Head of Service)
Report Author	Peter Field Principle Officer Adult Services Commissioning Peter.Field@swansea.gov.uk 07832 187128

1. Background

1.1 In May 2018 the Welsh Audit Office published a report on arrangements for commissioning accommodation services for people with learning disabilities. The findings published were based on:

- Analysis of performance indicator returns and budget data available online at the Office for National Statistics and Stats Wales and population projections produced by the Institute of Public Care for the Welsh Government.
- Local authority and housing association fieldwork during 2016-17 which involved discussions with staff and elected members at City of Cardiff County Council; Ceredigion County Council, Wrexham County Borough Council; Rhondda Cynon Taf County Borough Council; and Anglesey County Council
- Completion of a survey with senior managers with responsibilities within local authorities for learning disability services.

1.2 Swansea Council was not involved in sharing information with the Audit Office and did not contribute to producing the final report. None of the conclusions in the report are based on Swansea Council submissions or evidence of Swansea Council practice.

2. WAO Conclusions

2.1 The WAO concludes that local authorities are generally meeting the accommodation needs of adults with learning disabilities, but existing commissioning arrangements are unlikely to be fit for purpose. The report separates its conclusions into 3 main areas.

1.The approach to commissioning accommodation for people with learning disabilities is potentially unsustainable.

- The number of people with learning disabilities provided with accommodation by local authorities is growing and current authority provision is keeping step with demand. The changing profile of demand raises some challenges for authorities in the future.
- Expenditure on learning disabilities accommodation services have grown in recent years and authority investment has kept pace with demand. However, it is difficult to determine why there is a wide variation in authority spending.

- At an all Wales level provision is keeping step with projected growth but a third of authorities face major choices in how they address future accommodation demand.
- Current levels of expenditure on learning disabilities accommodation services is insufficient to keep pace with inflation and growing demand.

2. Local authorities generally do not have effective arrangements to commission accommodation services for people with learning disabilities.

- Not all local authorities have developed strategic commissioning options in line with Welsh Government guidance and the introduction of the Social Services and Well-being (Wales) Act 2014.
- Commissioning strategies are not always resulting in cost effective service options that meet the needs of people with learning disabilities
- Regional joint working between local authorities is steadily developing, but engagement with Health Boards is variable 32
- Resources to support planning and commissioning of services vary widely 34
- Local authority engagement is not always responding to the needs of people with learning disabilities and their carers 36

3. Ineffective evaluation of outcomes for learning disability services means local authorities are not always able to demonstrate the positive impact of their accommodation commissioning choices.

- Many local authorities have not set clear outcome measures to judge the impact of their commissioning activity.
- Variable oversight and scrutiny of performance hinders evaluation.

3. WAO Recommendations

- 3.1 The WAO report sets out 6 overarching recommendations to assist local authorities to address the areas highlighted in the report.

Recommendation 1.

People with a learning disability have a right to live independently. The last 50 years have seen significant changes in the provision of accommodation and support. Service provision has moved to a model that enables people to live in the community in ordinary houses throughout Wales. The WAO recommends;

- that local authorities continue to focus on preventing people becoming dependent on more expensive placements in care homes by providing

effective support at home and range of step up accommodation by: improving the evaluation of prevention activity so local authorities understand what works well and why;

- utilising the mapping of prevention services under the Social Services and Well-being (Wales) Act 2014 that covers other agencies and service providers;
- Improving the signposting of additional help so carers and support networks can be more resilient and self-reliant. This should include encouraging carers to make long-term plans for care to maintain and protect their dependant's wellbeing; and
- sharing risk analysis and long term planning data with other local authorities, service providers, and partners to agree a shared understanding of the range of options.

Recommendation 2.

Population projections show that the number of people with a learning disability will increase in the future, and those aged over 65 and those with a moderate or severe learning disability will rise significantly. The WAO recommends;

- that local authorities improve their approach to planning services for people with learning disabilities by building on the Regional Partnership Boards population assessments for people with learning disabilities and agreeing future priorities.

Recommendation 3.

Welsh Government produced guidance to local authorities, entitled 'developing a commissioning strategy for people with a learning disability' to support authorities in producing strategic plans for the commissioning of learning disability services. In conjunction with codes of practice developed following the Social Services and Well-being (Wales) Act 2014, Welsh Government requires local authorities to develop integrated commissioning options with Local Health Board services. The aim is to provide a joined-up and cost-effective approach to the commissioning of services. The WAO recommends;

- that local authorities do more to integrate commissioning arrangements with partners and providers and take account of the work of the National Commissioning Board by:
 - understanding the barriers that exist in stopping or hindering further integration;
 - improving the quality of joint strategic plans for learning disability services;

- establishing investment models and sustainable financial structures, joint workforce planning and multi-year budgeting;
- developing appropriate governance and data sharing frameworks with key local partners that include a clear process for managing risk and failure.

Recommendation 4

Local authorities' engagement with people with learning disabilities and their carers is variable. Whilst many authority services have positive relationships with advocacy groups, some are less successful in involving these groups and carers in evaluating the quality of services (The WAO recommends that:

- local authorities do more to involve people with learning disabilities and their carers in care planning and agreeing pathways to further independence by:
 - consistently including people with learning disabilities and their carers in the writing, monitoring and development of care plans;
 - systematically involving carers and advocacy groups in evaluating the quality of services;
 - involving people with learning disabilities in procurement processes; and
 - ensuring communications are written in accessible and appropriate language to improve the understanding and impact of guidance and information.

Recommendation 5

Local Authorities could do more to involve service providers in commissioning and make the tendering process more effective by making it easier to navigate and more outcome focused. However, providers are not as effectively engaged as they should be. The WAO recommends:

- that local authorities collaborate with providers, the third sector and suppliers in understanding challenges, sharing data, and pooling expertise by;
 - improving the quality range, and accessibility of tendering information;
 - working with providers to shape local markets by coming to a common understanding of the opportunities, risks, and future priorities in providing learning disabilities services.

Recommendation 6

Most local authorities do not have effective arrangements to monitor and evaluate their commissioning of learning disability services. The WAO recommends:

- that local authorities develop a more appropriate set of performance indicators and measures of success that make it easier to monitor and demonstrate the impact of service activity by;
 - co-designing measures, service and contract performance indicators with service providers, people with learning disabilities and their carers;
 - ensure commissioners have sufficient cost and qualitative information on the full range of placement and care options available;
 - equipping commissioners with data to demonstrate the long term financial benefits of commissioning choices, this includes having the right systems and technology;
 - integrating the outcomes and learning from reviews of care plans into performance measures;
 - evaluating and then learning from different types of interventions and placements; and
 - including learning disability services in local authority scrutiny reviews to challenge performance and identify improvements.

4. The Position in Swansea and Progress against Recommendations.

- 4.1 Swansea Social Services has well developed commissioning processes and a comprehensive local strategy which explains how the accommodation needs of people with a learning disability will be met.
- 4.2 Broadly speaking the areas of concern highlighted in the WAO report are already addressed via the existing commissioning strategy and supporting arrangements.
- 4.3 A commissioning Review of LD services commenced in January of this year. This is examining suitability of current arrangements across all service types, including accommodation based services.
- 4.4 In relation to the recommendations made. The following features of our existing arrangements are helpful to highlight:
- 4.5 **Rec 1.** Local authorities continue to focus on preventing people becoming dependent on more expensive placements in care homes by providing effective support at home.
- 4.6 This premise is the basis of Swansea's commissioning strategy for all adults including people with a learning disability. In recent years expensive and inappropriate residential care home placements have been de-commissioned in favour of tenancy based options which are

less expensive for social services and promote more effective outcomes for service users.

- 4.7 **Rec 2.** The LD population will increase, particularly for those over 65. We recommend that local authorities improve their approach to planning services by building on the Regional Partnership Boards population assessments.
- 4.8 Our current demand analysis is based on the regional population assessment. This has highlighted gaps in our understanding of future demand and an action plan has been created to address these shortcomings (looking at alternative services as opposed to default) which is being progressed by the Learning Disabilities Commissioning Group.
- 4.9 **Rec 3.** We recommend that local authorities do more to integrate commissioning arrangements with partners and providers.
- 4.10 There are a number of existing arrangements which promote regional partner integration. This includes senior management governance and oversight of commissioned services (via the Adult Services Transformation Board and its various subgroups). Partners recognise there is room for improvement in this area and arrangements for pooling resources are being explored. A regional post is being created for this purpose. This will lead to development of more integrated arrangements for cost sharing, data analysis, longer term financial planning and development of more strategic commissioning options across all services including those which are accommodation based.
- 4.11 **Rec 4.** Local authorities' engagement with people with learning disabilities and their carers is variable. We recommend that local authorities do more to involve people with learning disabilities.
- 4.12 This is an area of our commissioning practice which in relation to LD services is particularly effective. Swansea commissions 2 external organisations to support us to engage LD service users and their families, and has a well-developed co-production approach which is implemented to ensure that people are engaged in the commissioning process. In relation to recommendation 4 the focus of our ongoing commissioning strategy is to ensure that commissioned Providers are able to successfully implement these practices on our behalf.
- 4.13 **Rec 5.** Local Authorities could do more to involve service providers in commissioning and do more to collaborate with Providers to understand challenges and risks.
- 4.14 The local authority is taking steps to improve in this area. Provider engagement events have been organised to help navigate procurement processes. Provider Forums and Co-production groups have been established. A risk management strategy group to manage potential

service disruptions and threats to service continuity has been set up. Further work is underway to establish a fees and costs group to minimise risk of service failure. A relational approach to contracting with emphasis on collaboration is being adopted where possible.

- 4.15 **Rec 6.** We recommend that local authorities develop a more appropriate set of performance indicators and measures of success that make it easier to monitor and demonstrate the impact of service activity.
- 4.16 This is an area where the authority acknowledges there is room for improvement. Current re-tendering arrangements address this by requiring Providers to develop performance monitoring arrangements and performance management data which commissioners can use to assess performance at service and strategic levels. A number of KPIs have been built into future contract requirements. Providers will need to demonstrate that services are achieving SSWBA duties relating to attainment of wellbeing outcomes.

5. Table of Progress Against WAO Recommendations

- 5.1 A more detailed table of recommendations and progress is set out at Appendix 1.

6. Conclusions

- 6.1 There are a number of areas in which the authority accepts that it is able to improve commissioning practice, the department is of the view that current commissioning arrangements, alongside the actions described are sufficient to address the recommendations highlighted in the report.

Response for Adult Services Scrutiny Panel – 16th April 2019. CCOS commissioning progress against Wales Audit Office Recommendations arising from review of Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities.

RECOMMENDATION	LEAD	COMMISSIONING ARRANGEMENTS IN SWANSEA	PROGRESS AND NEXT STEPS
<p>R1 People with a learning disability have a right to live independently. The last 50 years have seen significant changes in the provision of accommodation and support. Service provision has moved to a model that enables people to live in the community in ordinary houses throughout Wales (paragraphs 1.3 to 1.10). We recommend that local authorities continue to focus on preventing people becoming dependent on more expensive placements in care homes by providing effective support at home and a range of step up accommodation by: improving the evaluation of prevention activity so local authorities understand what works well and why; utilising the mapping of prevention services under the Social Services and Well-being (Wales) Act 2014 that covers other agencies and service providers; improving the signposting of additional help so carers and support networks can be more</p>	<p>Mark Campisi (PO LD and MH Services)</p>	<p>Swansea is clear in its intention to support people with a learning disability in options that give people rights and promote citizenship. This has seen a shift in expenditure from residential forms of care to tenancy based options. Our recent Commissioning Strategy re-confirms this intention and sets out plans to reduce reliance on expensive forms of residential care as well as setting clear intentions to re-modelling supported living to ensure a sustainable future model (As part of Western Bay, providers of care homes have been migrated on to the Contractual National Collaborative Commissioning Framework. This encourages competition and better management of placement costs)</p> <p>Our current model of supported living, while supporting people in ways that maximise citizenship, have not delivered progression and move on (step down) or community integration as well as we would have liked.</p> <p>In particular the move from hospital to community care for many people with complex health conditions has highlighted issues of concern to social care. The involvement of Health services in the support to individuals with complex needs has not been as coordinated and seamless as we would have liked at times. Engagement by Health services in the care of disabled children and adults has often been disjointed and un-coordinated largely due to health service organisational change and resource reduction. This has often left social care services to manage and provide services which we believe are primarily health related. There are a large number of cases that LD and MH services are challenging Health over regarding their Primary health care status due to the complexity of their care needs and high levels of care required to support them in the community. The estimation is that there are around 45 individuals with care needs averaging £100,000 each per annum. This is a cost to social care of around £4.5 million annually. There is a targeted response to deal with this issue which is mirrored regionally and nationally.</p>	<p><u>Progress</u></p> <p>Re-tendering of supported living accommodation under the new framework commenced in January.</p> <p>Contract awards for 1st tranche of services scheduled for May 2019.</p> <p>2nd Tranche August 2019</p> <p>3rd Tranche December 2019</p> <p>4th Tranche March 2020.</p> <p>Progression issues have been addressed via revised contract specifications which require progression and community integration (an outcome measures will reflect this).</p> <p>Re-tendering arrangements have been co-produced – SUs and families co-producing tender evaluation questions and model answers.</p> <p>Development of co-produced outcome measures and the</p>

<p>resilient and self-reliant. This should include encouraging carers to make long-term plans for care to maintain and protect their dependant’s wellbeing; and sharing risk analysis and long term planning data with other local authorities, service providers, and partners to agree a shared understanding of the range of options.</p>		<p>To achieve improvements we are working collaboratively with providers on our framework to re-model supported living to focus on delivering outcomes, progression, peer support networks and community integration, lessening the reliance on formal, paid support.</p> <p>Provision of respite and day/work related opportunities remain strategically important as services. These are key to enabling people to remain living at home with family carers, if this is what people want.</p> <p>We are in the process of building a peer led, outcome based monitoring framework to support an improved understanding of the impact of the services we deliver and commission.</p> <p>Our Local Area Coordinators are effectively supporting people to find no cost, low cost solutions in meeting their needs through strength based, community approaches that develops individual resilience and the impact of this approach is well understood.</p> <p>Our current commissioning strategy maps all services, including prevention and early intervention services, to support a shift in focus away from formal services towards peer led, community based and universal alternatives. Day services are increasingly focused on becoming facilitators, rather than providers, supporting people to maximise the opportunities available to them through universal services.</p> <p>We are co-producing activity within our commissioning strategy to address improved access to universal services, accurate and improved perceptions of people with a learning disability and support for carers to continue caring.</p>	<p>implementation of a peer led monitoring framework form part of tender requirements.</p> <p><u>Next Steps</u></p> <p>A review of residential care commissioning arrangements will commence in May 2019. This examine opportunities to de-commission residential care options, where appropriate.</p> <p>Swansea Commissioning Groups will need to adapt so that performance management info relating to outcomes and other KPIs can shape our understanding of what is working well and what needs to change.</p>
--	--	--	---

Response for Adult Services Scrutiny Panel – 16th April 2019. CCOS commissioning progress against Wales Audit Office Recommendations arising from review of Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities.

		<p>We use our local information system to aggregate individual planning information to support an understanding of need; most strategically in planning future accommodation services, where we work closely with housing providers and support providers in developing a range of accommodation and support options for people with a learning disability.</p> <p>We need to understand better, when we are unable to meet people’s needs to strategically inform the future range of services. Our commissioning strategy highlights this and it is being addressed.</p> <p>A commissioning review of all LD services and processes is underway. This will compare performance of services, and commissioning arrangements against this recommendation to explore opportunities for further improvements.</p>	
<p>Page 409 CR2 Population projections show that the number of people with a learning disability will increase in the future, and those aged over 65 and those with a moderate or severe learning disability will rise significantly (paragraphs 1.3 to 1.10). We recommend that local authorities improve their approach to planning services for people with learning disabilities by building on the Regional Partnership Boards population assessments for people with</p>	<p>Mark Campisi (PO LD and MH Services)</p> <p>Peter Field (PO Commissioning Adult Services)</p>	<p>Our local commissioning strategy was developed via local Co-Productive conversations but also drew heavily on the Western Bay population assessment and jointly agreed future priorities are captured within our strategy.</p> <p>The Commissioning Strategy Action Plan has been produced which addresses gaps in population information</p> <p>A model for standardising cost forecasting is being developed. This will consider the impact of population growth and the recommendations made relating to increased demand.</p>	<p><u>Progress</u></p> <p>An Action Plan has been produced which addresses gaps in population information. Predictions show us that we will see a small increase in the numbers of older people with a moderate or severe learning disability. Numbers are very low e.g. between 2015-2020 the growth is predicted to be 7 individuals.</p> <p><u>Next Steps</u></p> <p>Commissioning Review of LD services will identify further</p>

Response for Adult Services Scrutiny Panel – 16th April 2019. CCOS commissioning progress against Wales Audit Office Recommendations arising from review of Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities.

learning disabilities and agreeing future priorities			opportunities to improve use of data for planning and commissioning purposes.
<p>R3 Welsh Government produced guidance to local authorities, entitled ‘developing a commissioning strategy for people with a learning disability’ to support authorities in producing strategic plans for the commissioning of learning disability services. In conjunction with codes of practice developed following the Social Services and Well-being (Wales) Act 2014, Welsh Government requires local authorities to develop integrated commissioning options with Local Health Board services. The aim is to provide a joined-up and cost-effective approach to the commissioning of services but our review-highlighted weaknesses in current arrangements (paragraph 2.4 to 2.12). We recommend that local authorities do more to integrate commissioning arrangements with partners and providers and take account of the work of the National Commissioning Board by:</p>	<p>Mark Campisi (PO LD and MH Services)</p> <p>Peter Field (PO Commissioning Adult Services)</p>	<p>Local and regional commissioning plans have been produced and these have been developed in partnership with ABMU HB.</p> <p>Shared procurement frameworks are being used where possible (CCAPS). Opportunities to use shared tools for assessing needs and agreeing division of costs are being explored at a regional level. Pooled fund opportunities are being considered. Regional Governance arrangements exist for overseeing shared commissioning responsibilities.</p> <p>NCB proposals will be considered as part of ongoing commissioning review work which will assess opportunities to achieve further improvements.</p> <p>Difficulties collaborating with health have been highlighted at 1 above.</p>	<p><u>Progress</u></p> <p>Creation of a regional Pooled Fund Manager post to implement more integrated commissioning of services. This will involve developing arrangements for sharing costs via pooled budgets (supported by integrated budgeting; and developing appropriate governance and data sharing frameworks with key local partners and developing integrated commissioning strategies).</p> <p>2 yr post to be advertised shortly.</p> <p><u>Next Steps</u></p> <p>Further actions to be agreed pending completion of LD commissioning reviews later in 2019.</p>

Response for Adult Services Scrutiny Panel – 16th April 2019. CCOS commissioning progress against Wales Audit Office Recommendations arising from review of Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities.

<p>understanding the barriers that exist in stopping or hindering further integration; improving the quality of joint strategic plans for learning disability services (see also paragraphs 3.11-3.14); establishing investment models and sustainable financial structures, joint workforce planning and multi-year budgeting; and developing appropriate governance and data sharing frameworks with key local partners that include a clear process for managing risk and failure.</p>			
<p>R4 Local authorities' engagement with people with learning disabilities and their carers is variable. Whilst many authority services have positive relationships with advocacy groups, some are less successful in involving these groups and carers in evaluating the quality of services (paragraph 2.18 to 2.20). We recommend that local authorities do more to involve people with learning disabilities and their carers in care planning</p>	<p>Mark Campisi (PO LD and MH Services) Ffion Larsen (PO Professional Social Work Lead) Lisa Banks (Planning</p>	<p>We have recently developed a new Social Work Practice Framework in Swansea to ensure that we deliver the requirements of the Social Services and Wellbeing Act through individual assessment arrangements. This will help to ensure that people are engaged more positively; that understanding their needs is strength based and outcomes focused and that preventative options are considered.</p> <p>We have co-produced 'what a good assessment looks like' and are in the process of co-producing a handbook for people to prepare for their assessments and to understand what to expect. We wish to put people at the centre of their assessment and have voice and control in this process.</p> <p>We are building co-production into our contracts to support providers to work alongside people with a learning disability when producing care and support</p>	<p><u>Progress</u></p> <p>People with learning disabilities have involved and will continue to be involved in the re-procurement of LD supported living services.</p> <p>Conclude the development of the co-produced Peer led monitoring tool arrangements and develop contract management processes which enables Peer led monitoring information to inform</p>

Response for Adult Services Scrutiny Panel – 16th April 2019. CCOS commissioning progress against Wales Audit Office Recommendations arising from review of Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities.

<p>and agreeing pathways to further independence by: consistently including people with learning disabilities and their carers in the writing, monitoring and development of care plans; systematically involving carers and advocacy groups in evaluating the quality of services; involving people with learning disabilities in procurement processes; and ensuring communications are written in accessible and appropriate language to improve the understanding and impact of guidance and information.</p>	<p>Officer LD services)</p>	<p>plans. This also includes providers building Co-Productive monitoring and evaluation processes to inform future service improvement.</p> <p>We commission Swansea People First to support people with a learning disability to engage, co-productively, in our commissioning activity and amongst other things, they are currently developing a peer led outcomes monitoring framework that to monitor how well local services are delivering the outcomes that matter to people in Swansea.</p> <p>We are developing our approach to involving people with a learning disability in procurement process. We have worked with Swansea People First to support the co-production of a new Supported Living Provider Framework, where people worked together to develop questions, model answers and evaluation criteria and also undertook an evaluation of potential providers.</p> <p>We are currently looking at how we can support people and their carers to be have a role when we re-commission supported living provision off this framework. We are working with legal and procurement colleagues to support the development of a legally compliant Co-Productive procurement process.</p> <p>We strive to provide easy read information as our recent communications on supported living re-modelling evidences but we have highlighted communication with people with learning disabilities and their carers, within our commissioning strategy, as an area for further improvement.</p>	<p>commissioners awareness if what is working well and what needs to change.</p> <p>Service Users are being supported to use Direct Payment arrangements to purchase services directly (rather than receive commissioned Care</p> <p>Implementing the action in the Commissioning Strategy around communication and information to ensure that we communicate the right information at the right times in an easy read format. This will result in a written compact which explains the communication process, principles and standards that will apply to LD services).</p> <p><u>Next Steps</u></p> <p>Adapt local LD commissioning groups to ensure that future commissioning decisions are based on an understanding of SU outcomes information, peer led monitoring data and other newly introduced KPIs.</p>
---	-----------------------------	---	--

Response for Adult Services Scrutiny Panel – 16th April 2019. CCOS commissioning progress against Wales Audit Office Recommendations arising from review of Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities.

<p>R5 Local Authorities could do more to involve service providers in commissioning and make the tendering process more effective by making it easier to navigate and more outcome focused. However, providers are not as effectively engaged as they should be (paragraph 2.28 to 2.38). We recommend that local authorities collaborate with providers, the third sector and suppliers in understanding challenges, sharing data, and pooling expertise by: improving the quality range, and accessibility of tendering information; and working with providers to shape local markets by coming to a common understanding of the opportunities, risks, and future priorities in providing learning disabilities services.</p>	<p>Mark Campisi (PO LD and MH Services)</p> <p>Ffion Larsen (PO Professional Social Work Lead)</p> <p>Paul Bee (Contracts Officer LD and MH services)</p>	<p>We are currently going through a re-tendering process for supported living services for adults with a learning disability. We have developed a framework of providers to deliver supported living and domiciliary care services. This was done in conjunction with service users and the health board. New services have been commissioned via the framework, which has enabled a smoother tendering process.</p> <p>Shaping the re-tendering process has involved service users, their families, all commissioned LD providers whether on the new framework or not, and relevant social care professionals (including legal and procurement colleagues). Attempts have been made to engage with health but contribution from health colleagues has been limited.</p> <p>We have worked with Providers to implement Just Checking (assistive technology) systems to look at data to evaluate care needs and ensure an appropriate level of care capable of meeting required outcomes.</p> <p>We have worked with the providers to look at patterns and develop a regional approach to deliver appropriate night time services. Engagement with providers has shaped our decision to commission services on an area basis. This will lead to more efficient and more community based services. This model promotes staffing from within each the locality and services which can maximise connections and facilities within local communities. Providers have played an important part in helping to shape these decisions.</p> <p>All commissioned Providers are actively involved in developing local risk management and contingency plans to enable service continuity in the event of individual Provider Failure.</p> <p>All Providers are engaged in the development of Learning disabilities commissioning strategies.</p>	<p><u>Progress</u></p> <p>Practical support given to providers to work together throughout the supported living re-tender process which commenced early 2019.</p> <p>Actively engaged with providers who are not on the framework to manage market risks.</p> <p>Engaged with Service Users and Families to via commissioning and co-production groups to develop an outcomes focus.</p> <p><u>Next Steps</u></p> <p>To assess opportunities for further improvement as part of completion of commissioning review of LD services during 2019.</p> <p>To work more collaboratively with Providers to develop an improved understanding of their costs structures and financial pressures (to inform fee setting, uplift arrangements, budget planning and assessment of market failure risks).</p>
---	---	---	--

Response for Adult Services Scrutiny Panel – 16th April 2019. CCOS commissioning progress against Wales Audit Office Recommendations arising from review of Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities.

		<p>All Providers are engaged in the commissioning review of learning disability services which is exploring opportunities risks and priorities. All Providers will be engaged in developing a range of options for meeting needs and securing future services.</p> <p>Where appropriate Providers will be offered support to participate in tender processes (via supplier engagement events or Sell 2 Wales).</p>	
<p>R6 Most local authorities do not have effective arrangements to monitor and evaluate their commissioning of learning disability services (paragraphs 3.3 to 3.15). We recommend that local authorities develop a more appropriate set of performance indicators and measures of success that make it easier to monitor and demonstrate the impact of service activity by: co-designing measures, service and contract performance indicators with service providers, people with learning disabilities and their carers; ensure commissioners have sufficient cost and qualitative information on the full range of placement and care options available; equipping commissioners with data to demonstrate the long term financial benefits of</p>	<p>Mark Campisi (PO LD / MH services)</p> <p>Paul Bee (Contracts Officer LD and MH services)</p> <p>Lisa Banks (Planning Officer LD Services)</p>	<p>The re-tender of supported living services will require providers to work co-productively with the service recipients and their families to develop monitoring processes and tools. This will result in performance indicators to cover all aspects of service performance. This will include quality outputs, service user outcomes and cost.</p> <p>We have co-produced a set of local outcomes for learning disability services and Swansea People First are building a set of measures to sit alongside the national outcomes and success measures. We have developed a more systematic approach to understanding cost information and quality information for contracted providers.</p> <p>KPI and outcomes requirements will continue to be developed via the co-production process. This information will be used alongside other contract monitoring data to give a full picture of the services being delivered. These measures will be developed to monitor each of the geographical areas re-commissioned. Just Checking (assistive technology) will also continue to play a part in understanding the level of care and support required.</p> <p>Implementation of CCAPS arrangements (national commissioning framework for purchasing care home placements) will lead to enhanced performance monitoring and costs control.</p>	<p><u>Progress</u></p> <p>Created contractual expectation that Providers engage Service Users to co-design peer led monitoring arrangements and individual and service outcomes within the Supported Living re-tender process (Providers are must demonstrate how they will measure individual outcomes in a way that meets SSWAB requirements as part of their tender submissions). This required has now been added to the contract specification which form part of the new tender requirements.</p> <p>Introduced KPIs relating to response times and efficiency savings. Others to be added following discussion with Providers.</p>

Response for Adult Services Scrutiny Panel – 16th April 2019. CCOS commissioning progress against Wales Audit Office Recommendations arising from review of Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities.

<p>commissioning choices, this includes having the right systems and technology; integrating the outcomes and learning from reviews of care plans into performance measures; evaluating and then learning from different types of interventions and placements; and including learning disability services in local authority scrutiny reviews to challenge performance and identify improvements.</p>		<p>Western Bay Right sizing programmes are helping to ensure that reviews of packages of care are appropriate, able to deliver outcomes for service users and offer value for money.</p> <p>Development of the Adult Services Practice Framework will help to ensure that appropriate preventative options are explored before defaulting to traditional services, but where commissioned services are required assessment and care plans are strengths based and focus on outcomes. This will enable commissioners to ensure that Providers are focussed on delivering outcomes, and that Provider performance can be evaluated against these expectations.</p> <p>On-going commissioning review work is tasked with evaluating suitability of existing arrangements and proposing alternative options for meeting needs. This process will engage Providers and Service Users in shaping future arrangements.</p>	<p><u>Next Steps</u></p> <p>To conclude the work on the outcome based measurement tool, which is being developed with SUs with support from Swansea People First</p> <p>To develop processes for ensuring outcomes information is captured at care management review and is shared by care managers with commissioning officers and used to inform commissioning decisions.</p> <p>To conclude commissioning review of LD services.</p>
--	--	---	---



Report of the Cabinet Member for Homes and Energy

Audit Committee – 13 August 2019

Progress in implementing the Recommendations of the Wales Audit Office review of Housing Adaptations in Wales report presented to Adult Services Scrutiny Performance Panel on 20 June 2019

Purpose: For information purposes, to advise the committee of report presented to Adult Services Scrutiny performance panel on 20th June 2019 on progress in implementing the recommendations of the Wales Audit Office review of housing adaptations in Wales.

Report Author: Darren Williams
Programme Planning and Delivery Manager – Renewals and Adaptations.

Finance Officer: N/A

Legal Officer: N/A

Access to Services Officer: N/A

For Information

1. Background

1.1 To advise Audit Committee for information purposes of report presented to Adult Services Scrutiny Performance Panel on progress in implementing the recommendations of the Wales Audit Office review of Housing Adaptations in Wales.

Background papers:

Wales Audit Office review of Housing Adaptations in Wales.

Report to Adult Services Scrutiny Performance Panel 20th June 2019 on progress in implementing recommendations of the Wales Audit Office review of Housing Adaptations in Wales.



Report of the Cabinet Member for Homes and Energy

Adult Services Scrutiny Performance Panel – 20th June 2019

Progress in implementing the Recommendations of the Wales Audit Office review of Housing Adaptations in Wales

Purpose	To provide an overview of the Wales Audit Office review of Housing Adaptations in Wales and present progress made in implementing locally the recommendations listed in the report.
Content	This report includes a background to the Wales Audit Review of Housing Adaptations, recommendations on improvements and progress made both nationally and locally in implementing these recommendations.
Councillors are being asked to	Endorse the recommendations of the Wales Audit Office review of Housing Adaptations in Wales and consider the progress made both nationally and locally in implementing the recommendations listed in the report.
Lead Councillor(s)	Andrea Lewis, Cabinet Member for Homes and Energy.
Lead Officer(s)	Mark Wade Head of Housing and Public Health.
Report Author	Darren Williams Programme Planning and Delivery Manager – Renewals and Adaptations Tel 635351; darren.williams@swansea.gov.uk

1. Background

- 1.1 The Wales Audit Office (WAO) undertook a review of Housing Adaptations in Wales and published a report in February 2018. The review looked at adaptations services across Wales and did not focus on individual Councils or Agencies. Despite user satisfaction with housing adaptations, the review found there is a complicated, reactive and inequitable delivery system that is not always effective for all those who may need it. The review also said public bodies are not taking opportunities to improve value for money.
- 1.2 The summary of the WAO findings found roughly 70 organisations deliver adaptations in Wales, spending around £60 million and assisting 32,000 people every year. Funding arrangements for adaptations are complex, creating an inefficient delivery system, with people of similar needs often receiving different standards of service due to where they live and which public body provides the adaptation.
- 1.3 Public bodies with responsibility for adaptations – local authorities, housing associations and Care and Repair Agencies have seen demand for adaptations increase in recent years and expect this trend to continue. Census data highlights that a higher proportion of the Welsh population consider themselves to be in poor health than is the case in England and it is forecast the number of people in Wales who will experience mobility problems will increase significantly over the next 20 years. The speed and efficiency of the provision of adaptations can make the difference between disabled or older persons staying in their own home or having to move into specialist or residential care.

The review found assessment processes are not streamlined nor efficient and often contribute to delays, with lack of co-ordination between delivery organisations, interruptions due to problems arising from the unavailability of staff or funding, and poor standards of communication with some service users.

The full WAO report is attached as a background paper.

- 1.4 The WAO recommendations tracker lists the progress made to date in implementing the recommendations set out in the report nationally and locally. In Swansea the Council's Housing Renewals and Adaptation service is responsible for the delivery of housing adaptations for owner-occupiers, private and Council tenants.

The WAO recommendations tracker is attached as a background paper.

- 1.5 Importantly Swansea is already implementing a large number of the service improvement recommendations detailed in the WAO report, many of which have been in place for a number of years. These include partnership working with local RSLs on managing a local adapted housing register and Western Bay Care and Repair on

provision of Minor Adaptations through their handyperson service. The Council also provides Caseworkers to visit applicants in their own home to help with the application process, employs its own in-house team of Occupational Therapists(OTs), offers a Home Improvement Grant Agency and a Council appointed Framework of Contractors for delivery of adaptations.

2. WAO Report Recommendations.

2.1 The report identified a series of recommendations for improvements in delivery of Housing Adaptations that include :

- Welsh Government set standards for all adaptations to ensure disabled and older people receive the same standard of service irrespective of where they live, who their landlord is and whether they own their own home.
- Local authorities work with partner agencies to strengthen their strategic focus for the provision of adaptations.
- Provide information on housing adaptations in both Welsh and English, in accessible formats, with information promoted through a range of media and through key partners, preferably produced jointly between delivery bodies.
- Delivery bodies streamline applications by creating single comprehensive applications forms covering all organisations locally.
- Delivery bodies improve how long they take to process adaptations applications and deliver works including looking to reduce delays by reviewing Disabled Facilities Grants (DFG) means test, provision of home improvement agencies services to manage schemes for clients, fast tracking planning applications, using trusted assessors to undertake less complex adaptation assessments.
- Delivery bodies have formal arrangements for accrediting and managing contractors undertaking adaptations, using framework agreements, schedule of rates for tenders and evaluating contractors performance.
- Local Authorities work with partner agencies(health bodies, housing associations and Care and Repair) to develop and improve joint working.
- Delivery bodies effectively manage performance and assess impact of adaptations.

3. Progress on Recommendations Achieved Nationally.

3.1 A number of the WAO report recommendations are strategic, require joint working and need national and regional input to be delivered. The Public Accounts Committee in July 2018 recommended that the Welsh Government take the lead in ensuring the longstanding weaknesses in provision of Housing Adaptations across Wales are addressed through the introduction of the recommendations in the WAO report.

- 3.2 Welsh Government have set up a National Housing Adaptations Steering Group. Membership includes Welsh Government Housing policy division, Welsh Local Government Association, Local Authority representatives, Care and Repair Cymru, Royal College of Occupational Therapists, Community Housing Cymru, Office of the Older People's Commission, Tai Pawb, Disability Cymru, Voluntary Transfer Landlords and Royal College of Nursing.

The aim of the Steering Group is to work with Welsh Government Officials to develop policy advice for Welsh Ministers in relation to simplifying the provision of housing adaptations and implementing the WAO report recommendations. The Group will provide assurance that processes and practices are fair, transparent and equitable and there is proper guidance, monitoring, regulation and accountability arrangements in place.

- 3.3 The National Steering Group is to be supported by the setting up of working groups to look at:

- **Collaboration / Integration** – to improve strategic focus locally and regionally through Regional Programme Boards, streamline application process, use home improvement agency services, integrated delivery teams, maximising use of accessible housing registers.
- **Operational Delivery** – fast track planning, use of trusted assessors, contractor accreditation scheme, accessible information.
- **Performance Monitoring** – uniform performance indicators, revised national performance indicators.
- **Policy** – service standards, means testing review, streamline RSL Physical Adaptation Grants.
- **Procurement / Contract Management** – framework agreements, contractor performance management.

- 3.4 Welsh Government issued a Housing Adaptations Service Standards consultation document to public bodies delivering housing adaptations in September 2018 for response. This document detailed the levels of service expected on 7 standards that include Purpose, Equality and Diversity, Communication, Quality of Service, Quality of Equipment, Expected Timeframes and Eligibility Checks. The Housing Adaptations Service standards consultation document is attached as a background paper. The Council responded to the Welsh Government consultation document in December 2018 both individually as a Local Authority and collectively within the Welsh Heads of Environmental Health Private Sector Housing Expert Panel. Welsh Government is yet to confirm results of the feedback to the consultation document or publish the final Service Standards document.

4. Progress on Recommendations in Swansea.

4.1 As indicated in section 1, a number of recommendations made by WAO in the report are already in place in Swansea. Adaptations locally are administered by the Housing Renewal & Adaptations service. Although the National Housing Adaptations Steering Group has been tasked with implementing the recommendations within the WAO report, the adaptations service delivered in Swansea is already providing a number of best practice measures and services identified in the recommendations.

4.2 The Council within its Private Sector Housing Renewal and Adaptations Policy to Provide Assistance 2017-2022 offers housing adaptations through Disabled Facilities Grants (DFG) and Council House Adaptations. Smaller adaptations are also provided through the provision of Minor Adaptations Grants (MAG). These are delivered in partnership with Western Bay Care and Repair, using their handyperson scheme that provides small adaptations such as handrails and grabrails quickly to the client.

In 2017-18 the service completed 367 DFGs, 543 Council House Adaptations and 734 Minor Adaptations Grants, investing £4.3 million on DFGs, £2.75 million on Council House Adaptations and £400,000 on Minor Adaptation grants. In addition, 899 Occupational Therapist assessments and recommendations were undertaken.

4.3 To make the best use of properties that are already adapted, the Council works in partnership with local Housing Associations to support an adapted housing register. The 'Adapt' scheme is managed by Coastal Housing Association and ensures available adapted properties are matched to households who need them.

4.4 The Housing Renewals and Adaptations service is continually looking to improve the delivery of DFGs and Council House Adaptations. Systems thinking has been employed to undertake a systems review aimed at streamlining processes. Caseworkers visit applicants in their own home to complete grant applications quickly following an enquiry for assistance and to provide welfare benefits advice to the applicant. Housing now employs its own Occupational Therapists to prevent delays in undertaking adaptation assessments and recommendations. The Council's National Performance Indicator for delivering Disabled Facilities grants (PAM/015) has improved from 340 days in 2015-16, to 240 days in 2017-18 and is now at 235 days for 2018-19.

4.5 An in-house Home Improvement Grant Agency service is offered and 95% of clients take up this service. The Grant Agency provide a high quality project managements service, managing the scheme from application stage through to completion and includes survey, preparation of drawings and schedules of work, procuring contractors, supervising works and arranging payments.

- 4.6 The Council operates and manages a Framework of Contractors that undertake adaptations works, with jobs allocated on a rotational basis. The framework evaluation and selection process utilised the Welsh Government public procurement Sell to Wales system, consisting of a robust two stage selection process where Contractors were appointed based on previous experience and proposals to deliver high quality adaptations works. References and financial standing, insurances, accreditations, health and safety, customer care and emergency call-out arrangements were all checked and verified prior to appointment of contractors to the framework. The contractors selected for the framework have their performance monitored and evaluated by officers in consultation with the client. Any poor performance can result in removal from the Framework.
- 4.7 A schedule of rates for all adaptation works is in place to ensure we maximise value for money and probity in the adaptation works provided.
- 4.8 The Grant Agency is in ongoing dialogue with the Planning Department to ensure delays in processing adaptations are minimised. We also liaise with Welsh Water to simplify processes and reduce timescales in obtaining over sewer agreements on larger extension adaptations.
- 4.9 Information to customers requiring adaptations is offered in a variety of formats and are published online, in leaflets and posters are placed in public information areas such as Civic Centre reception, libraries, GP surgeries.
- 4.10 Housing Renewal and Adaptations monitor the quality and performance of our adaptations by issuing a Customer Satisfaction Questionnaire to our clients. In 2017-18 98.5% were very satisfied or satisfied with the services provided.
- 4.11 The WAO review of Housing Adaptations and the recently commenced Commissioning review of Housing Services have identified a number of further improvements to be implemented within the adaptations service. These include improved online application provision, further improvements to the quality and formats of assistance information available, advertising our services to a wider target group and reviewing our customer satisfaction data to look more at outcome to the individual.

5. Equality and Engagement Implications

- 5.1 The Council is subject to the Public Sector Equality Duty (Wales) 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 Act.

- 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.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

5.2 An EIA Screening Form has been completed. There are no equality implications arising from the review as it reports on progress in implementing recommendations from a national examination of Housing Adaptations services in Wales.

5. Legal Implications

5.1 There are no legal implications.

6. Financial Implications

6.1 There are no financial implications.

For Information

Background papers:

Wales Audit Office Housing Adaptations in Wales report Feb 2018.

Welsh Government Housing Adaptation Service Standards Consultation document September 2018.

WAO Recommendations Tracker March 2019

Appendices : None

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Local Government Services to Rural Communities



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU



I have prepared and published this report in accordance with the
Public Audit (Wales) Act 2004.

The Wales Audit Office study team was managed by Nick Selwyn and comprised Steve Frank, Gareth Jones, Euros Lake, Sara Leahy, Martin Gibson, Philippa Dixon and Matt Brushett under the direction of Jane Holownia

Adrian Crompton
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

The Auditor General is independent of the National Assembly and government. He examines and certifies the accounts of the Welsh Government and its sponsored and related public bodies, including NHS bodies. He also has the power to report to the National Assembly on the economy, efficiency and effectiveness with which those organisations have used, and may improve the use of, their resources in discharging their functions.

The Auditor General also audits local government bodies in Wales, conducts local government value for money studies and inspects for compliance with the requirements of the Local Government (Wales) Measure 2009.

The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General.

© Auditor General for Wales 2018

You may re-use this publication (not including logos) free of charge in any format or medium. If you re-use it, your re-use must be accurate and must not be in a misleading context. The material must be acknowledged as Auditor General for Wales copyright and you must give the title of this publication. Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned before re-use.

For further information, or if you require any of our publications in an alternative format and/or language, please contact us by telephone on 029 2032 0500, or email info@audit.wales. We welcome telephone calls in Welsh and English. You can also write to us in either Welsh or English and we will respond in the language you have used. Corresponding in Welsh will not lead to a delay.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

Contents

Councils are not yet finding sustainable ways to help rural communities overcome the challenges they face and need to think and act differently	6
Our findings	9
Recommendations	10
Part 1 – Socio economic change, poor infrastructure and shifts in how key services and facilities are provided has resulted in the residualisation of communities in rural Wales	12
Demographic change and challenges in encouraging employment has impacted on the sustainability of communities and services	12
Poor infrastructure and changes in how key services and facilities are delivered has adversely affected rural communities	14
Citizens generally feel that key council services are not as available, affordable, accessible, adequate and acceptable as they used to be	17
Community Asset Transfers have increasingly been used by councils to save money but have not always resulted in sustainable solutions	20

Part 2 – Councils and their partners are not always responding effectively to the challenges faced by rural communities	22
The role of Public Service Boards is evolving but there are opportunities to articulate a clearer and more ambitious shared vision for rural Wales	22
Analysis of data to understand problems and agree appropriate solutions is poor	24
Councils are not always tapping into their communities to help them prioritise and deliver services	25
Whilst partnership working and collaboration is long established and can be effective, integration of services is limited	27
Managing and preventing demand is acknowledged as essential in maintaining services but progress is mixed	28
Councils and their partners need to improve their understanding of the impact their decisions have on people from different communities	30
Part 3 – To help sustain rural communities, councils and their partners need to think and act differently in the future	31
Appendices	35
Appendix 1 – Study Methodology	35
Appendix 2 – Defining ‘Rural’ Wales	36
Appendix 3 – Good practice case studies	37
Appendix 4 – Welsh Government Rural Proofing Tool questions	42

Councils are not yet finding sustainable ways to help rural communities overcome the challenges they face and need to think and act differently

- 1 Delivering fair and equitable public services and maintaining specialist provision in rural areas is challenging due to geography, distance, cost and scalability. A tradition of strong community resilience and a culture of self-reliance in rural areas, can often mask significant problems. The loss of the 'cornerstones' of village life such as banks, schools, and post offices and poor access to key infrastructure like public transport and superfast broadband can compound the challenge of sustaining public services in rural communities.

What we mean by 'Rural Wales':

There is no single agreed definition of a rural Wales. The classification used by Welsh Government defines roughly 20% of the overall Welsh population as living in rural areas. For the purpose of this study, and in line with the Welsh Local Government Association's rural policy forum, we classify nine authorities as rural, 11 authorities as semi-rural and two authorities as non-rural and urban.

PRIMARILY RURAL

- 1 Carmarthenshire
- 2 Ceredigion
- 3 Conwy
- 4 Denbighshire
- 5 Gwynedd
- 6 Isle of Anglesey
- 7 Monmouthshire
- 8 Pembrokeshire
- 9 Powys



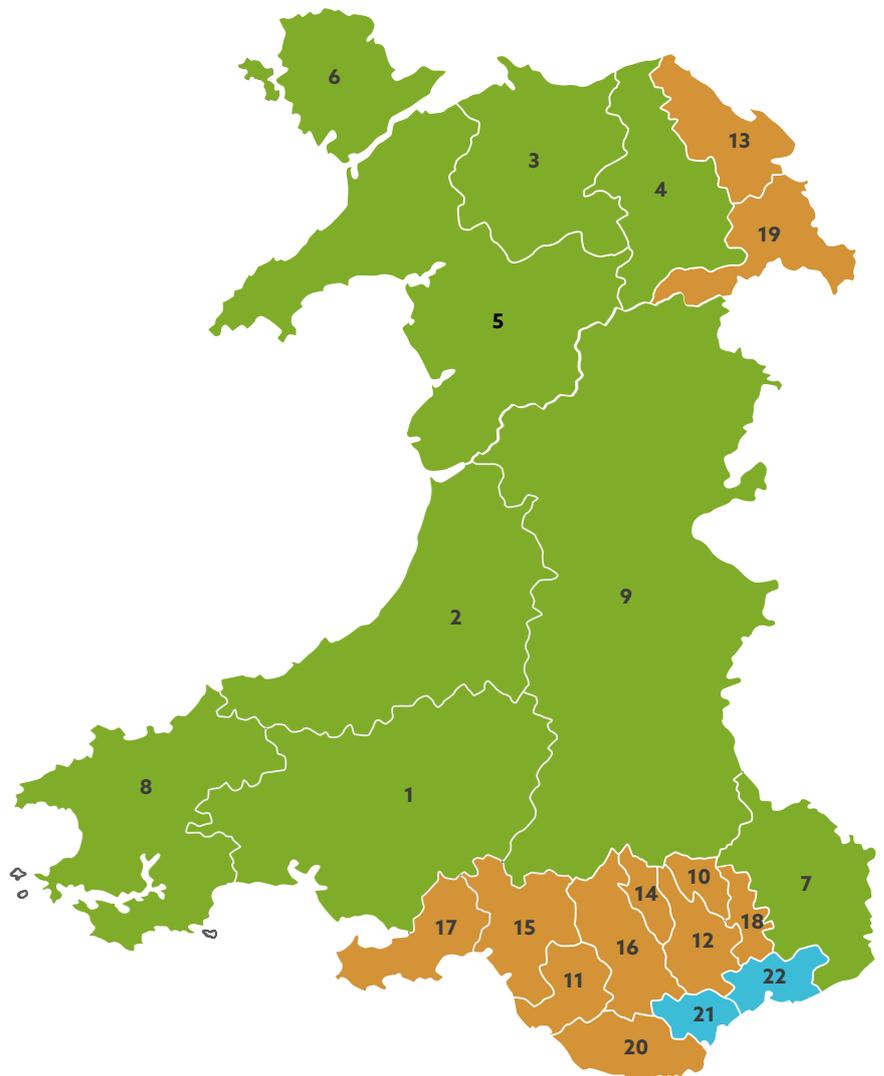
SEMI-RURAL/URBAN

- 10 Blaenau Gwent
- 11 Bridgend
- 12 Caerphilly
- 13 Flintshire
- 14 Merthyr Tydfil
- 15 Neath Port Talbot
- 16 Rhondda Cynon Taf
- 17 Swansea
- 18 Torfaen
- 19 Wrexham
- 20 Vale of Glamorgan



FULLY URBAN

- 21 Cardiff
- 22 Newport



- 2 Since 2010-11, councils have faced significant financial constraints. Net revenues from Welsh Government grants, business rates and collected council tax fell by 7.5% between 2009-10 and 2016-17 (excluding fees and charges), which is the equivalent to £529 million¹. The Welsh Local Government Association estimates that austerity has resulted in councils cutting spending by over £1 billion in real terms and 25,000 jobs being lost in councils since 2010-11². The impact of austerity on provision of services is resulting in councils facing tough choices and requires them to identify alternative service models and new ways of working to maintain and protect services.
- 3 Under its [Programme for Government 2016-2021](#), the Welsh Government has set an outcome of ‘Successful, Sustainable Rural Communities’. Under this outcome, there are specific targets and actions for public bodies, including local government³. This review assesses how local government directly provides services to rural communities, and how councils work with others, and considers whether they:
 - a have clear priorities for services to rural communities based on an understanding of needs and demands;
 - b are making best use of resources by, for example, developing new joint models of service delivery such as gateway services or joint service and community hubs;
 - c are making best use of facilities, co-location and/or transfer and use of assets;
 - d are supporting citizens to become more resilient and self-reliant; and
 - e are taking a longer-term place based view on how best to deliver services.
- 4 Our review methods are set out in [Appendix 1](#). Based on the findings of this audit, the Auditor General has concluded that **councils are not yet finding sustainable ways to help rural communities overcome the challenges they face and need to think and act differently.**

1 www.walespublicservices2025.org.uk/files/2017/11/Austerity-and-Local-Government.pdf

2 www.wlga.wales/local-government-settlement-the-war-of-attrition-continues-says-wlga

3 Priority 4 relates to public bodies supporting community-led projects, promote skills development, job creation, entrepreneurship, community energy, rural transport and broadband access. Priority five focuses on safeguarding social housing in rural communities by ending ‘Right to Buy’ and continuing to support the work of Rural Housing Enablers.

Our findings

- 5 For many people in rural Wales, it is a great place to live and work. However, reductions in public spending coupled with socio-economic change, poor infrastructure and ongoing public service delivery challenges are resulting in services being less accessible and effective compared to urban areas.
- 6 **Part 1** of this report examines the shifting face of rural Wales, looking at demographic challenges in providing services to dispersed communities in rural areas. The loss of the cornerstones of village life – banks and post offices for example – and poor infrastructure have adversely affected rural communities.
- 7 **Part 2** examines how public bodies are currently responding to the challenge of planning and delivering services in rural Wales. We find that public bodies who cover both rural and urban areas too often create and deliver services shaped by their urban context. Whilst there are significant variations in the local environment, policy choices and councils' operational structures, there is also a steady drift towards standardisation and centralisation based on a perception of being able to manage costs and increase efficiency. Public bodies continue to deliver a 'one size fits all approach' which is creating and reinforcing 'rural inequality'⁴.
- 8 Finally, **Part 3** concludes that with fewer resources, rising demand and complex delivery challenges, public bodies need to work together in deciding how they set priorities and deliver frontline services if they are to meet the long-term needs of citizens. From our review we have identified there are opportunities to do things differently and to provide solutions that can better meet the future needs of rural Wales. Key to addressing this challenge is to make a reality of co-ordinated and integrated services to maximise both the use of resources and the quality of service delivery. This requires liaison and co-operation between public, private and voluntary sector providers, including the development of multi-purpose, cross-sector hubs. Public bodies also need to do more to equip citizens and communities to become more resilient and self-reliant as public finances continue to reduce.

4 By rural inequality, we mean the real and perceived imbalance and difference in the quality, accessibility, and affordability of service provision in rural areas compared to urban ones. Not only can a 'one size fits all' approach stifle innovation, it can work against current policy shifts towards personalisation of services, particularly in social care. An over generalised view of service demand and people's needs can hinder the targeting of increasingly scarce resources and impede prevention activity. It can restrict people's personal choices. A 'one size fits all' approach is not a solution to policy variance and inconsistencies in services.

Recommendations

9 We have made recommendations for improvement and these are set out below.

Recommendations

- R1 Socio economic change, poor infrastructure and shifts in provision of key services and facilities has resulted in the residualisation of communities in rural Wales. (See paragraphs 1.2 – 1.16) **We recommend that Welsh Government support public bodies to deliver a more integrated approach to service delivery in rural areas by:**
- refreshing rural grant programmes to create sustainable financial structures, with multi-year allocations; and
 - helping people and businesses make the most of digital connectivity through targeted and more effective business and adult education support programmes.
- R2 The role of Public Service Boards is evolving but there are opportunities to articulate a clearer and more ambitious shared vision for rural Wales (see paragraphs 2.2 to 2.9 and 2.28 to 2.31). **We recommend that PSB public services partners respond more effectively to the challenges faced by rural communities by:**
- assessing the strengths and weaknesses of their different rural communities using the Welsh Governments Rural Proofing Tool and identify and agree the local and strategic actions needed to support community sustainability; and
 - ensuring the Local Well-Being Plan sets out a more optimistic and ambitious vision for ‘place’ with joint priorities co-produced by partners and with citizens to address agreed challenges.
- R3 To help sustain rural communities, public services need to think differently in the future (see paragraphs 3.1 to 3.12). **We recommend councils provide a more effective response to the challenges faced by rural communities by:**
- ensuring service commissioners have cost data and qualitative information on the full range of service options available; and
 - using citizens’ views on the availability, affordability, accessibility, adequacy and acceptability of council services to shape the delivery and integration of services.

Recommendations

- R4 To help sustain rural communities, public services need to act differently in the future (see paragraphs 3.1 to 3.12). **We recommend councils do more to develop community resilience and self-help by:**
- working with relevant bodies such as the Wales Co-operative Centre to support social enterprise and more collaborative business models;
 - providing tailored community outreach for those who face multiple barriers to accessing public services and work;
 - enhancing and recognising the role of town and community councils by capitalising on their local knowledge and supporting them to do more;
 - encouraging a more integrated approach to service delivery in rural areas by establishing pan-public service community hubs, networks of expertise, and clusters of advice and prevention services;
 - enabling local action by supporting community asset transfer identifying which assets are suitable to transfer, and having the right systems in place to make things happen; and
 - improving community-based leadership by developing networks of interest, training and coaching, and encouraging volunteering.

Part 1 – Socio economic change, poor infrastructure and shifts in how key services and facilities are provided has resulted in the residualisation of communities in rural Wales

1.1 Public services are key to helping and protecting citizens, and traditionally focus on solving problems. However, there are a host of challenges that face the Welsh public sector in the 21st century. In this part of the report, we consider the implications of the shifting face of rural Wales looking at the impact of population, employment and housing changes in the recent past. We also consider the infrastructure challenge of providing public and other services to dispersed communities in rural Wales – the quality of roads, access to broadband and the provision of key services such as banks and post offices. We also consider citizens views on local public service provision and recent changes. These challenges are often interconnected, defining the operating environment in which public bodies deliver services.

Demographic change and challenges in encouraging employment has impacted on the sustainability of communities and services

Rural communities are ageing more quickly and the rate of new household formation slowing than other parts of Wales

1.2 Demographic changes are increasing pressure on already stretched public services such as social care as demand for services increase. Depopulation and an ageing society in remoter rural areas is also resulting in local services becoming less viable. The demography of rural Wales and, in particular, the growing number of older people, has implications for the future of public service provision – for example increasing demand on social care and housing services. Between 2012 and 2016 all nine primarily rural councils have seen a reduction in the number of people aged under 18 and an increase in the number of people aged over 65. Whilst all rural areas will see the number of households in their area increase by 2035, eight of the nine primarily rural authorities will see new household formation at levels lower than the Welsh average. Daffodil⁵ forecasts that this trend will continue for the next 20 years.

5 Daffodil is a web-based system developed by the Institute of Public Care for the Welsh Government, which pulls together in one place the information needed to plan care, support and housing services in the future.

The lack of well paid jobs and difficulties creating and maintaining employment has encouraged younger people to move away

- 1.3 Our analysis highlights that, in some aspects, the economy of rural Wales is performing well. The employment rate in primarily rural authorities has seen a greater increase since 2007-08 than other parts of Wales, and all rural areas (with the exception of Ceredigion) at levels above the Welsh average. Overall, fewer people in rural Wales are economically inactive, unemployed or in receipt of welfare benefits than other parts of the country⁶.
- 1.4 Despite these changes, rural Wales faces some significant economic challenges. Developing and sustaining a high skills economy can be difficult because the labour market is relatively small and there can often be a mismatch between having a workforce with the right skills to attract inward investment. New businesses are less prevalent in rural than urban areas. Whilst six of the nine primarily rural authorities have seen more businesses created than closed in 2016, the rate of growth has been gradually reducing since 2013 and the number of active business enterprises per 10,000 population fell in eight of the nine primarily rural authorities between 2008 and 2016.
- 1.5 Most communities in Wales have seen average (mean) gross weekly earnings increase since 2012, but seven of the nine primarily rural authorities have average weekly wages below the overall Welsh average and in Pembrokeshire, wages have fallen⁷. Comparatively, rural Wales has lower wages and the gap between the counties with the lowest and highest average earnings is widening.
- 1.6 The economy of rural Wales is heavily geared towards self-employment and smaller businesses. In 2016-17, self-employment levels in the nine primarily rural authorities were above the Welsh average. Only one other authority (Torfaen) is above the Welsh average⁸. Data published by the Office of National Statistics show that a greater proportion of the workforce are employed in micro (between 1 and 9 employees) and small (between 10 and 49 employees) businesses in rural Wales than other parts of the country⁹. For example in 2017, 40.1% of the workforce in Powys worked in micro businesses compared to 13.8% in Cardiff.

6 www.nomisweb.co.uk/articles/1048.aspx

7 <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/People-and-Work/Earnings/averageweeklyearnings-by-welshlocalareas-year>

8 <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/Businesses/Business-Demography>

9 www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/bulletins/ukbusinessactivitysizeandlocation/2017

- 1.7 Research shows that young people in rural areas are more likely to be in low paid work, insecure employment or working within smaller firms than their urban counterparts. A particular challenge for young people is the difficulty in progressing in work due to the concentration of small firms, which offer limited opportunities for young people to upgrade their skills and progress. Consequently, this results in young people feeling that they are being ‘pushed’ away from rural areas because of the lack of opportunities and lower wages, and ‘pulled’ to urban areas because they have better job opportunities, progression prospects and higher salaries¹⁰.

Poor infrastructure and changes in how key services and facilities are delivered has adversely affected rural communities

- 1.8 A well-connected and good quality road network, regular and inexpensive public transport, affordable housing, accessible public and private services and excellent broadband coverage are key pre-requisites of creating sustainable rural communities. These building blocks connect people to the services they need so they can thrive and grow. But citizens we surveyed raised concerns that the foundations of rural life, the things that contribute to making their community a great place to live and work, coupled with the impact of public funding cuts and continuing economic uncertainty, have changed their communities in recent years, and not always for the better.

Poor transport infrastructure has affected citizens ability to access facilities, services and work

- 1.9 Whilst the quality of roads are improving across Wales, authorities in rural Wales have the poorest quality roads¹¹. Rural authorities also disproportionately cover the bulk of the Welsh road network with 66.3% of roads in the nine primarily rural authorities. Some 56% of Town and Community Councils responding to our survey rated the condition of roads as in poor condition, a finding echoed by 31% of citizens who replied to our survey.

¹⁰ www.dera.ioe.ac.uk/15199/1/Barriers-to-education-employment-and-training-for-young-people-in-rural-areas.pdf
¹¹ <https://statswales.gov.wales/Catalogue/Transport/Roads/Lengths-and-Conditions>

1.10 Research by the Campaign for Better Transport shows that whilst most councils in Wales maintained or increased investment between 2010-11 and 2016-17, they still reduced their expenditure on local bus routes by £5.1 million (24%). The largest increase was in Powys, where the budget increased by roughly £690,000 and the largest cut in Gwynedd, where the budget reduced by over £1 million¹². Respondents to both our public and Town and Community Council surveys noted that public transport is less available than in the past and fear this decline is set to continue. Citizens cited Powys, Monmouthshire and Ceredigion as the areas with the least accessible public transport. Town and Community Councils across Wales similarly highlighted a decline in the availability of public transport with 50% of respondents stating services had decreased in their community.

Citizens are being prevented from accessing and using public services because of poor broadband coverage

1.11 Superfast broadband is essential for consumers and businesses. It can help improve access to information, advice and help for citizens, and support public bodies to channel shift services to make it easier for citizens to access and use them but also to increase efficiency and create savings. Digital services also allow businesses to provide flexible working for employees so that they can work from home and access company systems remotely, saving costs and reducing carbon footprints.

1.12 The UK has poor broadband infrastructure, Wales has the poorest broadband links in the UK and rural areas in Wales the poorest access to services. An analysis of over 63 million broadband speed tests worldwide revealed that the UK sits in 31st place, with an average speed of 16.51 Mbps¹³. Seven of the ten wards in Great Britain with the lowest average download speed are in Wales and located in Gwynedd, Powys, Monmouthshire, Carmarthenshire and Pembrokeshire¹⁴.

1.13 The findings of our Town and Community Council survey echo these conclusions. A number of respondents commented on poor superfast broadband speed and ongoing difficulties accessing online information, completing forms and applications. The result is that rather than improving access to services, poor broadband coverage is resulting in services becoming less available and accessible especially as councils are increasing their provision of online services.

¹² www.bettertransport.org.uk/sites/default/files/research-files/2010_final_buscuts.pdf

¹³ The data rates of modern residential high-speed Internet connections are commonly expressed in megabits per second (Mbps). www.docs.google.com/spreadsheets/d/1A8LDcCLY3HN5Oqys6VxB0ug8xgroDADVIA2BeAF_tSM/edit#gid=0

¹⁴ www.researchbriefings.files.parliament.uk/documents/SN06643/SN06643.pdf

Bank and post office closures have adversely affected many Welsh communities

1.14 The growth in online and mobile services have seen a reduction in banks and post offices. Research by Which estimates that 93 banks have closed since 2015¹⁵. Of these, 50 banks closed in the nine rural authority areas, 36 in mixed urban/rural and six in urban authority areas. Powys has seen the largest number of closures in Wales with the loss of 11 banks since 2015. Post office provision has similarly fallen across all Welsh communities since 2007¹⁶. Research by Deloitte¹⁷ and by Move your money¹⁸ highlight that the majority of closures happen in areas that are more dependent on bank and post office branches and most likely to be adversely affected by their shutting. For example, Deloitte classifies many areas of rural Wales as ‘declining rural communities’ who will experience further closures because of ‘shrinking footfall and reduced demand for financial products and services’.

There have been difficulties in developing and accessing housing in some rural areas

1.15 More people own their home than rent in rural areas. The nine primarily rural authorities have levels of owner occupation equal to or greater than the Welsh average but levels of social housing – rented from a housing association or council – are, overall, below the Welsh average¹⁹. House prices are also generally higher in rural areas than in urban communities. For example, in May 2018 six of the nine primarily rural counties recorded average sale prices in excess of the Welsh average of £148,894²⁰. In recent years, new house building in rural Wales has mostly remained static but in four of the nine primarily rural authorities – Isle of Anglesey, Denbighshire, Monmouthshire and Powys – new dwelling construction has fallen²¹.

15 www.which.co.uk/news/2017/04/mapped-the-482-bank-branches-closing-in-2017/

16 Post Office Limited Network Report 2017; and www.researchbriefings.files.parliament.uk/documents/SN02585/SN02585.pdf

17 www2.deloitte.com/content/dam/Deloitte/uk/Documents/financial-services/deloitte-uk-bricks-and-clicks.pdf

18 www.drive.google.com/file/d/0BxHxIVSxtvx2YVRtLTZDdkl0a0E/view

19 <https://stats.wales.gov.wales/Catalogue/Housing/Dwelling-Stock-Estimates/dwellingstockestimates-by-localauthority-tenure>

20 <https://www.gov.uk/government/publications/uk-house-price-index-wales-may-2018/uk-house-price-index-wales-may-2018>

21 <http://gov.wales/statistics-and-research/new-house-building/?lang=en>

1.16 Citizens responding to our survey highlighted the availability of housing, especially for younger people, the lack of affordable housing and rising house prices as growing problems. Welsh Government has supported authorities to create Rural Housing Enabler²² (RHE) posts to assist development of housing in rural communities. Despite investing in this important role, the supply of new affordable housing has not significantly increased and a recent report highlighted that ‘the dilemma facing all those involved in the RHE project is that delivery of rural affordable housing remains low’²³.

Citizens generally feel that key council services are not as available, affordable, accessible, adequate and acceptable as they used to be

- 1.17 Citizens we surveyed believe there has been a decline in council services in the last five years. According to 43% of citizen survey respondents, council services have got worse over the past five years, compared to 39% who state there is no change. Only 10% say services have improved. 24% note that council services they use have been stopped and 10% that services are now restricted. Just under half of citizens responding to our survey said that the council services they use are unaffordable to them.
- 1.18 Despite recognising that things need to change, citizens’ reaction to alternative service delivery models is mixed. Just under half are open to the idea of encouraging communities to run services themselves, particularly those in younger age groups. However, whilst residents accept the need to deliver future services differently, roughly seven in ten survey respondents still want council services delivered as they are now.
- 1.19 With increasingly constrained budgets, citizens are less positive about the future of public services. Only 29% agree that their local council will be able to deliver high quality services in the future but most citizens responding to our survey are unwilling to pay more council tax. Town and Community Councils responding to our survey support these conclusions, in particular, that the cost of council services have increased and become less accessible and available.

22 Rural Housing Enablers work with rural communities to identify local need for affordable homes and then work with the local community to find a suitable opportunity to develop housing.

23 <http://rhewales.co.uk/images/user/Evaluation%20Rural%20Housing%20Enablers%20Wales%20Final%20Report%202014.pdf>

Exhibit 1: the impact of service change on citizens and communities in rural Wales

Citizens and town and community councillors have seen a reduction in public services in rural Wales.

Comments from Citizens on changes to public services



Comments from Town and Community Councils on changes to public services.

'Low percentage of people are internet users and there is limited public transport.'

'Elderly people and young people are disadvantaged by lack of locally available facilities and the reliability of public transport, which is both inefficient and infrequent.'

'Closing of library services has made it more difficult for people to pay council tax and council house rent.'

'People without their own transport cannot get to work using public transport on time. School buses often late. Young people looking for work whose parents do not drive do not find work easy. They cannot afford or are unable to travel far for work. Lack of bus service no chemist no local doctor no library living rural now means being cut off more especially for the sick or elderly.'

'No public transport and no services in the area other than what is put on my community in the village hall. So anyone who can't drive is not able to access services.'



Community Asset Transfers have increasingly been used by councils to save money but have not always resulted in sustainable solutions

- 1.20 With less money available to maintain key assets – for example, community halls, playing fields and changing rooms – councils are closing or selling off community assets to balance the books. In rural areas, these facilities are often key components of village life, the things that help communities to thrive and survive. Rather than closing amenities, one option for councils is to pursue a Community Asset Transfer (CAT)²⁴. Consequently, the approach to CAT is indicative of how well public bodies support and encourage communities to do more for themselves and protect services.
- 1.21 We found that more community asset transfers are happening. Twenty five percent of those responding to our Town and Community Council survey stated they have been involved in the transfer of open spaces, 19% the transfer of a village or community hall, 9% of bus shelters and 2% of streetlights. In Neath Port Talbot, the council has transferred 55 assets including eight community centres and nine libraries into community control and is supporting the development of social enterprises. Research by Locality²⁵ concluded that the public bodies who are good at transferring assets have some common features. Namely, good quality and supportive guidance with short end-to-end processes for overseeing and approving cases. Critically, the success of transfers is founded on shared responsibility; both from the council transferring the asset, but also the community group and the body taking on responsibility.

²⁴ CAT involves the transfer of ownership or management of land and buildings and represents an opportunity for public bodies to sustain services, and help rural communities develop greater self-resilience.

²⁵ <http://locality.org.uk/services-tools/support-for-community-organisations/ownership-and-management-of-land-and-buildings>

- 1.22 We are concerned that councils are not always doing all they can to ensure a smooth handover and create a sustainable legacy. For instance, councils could do more to build capacity in their communities to be able to take on and successfully sustain assets. Only seven councils, of which four are primarily rural, provide capacity building, training, mentoring, and financial support to community groups and potential transferees. Only 15% of those Town and Community Councils responding to our survey who have taken on responsibility for an asset, received some form of financial assistance from their council, and only 10% ongoing support after transfer. For the bulk of assets transferred, Town and Community Councils take the asset in good faith and often feel they have to take on the transfer even when they do not have the skills, capacity or resources to maintain the asset.
- 1.23 CAT policies and business case templates often lack detail on the criteria used to decide on transfers, in particular demonstrating financial health and proven record of accomplishment is often overlooked or not detailed. Only five councils signpost expert guidance on CATs aimed at community groups produced by Welsh Government²⁶ and others. Applicants are often not required to set out how service provision will change or the impact of the transfer on protecting and promoting the Welsh language. Too often councils operate a 'one size fits all' approach and do not differentiate between the size of asset to be transferred. Generally, councils initiate and encourage the transfer but the risks associated with taking on an asset are not always transparently set out. Councils often do not require a business case nor do they have an equality impact assessment to support the disposal.
- 1.24 See our more detailed report on [Community Asset Transfers](#).

26 The Welsh Governments Best Practice Guide provides good information and helpful resources to encourage councils to collaborate with community groups to both build capacity and enable successful transfers: <http://gov.wales/docs/dsjlg/publications/comm/160310-community-asset-transfer-env2.pdf>.

Part 2 – Councils and their partners are not always responding effectively to the challenges faced by rural communities

2.1 In the preceding section, we have highlighted the difficulties that councils and their partners face, and need to overcome, in providing services to rural communities. The infrastructure gap facing our villages and rural communities is not only physical or digital; it is social and public. The renewal of rural Wales depends on public bodies working strategically and smartly together to understand and address these gaps. Individual agencies alone cannot solve problems. In this part of the report, we review how councils and their partners plan to support and sustain their rural communities in the future, through the work of Public Service Boards (PSBs). We review the quality of needs assessments, the effectiveness of partnership arrangements, the impact of consultation and engagement with citizens in setting priorities and actions, and the approach to collaboration and service integration. The section concludes with an assessment of how public bodies evaluate impact in deciding future choices.

The role of Public Service Boards is evolving but there are opportunities to articulate a clearer and more ambitious shared vision for rural Wales

2.2 Under the Well-being of Future Generations Act 2015 (the 'Act'), partnership arrangements in Wales are changing. The creation of PSBs helps to strengthen joint working across all public services. PSBs are required to complete assessments of local wellbeing and identify areas where the PSB can have the biggest collective impact (towards the well-being goals) by working together. PSBs therefore offer the opportunity to move from multiple organisation planning and silo working to the creation of single place based strategies.

- 2.3 We identified some positive approaches that are creating a well-articulated vision for the future. For example, Monmouthshire's People Place Prosperity Strategy²⁷ recognises the different communities within the county and how meeting needs, and demand varies, is specific to local communities and requires different responses. In comparison however, some PSBs continue to deliver a one size fits all approach based on universal eligibility and centralised delivery models. Wellbeing Assessments and Plans have a number of shortcomings when considering rural areas. Too often, they act as a plan to make a plan and have not moved from analysing the current situation to actually setting out a shared vision underpinned by actions to make things better. Actions in the Wellbeing Plans we examined are very broad and it is often not clear who will do what or how services in rural areas will become more adequate, accessible, available, affordable, or acceptable.
- 2.4 Opportunities to collaborate and integrate services to maximise impact and make best use of resources are under developed or not pursued. Despite working together in recent years, key PSB partners have not clarified what they have learnt so far by looking at what works well and why. Wellbeing Assessments we reviewed did not consider future spending and the opportunities to pool budgets. In addition, service capabilities, impacts of prevention work, options for improvement, and information on spending and budgets are often lacking in Assessments.
- 2.5 PSBs do not always assess the capabilities of current services nor identify the contribution the private and third sectors can make. Social enterprises, which offer a community led response to the challenge of residualisation, are a particularly important option that PSBs should support, but their role is mostly overlooked. The establishment or involvement of social enterprises is not without challenge or risk – there is a mixed record of accomplishment of success and councils have examples of lost time and money trying to support them.
- 2.6 Nonetheless, with increasing pressures on the public purse and a commitment by policy makers to design services around the needs of citizens, it is clear that the private, third and social enterprise sectors have an important and growing role to play. They offer flexibility to harness and improve quality and achieve innovation, but PSBs need to integrate services at the point of delivery to identify and support the most appropriate response, be it from the public, private, or third sector, including social enterprises.

27 <https://democracy.monmouthshire.gov.uk/documents/s13975/180418%20Draft%20Social%20Justice%20Strategy%20V5%20Appendix%20A%20180502.pdf>

2.7 PSBs have much to do in order to improve relations with Town and Community Councils. Only 11% of Town and Community Councils responding to our survey indicated that they had a good working relationship with their PSB, compared to the 66% of respondents who felt that they had a good working relationship with their council. Almost a third of Town and Community Council respondents indicated they did not understand the role of PSBs.

Analysis of data to understand problems and agree appropriate solutions is poor

2.8 PSBs are using data to understand the challenges they need to address and to review past performance. Some PSBs – Pembrokeshire, Ceredigion, and Carmarthenshire PSBs – are also collaborating and have joint wellbeing guidance, a Joint Methodology Framework, and actively share reports, data and information. Several PSBs are planning to map all service and community assets – for example, Pembrokeshire, Ceredigion, Neath Port Talbot, Swansea, and the Vale of Glamorgan – to identify how best to collectively optimise asset use and delivery of services. Pembrokeshire, Powys and Conwy and Denbighshire PSBs also have information strategies to improve how they collect and analyse data.

2.9 However, we also identified some common weaknesses in current approaches. The root cause of problems in different communities are not identified because data is often collected, managed and analysed in silos and/or at a county level only. This can result in organisations overlooking the different challenges in diverse rural areas. Councils recognise that their data is not robust and has limitations, and that they do not have the right skills nor capacity to make the best use of data.

2.10 There is little demonstration of how public bodies understand the diverse nature of their rural communities. For example, in those Wellbeing Assessments and Plans that mention rural matters, infrastructure is a common area for improvement, but Plans contain few specific actions or steps to improve infrastructure, such as actions to improve roads and cycle ways, integrate public transport and extend broadband networks.

Councils are not always tapping into their communities to help them prioritise and deliver services

- 2.11 Involving partners and the public in developing and shaping the services they provide and receive can have a wide range of benefits: for public bodies, the public involved and society more widely. Engaging key groups at an early stage can help shape delivery choices so the services provided are more meaningful and useful to the people who use them, and will consequently make a more positive impact. Good communication and engagement can also stimulate interest and encourage people to become more involved in shaping and delivering services.
- 2.12 Several Wellbeing Assessments identify the potential for social capital²⁸ and volunteering. Powys PSB recognises that many people are willing to volunteer, and the focus on encouraging social capital in Monmouthshire's Wellbeing Plan is a particular strength that can be built on. The findings of our citizen's survey highlight the potential benefit of social capital with roughly half of the people we surveyed open to the idea of encouraging communities to run services themselves, particularly those in younger age groups (61% of 16-34 year olds).
- 2.13 Engagement work is often via established channels. For example, in tackling loneliness and isolation in rural areas, community involvement has involved traditional 'set piece' events, online consultation, and some basic social media shout outs. Where engagement happens, it is mostly focused on one-off issues rather than driving a fundamental shift in approach. Other ways of engaging and involving the public are not regularly pursued; for instance using a programme of targeted surveys of a representative cross section of the community, annually posting surveys with council tax bills or other correspondence, and examining common themes from correspondence and community contact over the last few years.

²⁸ Social capital is the economic resources obtained from interactions between businesses or public bodies and individuals or networks of individuals.

- 2.14 A number of public bodies have sought to improve public engagement by developing corporate standards and approaches. These include:
- a Gwynedd County Council's central engagement team's internal guidance and toolkit to support services in engaging with service users and communities, and its citizen-focused approach under the Ffordd Gwynedd principle.
 - b Dyfed Powys Police and Pembrokeshire Coast National Park Authority have established 'customer service excellence standards' and monitor service provision against these, which enables the service to address problems as they are identified.
 - c the Isle of Anglesey County Council in collaboration with Medrwn Mon's Community Voices project (a third sector initiative) engages with people with protected characteristics in reviewing services. In addition, the council's Engagement and Consultation Board is also mapping approaches to engagement to determine what works and why to provide further resources that support relevant engagement activities.
 - d the Vale of Glamorgan Council's approach to community engagement using a community mapping tool, although at the time of our review this had only been undertaken in four communities and not rolled out to all communities in the rural areas.
 - e the Welsh Government funded LEADER programme that encourages empowerment through local strategy development and resource allocation. Currently there are 18 Local Action Groups in Wales covering eligible wards in 21 Local Authority areas²⁹.
- 2.15 A strong and clear message from citizens is that councils are not good at communicating their vision of future services to communities so that people know what will be available, and what role the community itself can play. Most residents have not been given the chance to voice their opinions. Our citizen survey finds the majority of respondents' (83%) had not completed a survey or been asked for their views on the services they have used in the last 12 months.
- 2.16 Our findings suggest that Town and Community Councils are not being utilised to understand need, which is concerning given their strong links to village life in many remote and very rural areas of Wales. Very few indicate that their local authority or PSBs consult them in order to understand residents' needs. Only 30% of Town and Community Councils responding to our survey contributed to consultation activity to identify local needs in their area and only 7% in setting the priorities of their PSB. Similarly, a number of stakeholders we interviewed commented that engagement with the private sector and business community is not always effective.

²⁹ <https://gov.wales/topics/environmentcountryside/farmingandcountryside/cap/ruraldevelopment/wales-rural-development-programme-2014-2020/leader/?lang=en>

Whilst partnership working and collaboration is long established and can be effective, integration of services is limited

- 2.17 We found that most public bodies acknowledge that they do not have the capacity, resources or skills to respond to the needs of rural communities and know that they need to work differently and with others. With dispersed communities across much of Rural Wales and the new focus of the Act on combined service delivery options to address needs, there is an expectation that colocation, partnership working, and collaboration will increasingly become the standard model for delivering services, and a catalyst for integration of services.
- 2.18 Whilst councils recognise the value of joint and integrated working, they are not always organising and coordinating their work to make the best use of their expertise or realise the benefits that integration can bring. Rather, public bodies continue to focus on their own responsibilities, not the wider challenge of how public services collectively work together in an area.
- 2.19 For example, public bodies continue to operate out of separate buildings and run their own websites with their own information about their services and activities. Mapping provision is taking place but has not extended to reviewing current service delivery to identify options for co-location and integration. Collaboration is often based on opportunity or one-off relationships and not driven by place-based change or design.
- 2.20 Emergency services (Police and Fire) generally find working with other emergency services easier, but are less able to influence partnership working with other public bodies. Similarly, councils find it easier to engage with some bodies and agree joint priorities for action, for example housing associations, than others such as health boards. Regional arrangements have the potential to manage the effects of changing patterns of demand for services by sharing and integrating increasingly scarce resources and expertise. Our findings are consistent with the recent Parliamentary Review of Health and Social Care in Wales that found that the current pattern of health and social care provision is not fit for the future and emphasises the need for change³⁰.

30 <https://gov.wales/docs/dhss/publications/180116reviewen.pdf>

2.21 We did identify some good joint initiatives in rural areas such as the Rural North Flintshire Family Centre, integrated health and social care in the rural community of Llanrwst in Conwy County Borough, and the Health Challenge in Denbighshire. However, these are largely one-off initiatives rather than a fundamental shift in delivery with shared budgets, joint resourcing, integrated posts and delivery bases.

Managing and preventing demand is acknowledged as essential in maintaining services but progress is mixed

2.22 Preventing unnecessary and avoidable demand for services represents good value for money. Demand management can be a starting point for public service providers as they balance delivery of services that meet the needs of citizens with fewer resources at their disposal. To work, it requires collaboration, longer-term thinking, and an insight into how best to deliver services embracing new ways of working³¹.

2.23 Currently, too much prevention activity in rural areas centres on 'one off' approaches to reduce demand or prevent service requests. For instance, services are often located in main urban areas or larger towns, which can result in people living in more remote rural areas not using them because of their location and poor transport links. On paper, services appear accessible and configured to address need, but in reality, more dispersed rural communities do not use them.

2.24 Another common limitation in prevention activity we reviewed is its short-term nature, partly a reflection of funding cycles and annual grants. Likewise, weak evaluation of the wide variety of initiatives and limited sharing of project learning means there are risks to the sustainability of prevention projects by replicating problems and potentially duplicating efforts. In line with a public body's statutory responsibility, services are often designed to reduce risk, but focusing on this rarely leads to demand being addressed. Professionals can label service users and define their needs but this can overlook underlying problems. Consequently, demand escalates before there is an intervention because public bodies pass responsibility for addressing issues back and fore.

³¹ Appendix 10 of our report on [managing demand – homelessness](#) sets out some clear principles to help shape management of demand that can be applied to provision of services to rural areas.

- 2.25 The other part of the demand equation is supply, and the availability of qualified staff is one area where services are increasingly overstretched. National organisations we spoke to told us about recruitment problems in qualified primary school teachers, family doctors, planners and Welsh-speaking carers. A shortage of on-call retained fire fighters is leaving some stations in rural areas potentially under-resourced. Currently there are more than 400 on-call retained fire fighter vacancies across the three Welsh Fire and Rescue Authorities.
- 2.26 We found some positive approaches where organisations are preventing demand and increasing access to services. These include Mid and West Fire and Rescue Authority who use their Safe and Well Home safety checks, and risk based commercial inspections, to help people in rural communities. Similarly, Dyfed Powys Police Farmwatch project, a neighbourhood-policing project with a rural focus, which we highlight as good practice in [Appendix 3](#).
- 2.27 Other approaches to prevention and managing demand look to develop greater self-reliance in citizens, with public bodies looking to equip people to address their own problems. Self-sufficiency is often highlighted as central to rural life and there is a perception that rural communities are more resilient and need less support than urban areas. This is important because prevailing images of rural areas are often polarized as both declining and stagnant or alternatively that rural areas are picturesque and self-sufficient.
- 2.28 A few authorities actively test this perception highlighting community resilience, volunteering, and developing social capital as key strands of work. For example, the Future Monmouthshire programme includes a high-level vision of shifting the focus from direct provision to enabling communities and empowering citizens to do more for themselves. However, as noted in Part 1 of this report, the ageing profile of the rural population and the continuing outward migration of young people, and inward migration of older people,³² as well as volunteers' longer-term engagement or 'enthusiasm' can be lost through burn-out or competing commitments, raises challenges in creating greater self-sufficiency.

32 See <http://www.wales.nhs.uk/healthtopics/populations/ruralhealth>

Councils and their partners need to improve their understanding of the impact their decisions have on people from different communities

- 2.29 There is variable practice in how councils seek to understand and demonstrate the impact, or potential impact, of their decisions and services on citizens. Most councils undertake, for example, Human Rights Act, Legal, Equality and Welsh language risk/impact assessments when implementing new policies and plans or revising existing documentation. However, these tend to consider services at a council-wide level and do not look at the different needs of different communities. In addition, we also found very few examples of public bodies using the Welsh Governments Rural Proofing Tool in revising or developing services (see [Appendix 4](#)). Too often, this results in a single broad-brush analysis that can overlook and ignore differences.
- 2.30 Generally, councils often lack the data and evidence to judge the impact of their work on different rural communities, or to identify what works and how they can improve. Councils with larger urban areas and dispersed rural communities are particularly challenged by the one-size fits all approach to evidence and evaluation. Focusing on county level data to identify need and scrutinise performance does not provide the detail needed to shape services to the different rural communities.
- 2.31 Many organisations do not see rural issues as a distinct policy area. This is particularly applicable to those we have classed as mixed urban/rural councils. The impact of service change follows a one-size fits all approach centred on the ease of delivering services from larger centres. Moreover, because councils with a mix of larger urban centres and dispersed rural communities have not used the Welsh Governments Rural Proofing Tool to help shape context, this can result in an over emphasis on urban need and urban solutions.
- 2.32 Consequently, some councils are not focusing on rurality as a policy or delivery strand despite containing significant rural areas and rural communities. For instance, whilst public bodies like Neath Port Talbot understand the challenges facing people across their different communities, public service partners have mostly prioritised future work in the main urban areas of Neath, Aberavon and Port Talbot. Officers and members recognise that priorities for these areas may not be suitable for more rural and valleys communities.

Part 3 – To help sustain rural communities, councils and their partners need to think and act differently in the future

- 3.1 The way services are provided to communities, villages and towns in rural Wales needs to change. With significant cuts in public funding, councils have focused on to ‘salami slicing’ budgets and reducing non-statutory services. However, increasingly councils are reflecting that ‘more of the same’ is not a sustainable long-term response.
- 3.2 The policy direction of the Welsh Government is encouraging a rethink of the local public service model. Regional partnerships such as the Growing Mid Wales partnership covering Ceredigion and Powys County Councils, draw together local businesses, academic leaders and national and local government to create a vision for future growth. Shifting delivery to regional bodies is based on the view that a more systematic integrated response to problems is both possible and desirable. It also supports the integration of some local services, shifting investment away from a reactive service model towards more community-based and preventative solutions.
- 3.3 The evidence from our review highlights that councils alone cannot effectively solve the problems of rural Wales. A collaborative approach between public services working together with their communities and doing things differently is required. To achieve this, councils and their partners need to think and act differently, working together to build capacity, social capital and encourage communities and citizens to do more for themselves. Co-location and integration also needs to become the standard operating model going forward.
- 3.4 A place-based approach is therefore a good starting point in thinking about how best to reshape delivery of public services. Such an approach moves the debate from lots of separate and distinct front doors into individual services to a single front door, or gateway, to access public services. Taking such an approach places the citizen and community at the centre of service design because it allows public bodies to focus on the individual and their needs rather than organisational or professional boundaries.
- 3.5 This model sits well with provision in rural areas in a time of austerity because the cost of sharing offices is less and the prospect of retaining services enhanced. Working as a single place-based public system also provides the opportunity to focus more clearly on outcomes, because a broad range of factors influences outcomes and require an integrated response to resolve them³³.

33 The work of the Canadian Centre for Community Renewal is a good starting point for public bodies pursuing a place-based approach. Their detailed [**Community Resilience Toolkit: A Resource for Rural Renewal and Recovery**](#) provides a systematic guide to strengthening community resilience. The Toolkit focuses on helping organisations – community, statutory and private – to understand the concept of resilience, complete an

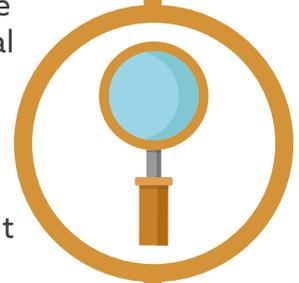
- 3.6 A whole system approach also recognises that very often citizens and service users have multiple needs, which require inputs from many public services to address them. Research by the Greater Manchester Public Service Reform Team³⁴ found that 48 individual citizens who sought help and assistance from public bodies had collectively made 1,235 requests or demands for assistance, an average of 26 per client. Under a traditional model of service delivery, where each agency operates independently, and often-different services within the same agency act in silos, the onus is on the citizen to seek a solution and it is down to them to work their way through the public service system. This can result in demand escalating and problems becoming more critical and costly to deal with because citizens may not know who to contact for assistance, and may not get the help they need at a time when problems can be resolved.
- 3.7 Councils and their partners should explore different system perspectives, including citizens, and ask what we need to support public bodies and people to contribute to improving outcomes³⁵. Research also suggests that to do this you need to understand the key perspectives within a local system (people and organisations); the role they can play in achieving positive change; and the collaborative local infrastructure needed to enable them to work towards shared objectives in the context of place³⁶. Our review has identified that there is potential to support a more sustainable future if councils and their partners shift to a place-based approach and think differently in designing services to respond to the needs of rural Wales. To make place based working a reality we have identified four key strands of work and these are set out below:

34 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/588237/Integrated_place_based_services_Academy_seminar_slidepack_310117.pdf

35 Collaborate CIC, February 2017.

36 <https://www.jrf.org.uk/why-we-need-build-social-capital-cities>

3.8. **A STRATEGIC PLACE BASED APPROACH** – councils and their partners recognise the scale of the problem they face in delivering services in rural Wales but are less clear on what they are going to do to overcome these. PSBs need to therefore develop a more ambitious and optimistic vision for the future, highlighting the good things about rural communities and pinpointing practical opportunities to improve people’s wellbeing. One way to achieve this is for PSBs to work with local partners and citizens to create a place-based vision and set out how local partners will integrate and collectively deliver services. The approach should build on the Local Well-being Plan setting out an agreed collective understanding of long-term community needs; the social and economic vision for place with joint priorities to address agreed challenges; and map the services, networks and facilities that are potentially available to co-locate and integrate services.



3.9. **WORKING COLLABORATIVELY AND INTEGRATING SERVICE DELIVERY** – even if under pressure, councils still need to be provided in rural Wales and it is the responsibility of public bodies to find the most efficient and effective (for the citizens) way to achieve this. A change in mind-set and an acceptance that acting alone is no longer viable is required. This will need a shift to co-financing and potentially compromise on service models delivery points, and a move to creating integrated public service and community hubs.

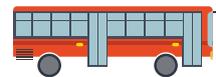
3.10. From the customer perspective multi-service hubs are a good option as they are convenient ‘one-stop shop’ and can become community focal points thereby enhancing social capital. They need to be multi-purpose, cross-sector and reflect local needs in terms of what they provide, hosting a range of partners and public services. Hubs can also extend the use of local assets and offer the potential to act as gateways to public services operating either as:

- a) Service hubs with a public sector focus – run by a council, housing association or other public sector organisation, bringing together different services under one roof.
- b) Community hubs run by community organisations – with different projects, activities and services, often run with a high level of involvement from the local community to fill gaps where public services have disappeared – for example supporting the work of credit unions.



3.11. ADDRESSING INFRASTRUCTURE GAPS – rural Wales has some significant infrastructure challenges. We recognise that addressing these are not always the primary responsibility of local government, cannot be dealt with by councils alone and requires support and assistance from others. However, councils and partners can pursue some steps. For instance:

- a) supporting an integrated public transport network aligning bus and cycling networks with rail services;
- b) help people and businesses make the most of digital connectivity by investing in infrastructure and digital skills (see the good practice example of Carmarthenshire County Council Boosting Wi-Fi connectivity rural areas in [Appendix 3](#));
- c) proactively promoting and raising awareness of infrastructure rollout e.g. Gwynedd Council increasing awareness and engagement with local communities and enhancing skills through their Digital Gwynedd project³⁷; and
- d) supporting community asset transfer by identifying which assets are suitable to transfer, and clarifying what needs to be done.



3.12. SUPPORTING SELF-HELP IN RURAL COMMUNITIES – provide the full range of services traditionally made available, councils and partners need to not only change how they work but they also need to encourage communities and citizens to do more for themselves by:

- a) improving community based leadership by developing networks of interest, supporting volunteering and encouraging people to step up;
- b) supporting social enterprise and more collaborative business models by identifying options for existing and new organisations;
- c) developing guidance, toolkits and networks that support the development of place based town/village planning and place plans created within and led by communities;
- d) providing tailored, community outreach to encourage and support communities to do more for themselves; and
- e) enhancing and recognise the role of town and community councils and working with and supporting them to do more.



³⁷ www.citizenonline.org.uk/digitalgwynedd

Appendices

Appendix 1 – Study Methodology

Our review methodology covered the following:

- A review of accumulated audit knowledge and practice.
- Communication and engagement with rural communities via attendance at the Royal Welsh Show and a range of local county fayres in Monmouthshire, the Vale of Glamorgan and the Isle of Anglesey.
- A detailed analysis of data drawn from StatsWales, the Local Government Data Unit Benchmarking Hub, the Office of National Statistics, NOMIS, the Institute of Public Care and HM Land Registry.
- A review of published literature including reports and primary research by the Wales Rural Observatory, the Commission for Rural Communities, Move your Money, Better Transport, Deloitte, Post Office Counters LTD, the Welsh Government, One Voice Wales, BDRC Continental, DCLG and DEFRA.
- An analysis of a sample of Public Service Board Well-being Assessment and Plans.
- A survey of 711 Town and Community Councils to identify the challenges they face in managing, maintaining and developing services to rural communities and how well they engage with and work in partnership with local authorities in respect of community asset transfers. We received responses from 355 bodies.
- A qualitative survey of 750 citizens to ascertain how well local government engage with and understand public perceptions in shaping services to rural communities. The survey question framework was framed to link with past research on services to rural communities, in particular the 2007 Wales Rural Observatory report 'Coping with Access to Services'³⁸ which identifies five important dimensions of delivering services in rural settings: adequate, accessible, available, affordable and acceptable.
- Interviews with key national stakeholders including Welsh Government, One Voice Wales, Society of Community Council Clerks, Welsh Local Government Association, third sector bodies, Community Housing Cymru, the Big Lottery, the Princes Trust, the National Farmers Union, academic institutions, private businesses and government agencies.
- Detailed fieldwork in Carmarthenshire, Isle of Anglesey, Gwynedd, Monmouthshire, Neath Port Talbot and the Vale of Glamorgan, the three National Park Authorities, Dyfed Powys Police and Mid and West Fire and Rescue Authority. Our fieldwork included interviews and focus groups with officers, members, and engagement with local partners.

³⁸ www.walesruralobservatory.org.uk/sites/default/files/12_CopingAccessServices.pdf

Appendix 2 – Defining ‘Rural’ Wales

A key difficulty in looking at this area of work is that there is no single agreed definition of a rural area in Wales. The Welsh Government differentiates between two categories - less sparse context and sparsest context - and between three settlement types.

Within the Less Sparse context there are:

- **Large Towns:** with populations of at least 10,000 people including Cardiff, Newport and Swansea along the North Wales coast, Deeside and Wrexham;
- **Small Towns:** settlements of less than 10,000 people in the more densely populated areas for example Denbigh and Monmouth – and also areas of urban fringe around the major settlements; and
- **Others:** villages, hamlets and dispersed dwellings in the less sparse areas

In the Sparsest context there are:

- **Large Towns:** settlements with a population of at least 10,000 people – Holyhead, Newtown, Aberystwyth and Carmarthen;
- **Small Towns:** in the less densely populated areas with less than 10,000 people; and
- **Others:** villages, hamlets and dispersed dwellings in the sparsest areas of Wales

According to the Welsh Government’s classification, nearly 20% of the overall Welsh population lives in areas that are broadly classified as rural. Of these rural residents, only 30 percent live in the sparsest large or small towns; the majority (70%) live in either ‘other’ less sparse or sparsest areas (Welsh Government, 2015).

According to the Welsh Index of Multiple Deprivation in 2014, these areas are ranked as some of the least deprived areas based on income, which would appear to indicate that rural areas suffer less poverty and deprivation than urban areas in Wales. The Welsh Index of Multiple Deprivation (WIMD) takes account of a range of factors when measuring deprivation. It identifies Isle of Anglesey, Powys, Ceredigion, Carmarthenshire, Neath Port Talbot, Bridgend and Caerphilly as the counties with the highest incidence of rural deprivation in Wales.

The WLGA’s rural policy forum consists of nine councils (Anglesey, Carmarthenshire, Ceredigion, Conwy, Denbighshire, Gwynedd, Monmouthshire, Pembrokeshire and Powys with representation from National Parks Wales.) In late 2015, the forum published a new series of priorities³⁹, which focus on three key areas - Future Generations; Our networks; and Our places.

³⁹ WLGA Rural Forum - A Manifesto of the WLGA Rural Forum for 2015-2020 <http://www.wlga.gov.uk/download.php?id=6257&l=1>

Appendix 3 – Good practice case studies



A strategic place based approach

Powys – the PSB has a sound process of reviewing data and the format of the wellbeing assessment reports are very accessible and cross-referenced with up-to-date data sources. Independent advice has been sought to give reassurance on data quality. Some comparison of data is made with councils outside Wales such as fly tipping, and with other regions in Wales including sustainable energy generation. A research library has been established which holds research papers and information on rural issues and this is referenced when deciding potential responses in its first Wellbeing Plan. The PSB's Well-Being Assessment rates the impact of each key finding against the seven well-being goals and whether they have a positive or negative affect on well-being. The Assessment uses a wide range of local and national data to make a considered analysis of domestic violence and abuse, public health issues, educational attainment in rural schools, locations and provision of suitable accommodation for older people, broadband connectivity, and the impact of cybercrime on local rural businesses. As a result, the PSB is in a better position to co-ordinate action more effectively.

Vale of Glamorgan – the Creative Rural Communities Team was established in 2004 in the Vale of Glamorgan and the work is undertaken in partnership with communities to develop innovative projects and ideas that will create long-term social and economic benefits for the area. The aim is to empower individuals to become actively involved in the future of their communities. The Creative Rural Communities Mapping project built upon findings of a tackling poverty analysis commissioned by the former Vale Local Service Board, which found that it is generally the St Athan area of the Vale of Glamorgan that experiences the most poverty and deprivation when compared to other rural parts of the Vale. The approach seeks to work with communities to identify both the Social Assets, for example, community groups, organisations and individuals as well as Physical Assets including Community centres, open spaces and businesses in a community. The council piloted the use of the mapping approach in three communities in the Rural Vale in St Athan, Wenvoe and Rhoose. The mapping process has brought people together across those communities and has led to the identification of what matters in those communities. In St Athan one of the main priorities that the community identified was better play areas for children. A local group of residents have formed a community group to tackle this need and are working with the council's play development officer to increase their knowledge around the delivery of play activities and the volunteers are receiving informal mentoring to assist them with developing play provision in the area.

Dyfed Powys Police – the Force’s rural policing strategy 2017-20 sets out what work is being planned to improve access to services in rural areas. The police are developing and supporting rural watch schemes, and increasing the number of Special Constables and volunteers working in rural communities. PCs and PSCOs are more accessible by being stationed in rural communities using shared facilities with Mid and West Wales Fire and Rescue Service, the use of the pop up tents and marquees at the summer shows and events and the introduction of a number of twitter accounts with local police teams. Police officers and support staff are receiving enhanced levels of training to ensure they have the correct expertise to deal with rural crime; this is necessary due to the complex nature of certain rural crimes. Supporting these officers is a Rural Crime Coordinator.

The Force has also created county-based Rural Crime Forums, which bring together farming union representatives, Farmwatch coordinators, rural based community groups and local authorities. These forums help build confidence in reporting crime, find shared solutions and improve the exchange of information and intelligence to enable focused targeting of criminals and criminality. Dyfed Powys Police Rural Crime Strategy 2017 also outlines the specific rural challenges the force faces, and the resources it will put in place to implement the rural strategy. These include actions to improve prevention activity, detection and enforcement actions, intelligence sharing, and public reassurance work.



Working collaboratively and integrating service delivery

North Wales Fire and Rescue Authority – the Authority’s Community Assistance Team teamed up with Welsh Government, the three emergency services, Denbighshire County Council, Conwy County Borough Council, Betsi Cadwaladr University Health Board, Galw Gofal Care Connect, and North Wales Regional Call Monitoring Service to offer integrated safety and health advice and respond to vulnerable people who experience a fall in their home. Referrals were made from hospitals, GPs, from family members, carers, or from the people themselves. As a result, demand for the services of the specialised Community Assistance Team continued to grow since the initiative aimed at protecting people in their homes began in August 2016. The Community Assistance Team benefited over a thousand people since the launch of the pilot in Denbighshire and Conwy. The scheme helped to reduce the number of people who needed to attend hospital, reducing the pressure and demands on ambulance and medical services. Funding for the project has now ended and it is no longer operating.



Addressing infrastructure gaps

Carmarthenshire County Council – a Wi-Fi initiative is boosting connectivity and economic regeneration in the rural towns and villages of Ammanford, Burry Port, Carmarthen, Llandovery, St Clears and Whitland. The project is backed by Carmarthenshire County Council, who have given grant funding and made a successful funding bid on behalf of the Grŵp Cefn Gwlad Local Action Group, which has secured funding of £120,000 from the national LEADER scheme. Town councils, businesses, organisations and individuals are now able to access digital on-line training resources to support digital skills development. The initiative also incorporates free local Wi-Fi. As a result, new opportunities for jobs, apprenticeships, work placements and digital volunteers are being created.

Community Asset Transfer – we identified the following authorities as having developed good approaches to community asset transfer:

- Rhondda Cynon Taf who have declared a number of assets as surplus to their needs (referred to as ‘Assets of Community Value’). The Council’s website includes guidance, online templates, a detailed building description and a single point of contact for information, all aimed at helping to ensure the smooth transfer of assets.
- Powys County Council advertises land and building assets that have the potential to be transferred. Online expressions of interest forms and a business case template is available that encourages a detailed and shared understanding of project risks.
- the Vale of Glamorgan Council has a comprehensive toolkit with guidance and templates and signposts applicants to further information and including potential financing.

Ceredigion – the responsibility for running the services at Tregaron Leisure Centre have been transferred by Ceredigion County Council to a local community group. The process was established following work undertaken by the Council’s Leisure Reconfiguration Board who identified Tregaron as suitable for transfer to the community – a process known as Community Asset Transfer. The Council then sought expressions of interest for the delivery of community sports activities from the leisure centre. Hamdden Caron Leisure are a group of volunteers from Tregaron and the surrounding area and gave an expression of interest to run the leisure centre after detailed consultation with users, non-users, and sports clubs in the area. A 30-year lease has now been signed between Ceredigion County Council and Hamdden Caron Leisure. The Leisure Centre now operates as a community hub for leisure and sporting activity with new sports clubs joining. The Council will continue to operate some services from the leisure centre and plans to develop more outreach services and drop in sessions in the future.



Supporting self-help in rural communities

Devon County Council is using its data to build community resilience in rural areas. Understanding the resilience of a local community is important so councils can target help and support where needed most, and people in rural communities can help themselves. Devon County Council provides an online view of community resilience for each Devon community using a range of national and local data, which has been mixed with information from the #WeAreDevon Survey 2016, and Community Insight Survey 2017. The resulting community resilience score integrates various national and local measures to indicate the resilience of communities in Devon. This is creating a dialogue between public bodies, and is mobilising action to plan for and recover from big events such as extreme weather and economic changes.

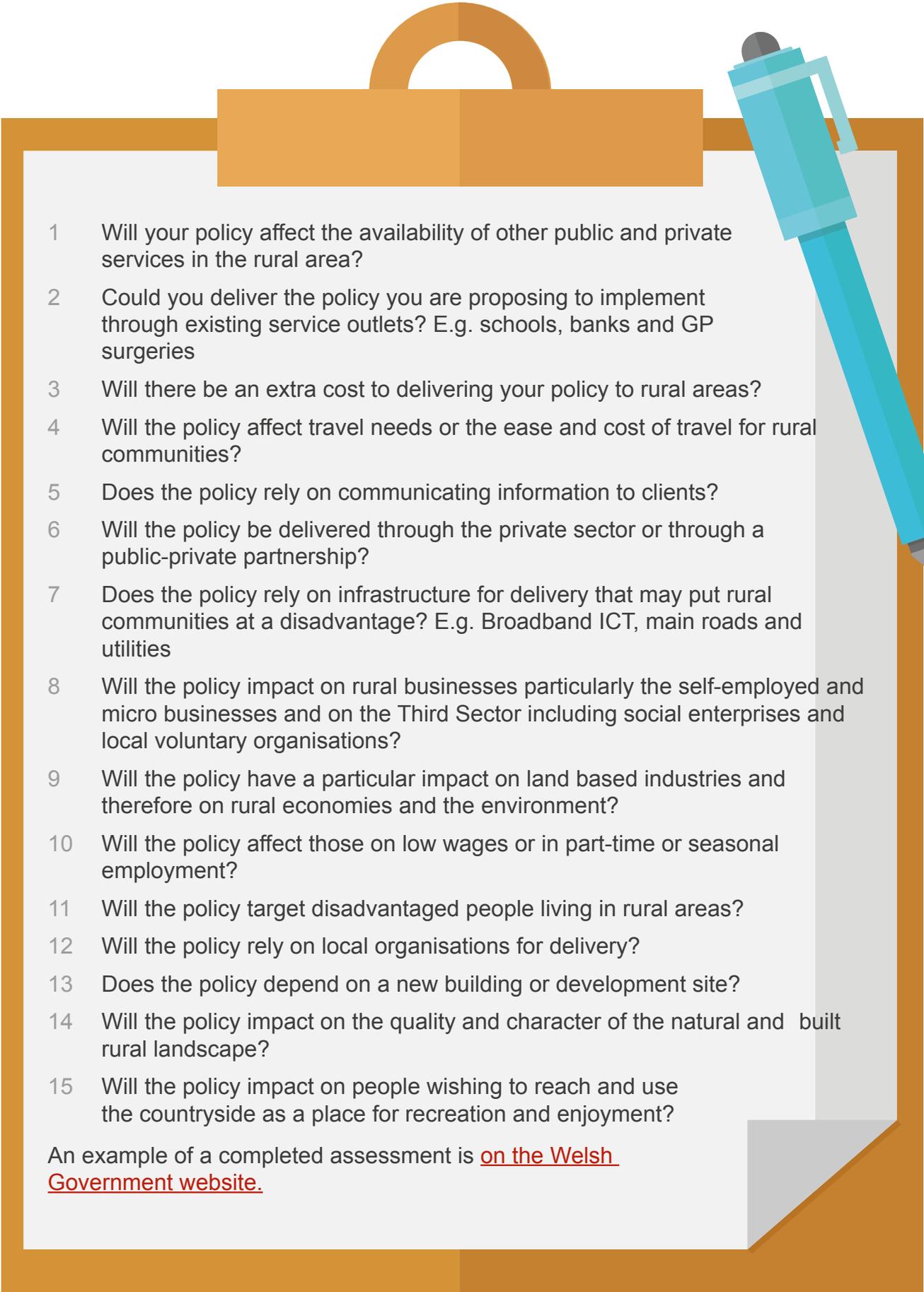
Devon Voluntary Action (DeVA) estimates there are 31,255 active volunteers. The Council is linking people and volunteers with those organisations who can help. The Council efforts are supported by an online independent advice centre known as Pinpoint that signposts thousands of services and community groups across Devon www.pinpointdevon.co.uk Over 500 community groups are registered and people can find a range of help and advice on how to maintain independent lives, find work, volunteer, improve personal wellbeing and build self-reliance.

Caffi Cletwr, Tre'r Ddôl, Ceredigion - With the support of Ceredigion County Council, Caffi Cletwr is developing a community-based approach to provide key services and tackle a number of issues facing the rural community in the village of Tre'r Ddôl and its surrounding areas. Tre'r Ddôl is a small community of roughly 600 residents and over the years has seen its local shop, church and primary school close. When faced with the local café also closing in 2009, a local community group gained grant funding from Ceredigion County Council, the Big Lottery Fund, European Union and businesses such as Santander and the Laura Ashely Foundation to purchase the business and develop a new café and shop in the heart of the village.

Caffi Cletwr is continuously evolving and the direction of its development is entirely dependent on the needs of the local community. It is continuously mapping the needs of the community in order to align their provision as closely as possible to residents' wishes. This has led to developing initiatives, which tackle issues that are synonymous with those faced by rural communities across Wales.

- Caffi Cletwr is much more than a café. In the wake of other community assets closing, this vibrant community centre provides a focal point where people can meet or pop in. Events are held and specific discounts on teas and coffees are aimed at elderly residents in order to encourage those who may otherwise not see or speak to anyone all day long to get out of the house.
- limited face-to-face interaction with public service providers. Ceredigion County Council makes use of Caffi Cletwr as a pick-up point for waste and recycling bags for citizens and its mobile library visits the café on a monthly basis, maximising its role as a community hub. Dyfed Powys Police has also made use of Caffi Cletwr by holding drop-in sessions with Police Community Support Officers at the café.
- fuel poverty: Caffi Cletwr arranges and facilitates a community syndicate for citizens to buy fuel for their oil-heated homes. Whereas citizens may otherwise have to purchase fuel in larger quantities from companies on an annual basis, by working on a syndicate basis citizens are able to purchase in smaller and more affordable quantities three or four times a year via the Caffi's fuel club. Buying 'in bulk' has also led to discounts for residents.
- lack of jobs for local people: Between the café and shop, Caffi Cletwr employs eight members of staff as full time equivalent. This includes a manager and assistant manager in the shop and three cooks in the café's kitchen. In addition, 50 volunteers are associated with the enterprise and regularly undertake jobs that need doing or help with organising community events held at the café.

Appendix 4 – Welsh Government Rural Proofing Tool questions

- 
- 1 Will your policy affect the availability of other public and private services in the rural area?
 - 2 Could you deliver the policy you are proposing to implement through existing service outlets? E.g. schools, banks and GP surgeries
 - 3 Will there be an extra cost to delivering your policy to rural areas?
 - 4 Will the policy affect travel needs or the ease and cost of travel for rural communities?
 - 5 Does the policy rely on communicating information to clients?
 - 6 Will the policy be delivered through the private sector or through a public-private partnership?
 - 7 Does the policy rely on infrastructure for delivery that may put rural communities at a disadvantage? E.g. Broadband ICT, main roads and utilities
 - 8 Will the policy impact on rural businesses particularly the self-employed and micro businesses and on the Third Sector including social enterprises and local voluntary organisations?
 - 9 Will the policy have a particular impact on land based industries and therefore on rural economies and the environment?
 - 10 Will the policy affect those on low wages or in part-time or seasonal employment?
 - 11 Will the policy target disadvantaged people living in rural areas?
 - 12 Will the policy rely on local organisations for delivery?
 - 13 Does the policy depend on a new building or development site?
 - 14 Will the policy impact on the quality and character of the natural and built rural landscape?
 - 15 Will the policy impact on people wishing to reach and use the countryside as a place for recreation and enjoyment?

An example of a completed assessment is [on the Welsh Government website](#).

Wales Audit Office

24 Cathedral Road

Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

We welcome telephone calls in
Welsh and English.

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru

24 Heol y Gadeirlan

Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn Testun: 029 2032 0660

Rydym yn croesawu galwadau
ffôn yn Gymraeg a Saesneg.

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru



Report of the Cabinet Member for Investment, Regeneration & Tourism

To the Development and Regeneration Scrutiny Performance Panel
17th July 2019

Local Government Services to Rural Communities

Purpose:	To brief/update the Development and Regeneration Scrutiny Performance Panel on Local Government Services to Rural Communities
Content:	A briefing/update on the Swansea Rural Development Partnership (SRDP) LEADER programme which is aimed at the eight rural wards within Swansea.
Councillors are being asked to:	Consider the information provided and to forward views to the Cabinet Member via a letter from the Panel Convener
Lead Councillor:	Councillor Robert Francis-Davies, Cabinet Member for Investment, Regeneration & Tourism
Lead Officer & Report Author:	Paul Relf Tel: 07887 055154 E-mail: paul.relf@swansea.gov.uk

1. Background

- 1.1 In November 2018, the Wales Audit Office produced a report “Local Government services to rural communities”. Link to report <http://www.audit.wales/publication/local-government-services-rural-communities>

2. Briefing/Main body of report

It should be noted that Council services are universal and no distinction or separate provision is made between rural and urban areas.

This paper sets out a response to the Wales Audit Office recommendations from a Swansea Rural Development Partnership (SRDP) LEADER perspective which is targeted at the eight Swansea rural wards.

Appendix A provides a very short overview of the Swansea Rural Development Partnership (SRDP) LEADER programme

Note: LEADER is a French acronym, standing for 'Liaison Entre Actions de Développement de l'Économie Rurale', meaning 'Links between the rural economy and development actions'. LEADER is included in the Welsh Government Rural Communities – Rural Development Programme 2014-2020.

WAO Recommendation 1

Socio economic change, poor infrastructure and shifts in provision of key services and facilities has resulted in the residualisation of communities in rural Wales. (See paragraphs 1.2 – 1.16) We recommend that Welsh Government support public bodies to deliver a more integrated approach to service delivery in rural areas by:-

WAO Recommendation 1.1

Refreshing rural grant programmes to create sustainable financial structures, with multi-year allocations;

Comment

- Recommendations 1.1 and 1.2 are direct issues for Welsh Government to address itself. However, comments from a Swansea RDP LEADER perspective are shown.

Swansea RDP LEADER 1.1

- Swansea Council RDP Local Action Group (LAG) Officials are aware that the Welsh Government have been working on successor arrangements to replace EU funding in Wales in the absence of any policy/funding clarity from Westminster. Building on consultation held in 2018, work has been ongoing to establish a new regional policy team within WEFO, funded from the Welsh Government's EU Transition Fund. A cross-government board has been established to guide this work across departments.
- Swansea Council RDP LAG Officials will attend a Welsh Government event (initial 13th March date postponed) at which a discussion on LEADER future funding will take place. These discussions may well start to formulate policy in line with the above bullet point in due course. The Swansea RDP LEADER approach is perhaps more important than ever in the context of diminishing resources and helping to make the best use of local talent and ambition within our rural communities.
- Within the Swansea RDP LEADER funding pot, new "application windows" are promoted as guided by the LAG with a current window in place between April and September 2019.

WAO Recommendation 1.2

Helping people and businesses make the most of digital connectivity through targeted and more effective business and adult education support programmes.

Swansea RDP LEADER 1.2

- The Swansea RDP LEADER LAG are keen to explore options for enabling digital connectivity for rural communities and enterprises where there is currently no provision of services. By supporting digital inclusion the LAG recognises that this not only helps lead to job creation through rural SMEs but will enable skills development within the community;
- Therefore, the LEADER programme has allocated £40K to fund a 2 year-pilot programme entitled Swansea Rural Community Voice (SRCV). The SRCV improves on community consultation and engagement within the eight rural wards. This will be achieved by establishing a Swansea Rural Community Voice project, run by Community Organising Teams using VocalEyes Digital Democracy tools and other methods to engage local people. Although not directly aimed at adult education programmes the programme and innovative digital technology is seen as a key driver for future rural engagement.
- Following the Welsh Government review of the Community and Town Council Sector in Wales, there are a number of the immediate actions that will be now be taken following the report's recommendations which include conducting a survey to understand how more about how social and digital mediums are utilised to engage communities, and what scope there might be for support in this area. The SRCV project is well placed to meet this intention.
- Within the 2007 to 2013 Swansea RDP programme, LEADER funded the development of the Barham Centre, Gower, which is a community building for meetings and IT connection in the Gower. The project improved of a range of basic services including the development of a range of activities in answering the significant demand from young people themselves for activities in their local rural communities. This includes the establishment on an IT club. The rural access grant scheme also funded 10 to 12 business within the rural areas.

WAO Recommendation 2

The role of Public Service Boards is evolving but there are opportunities to articulate a clearer and more ambitious shared vision for rural Wales (see paragraphs 2.2 to 2.9 and 2.28 to 2.31). We recommend that PSB public services partners respond more effectively to the challenges faced by rural communities by:

WAO Recommendation 2.1

Assessing the strengths and weaknesses of their different rural communities using the Welsh Governments Rural Proofing Tool and identify and agree the local and strategic actions needed to support community sustainability;

Swansea RDP LEADER 2.1

- The Swansea RDP [Local Development Strategy](#) (LDS) sits within a wider policy and strategy framework in South West Wales at local and regional levels. The most relevant local, national and regional and local strategies that could be impacted by the LDS are contained within the LDS and in each case there is a brief summary of the scope of the strategy or plan and the potential links to the LDS.
- Rural Proofing is a part of good policymaking. Rural areas face particular challenges. Many of these characteristics such as geographic isolation, an ageing population and an economy based on micro enterprises and SMEs are found in other parts of Wales. In rural areas they may be more severe or combine to form a set of circumstances that may hinder the effective implementation of policy. This screening tool has been developed to help rural proofing of policy. The purpose of rural proofing is to assess the impact that policy may have on rural areas, identify barriers to effective implementation in rural areas and help to formulate rural appropriate solutions. Swansea RDP LEADER is not a direct policy maker, although it can influence and lobby. The tool will be considered by Swansea RDP Officials as regards future applications to the scheme.

WAO Recommendation 2.2

Ensuring the Local Well-Being Plan sets out a more optimistic and ambitious vision for 'place' with joint priorities co-produced by partners and with citizens to address agreed challenges.

Swansea RDP LEADER 2.2

- Swansea's Local Well-being Plan "Working Together to Build a Better Future" is designed to improve well-being in the local area. In Swansea, we believe in the rights of every person. Through this plan, the Council vision is to work together to make Swansea a place which is prosperous, where our natural environment is appreciated and maintained and where every person can have the best start in life, get a good job, live well, age well and have every opportunity to be healthy, happy, safe and the best they can be.
- For rural wards, Swansea RDP LEADER is an essential component in providing capacity to match these aspirations as listed above.

WAO Recommendation R3

To help sustain rural communities, public services need to think differently in the future (see paragraphs 3.1 to 3.12). We recommend councils provide a more effective response to the challenges faced by rural communities by:

WAO Recommendation R3.1

Ensuring service commissioners have cost data and qualitative information on the full range of service options available;

Swansea RDP LEADER 3.1

- The LDS provides a detailed picture of each of the 8 rural wards across a range of topics such as qualifications; welsh language skills; employment data; occupational breakdown; travel to work; health; etc. This information provides a baseline definition of the Swansea rural area and population covered by the LEADER programme. To achieve this Swansea RDP LEADER makes use of existing data and qualitative information provided via a number of Council sources e.g. [Swansea Ward Profiles](#).

WAO Recommendation R3.2

Using citizens' views on the availability, affordability, accessibility, adequacy and acceptability

Swansea RDP LEADER 3.2

- The Swansea RDP LAG has commissioned a number of studies in which citizens views were sought as part of each project within the overall programme. NB: These projects and citizen contact did not ask what citizens think of Council Services. These Swansea RDP LEADER studies are as below and short description is provided against each project:-
 - Ref 01: Gower Sunday Explorer 2016.
The provision of a revised and improved bus service between Swansea and Gower on Sundays in mid and high season, building on the success of similar services over the past five years. To develop the visitor travel market and visitor economy and improve accessibility for local residents.
 - Ref 03: Swansea Rural Community Voice.
To improve on community consultation and engagement of the eight geographic rural communities. This will be achieved by establishing a Swansea Rural Community Voice project, run by Community Organising Teams using VocalEyes Digital Democracy tools and other methods to engage local people.
 - Ref 04: Gower Sunday Explorer 2017 – 2019.
The continued provision of a revised and improved bus service between Swansea and Gower on Sundays in mid and high season.
 - Ref 07: Rural Swansea Resource / Visitor Centre Feasibility Study.
To carry out an independent and comprehensive assessment to identify and quantify the needs of businesses / enterprises, residents of, and visitors to rural Swansea, in relation to the development and use of dedicated facilities and services with the aim of supporting the rural economy, with special regard to the tourism sector.

- Ref 24: Feasibility Study for Port Eynon&Horton Foreshore and Settlements. To undertake a feasibility study of the amenities and localised facilities at one of our key destination sites ie: Port Eynon.
- Ref 05: Digital Marketing for Sustainable Transport in Rural Swansea. By creating a first class interactive information service on more sustainable means of travel to and around rural Swansea, the project aims to attract more visitors and more travel by local residents by means other than the private car. A website "[Swansea Bay Without a Car](#)" is now live.
- Ref 13: Sustainable Transport Network for Rural Swansea Feasibility Study. A study aimed at producing a sustainable integrated transport strategy, designed to improve access and connectivity for rural Swansea. The study would identify gaps in the current provision and suggest where the network can be developed and enhanced.
- Ref 16: Feasibility Study to investigate viability of Community Carbon Offset. To develop a community led, not for profit social enterprise offering carbon offsetting through planting of community grown, local provenance trees. The feasibility study will be the first stage in developing this innovative project into a robust, self-sustaining business model that maximises social and biodiversity values.
- Ref 27: Market at the Mill. To pilot outdoor evening produce markets at Parkmill with associated educational activity.

The [RDP webpage](#) includes a copy of all completed reports (PDF version) and other projects.

- The major strand of citizen engagement within the Swansea RDP LEADER programme is the LEADER ref 03: SRCV project as described in Swansea LEADER 1.2. The project does allow for citizens to raise and rank issues of local concern. It is anticipated that the SRCV project will provide a new and truly innovative way of citizen engagement. This will add value to the tried and tested models of normal citizen engagement.

WAO Recommendation R4

To help sustain rural communities, public services need to act differently in the future (see paragraphs 3.1 to 3.12). We recommend councils do more to develop community resilience and self-help by:

WAO Recommendation R4.1

Working with relevant bodies such as the Wales Co-operative Centre to support social enterprise and more collaborative business models;

Swansea RDP LEADER 4.1

- A representative from the Wales Co-operative Centre is a Swansea RDP LAG member.
- The Wales Co-operative Centre were also involved a Swansea RDP LEADER Roadshow held on the 27th March.
- Via the above, much valued assistance is provided to support and encourage the growth of Social Businesses in Swansea. Together with colleagues the representative provides a National coverage of support across Wales, able to share ideas, knowledge and expertise for the benefit of social business development with particular emphasis in the growth of businesses and social improvement of the rural wards of Swansea.

WAO Recommendation 4.2

Providing tailored community outreach for those who face multiple barriers to accessing public services and work;

Swansea RDP LEADER 4.2

- The Swansea RDP LDS includes 4 Cross-Cutting Themes of
 - Equal opportunities and gender mainstreaming;
 - Sustainable development;
 - Tacking poverty and social exclusion; and
 - Welsh language
- All project applications have to demonstrate how they adhere to these themes. In doing so there are a number of examples of how the projects address issues of barriers to accessing services e.g. SRCV includes wider engagement aimed at involving more people; not always the usual suspects as well as harder to reach / less commonly engaged groups, especially young people, via active outreach.
- Swansea RDP LEADER is also aware that Workways+, also run from the Economic Development and External Funding Team, offers the following:
 - Workways+ offers employment support to unemployed and economically inactive people living in all areas outside of Communities first in Swansea. Mentors and Employment liaison officers have been assigned to geographical areas to set up community outreach at venues that are accessible to all citizens across the county.
 - Community outreach sessions are held weekly at the libraries and community centre in Pontarddulais, Pennard, Gowerton, Gorseinon and the Clydach Valley.
 - The sessions are held alongside Job clubs and free basic IT skills classes. Workways+ mentors and ELOs also attend events such as Local produce markets and the Gower show to engage with and support rural citizens who have barriers to accessing employment.

- Workways+ provides 1-2-1 mentoring support to overcome barriers to employment. The support available includes an individual action plan to identify the need for training, confidence building, volunteering placements,
- paid work opportunities, job search, CVs and employment opportunities. Financial assistance is available for training courses to upskill and transport for people who have difficulty accessing public transport.

WAO Recommendation 4.3

Enhancing and recognising the role of town and community councils by capitalising on their local knowledge and supporting them to do more;

Swansea RDP LEADER 4.3

- The opportunity to pilot new products, services or ways of doing things provided by Swansea RDP LEADER through the LDS has great potential to act as a catalyst across Swansea and the wider South West region.
- There is an increasing appetite in private, third and community sectors to 'make a difference', coupled with an imperative to find new and more cost-effective ways of providing services. There is demand from community / town councils and third sector groups to work on adoption of local services and also thematic demands around, for example renewable energy options. It is very apparent that local solutions depend on appropriate people, places and resources coming together at the right time to enable solutions to be developed. This has to be a bottom-up approach rather than top-down. Listening as opposed to looking is the way forward.
- Two Community Councillors and one Council Ward member are also Swansea RDP LAG members.
- The Council Champion for Rural Economy is also a Swansea RDP LAG member. All cascade programme information to their counterparts.
- A dedicated Swansea RDP LEADER presentation has been delivered to the One Voice Wales Swansea Area Committee. One Voice Wales is the voice of town and community councils in Wales.
- The SRCV project previously referred to can capture local knowledge and enables citizens to act upon their views at a local level

WAO Recommendation 4.4

Encouraging a more integrated approach to service delivery in rural areas by establishing pan-public service community hubs, networks of expertise, and clusters of advice and prevention services;

Swansea RDP LEADER 4.4

- The Swansea RDP LAG Economy & Community sub-group have approved an initial expression of interest from Pennard Community Council for a Feasibility Study into a Community Hub / Pavilion on Pennard Playing Field. A Full Application is awaited and will be considered by the sub-group and a recommendation then made to the Swansea RDP LAG to approve or not. If approved and upon completion of the study, a report will be posted to the [Swansea RDP website](#) as well as the [Welsh Government Wales Rural Network website](#) for all to view. This is the case with all approved projects.
- Public sector mainstreaming could be more difficult to achieve in view of shrinking resources. However, new approaches to service delivery that could involve community adoption of basic services, as well as testing approaches for local 'hubs' as outlined above could result in entirely new ways of working that result in public sector cost savings and more active buy-in from local communities to delivering the services they require at local level. Opportunities for mainstreaming and dissemination are actively explored and discussed throughout the Swansea RDP LEADER programme.
- Swansea RDP LEADER is also aware that the Council is currently piloting a community hub in the Clydach Valley. It is based at Clydach Library and offers direct skype links to Civic centre based services. Third parties are using the hub as a touch down and an agile working area has been created for use by community based staff. The council has worked closely with all stakeholders including, health, police, employability services, local churches and the community council to share 'what's going on'. A volunteering group has been created to help those citizens unfamiliar with more IT based services and to sign post them to local and council services. There are plans to develop the pilot into five main county wide hubs.

WAO Recommendation 4.5

Enabling local action by supporting community asset transfer identifying which assets are suitable to transfer, and having the right systems in place to make things happen;

Swansea RDP LEADER 4.5

- Meetings have been held with Council staff who manage the Community Asset Transfer (CAT) process to discuss potential overlap and possible opportunities for merging any rural activity.
- CAT is included in discussions with potential applicants if the need arises. Swansea RDP LEADER is aware that of the Community Action Transformation Fund approved projects, only one is in a rural ward i.e. Round 5 in October 2016 to Llanrhidian Higher Community Council and Graig-Y-Coed Pitches in Penclawdd with £23,800 awarded.

- Within the previous 2007 to 2013 RDP round, Village and Small Town Renewal and Development in rural Swansea was a component part of the overall programme. There were numerous refurbishment projects in line with the availability of approx. £5M Capital funds to allocate within Swansea.

WAO Recommendation 4.6

Improving community-based leadership by developing networks of interest, training and coaching, and encouraging volunteering.

Swansea LEADER 4.6

- The Swansea RDP LEADER funded project “Gower Community Tourism Ambassador Pilot and Feasibility Study” was aimed at coordinating, delivering and managing a pilot community tourism ambassador scheme. This was achieved by training and coaching volunteers over an intensive two-day period and subsequent adoption of the produced tool kit. In total 55 people took part representing: Local residents, Community Councils, Local tourism businesses, Local community organisations, Voluntary organisations & charities, Public sector organisations.
- The SRCV project is establishing Community Organisers who can then provide a source of encouragement and advice for volunteers and community engagement in rural areas. This leads to ideas coming from residents in an ongoing conversation.
- The previous round of EU funding via the 2017 – 2013 Swansea RDP provided a number of very successful projects, including the Gower Crafts and Artisans network as well as the Crefftaw y Bont Craft shop based in Canolfan y Bont in Pontarddulais. The Rural Swansea Action Group includes some 300 producers and groups active in the rural wards

3. Conclusions/Key Points Summary

- 3.1 The Swansea Rural Development Partnership (SRDP) LEADER programme aims to bring far reaching and sustainable benefits to Swansea’s rural wards. The vision is to create vibrant and distinct communities that are well connected and easily accessible and which provide high quality products, services and facilities within a resilient local economy supported by a strong, year-round tourism industry. The LEADER programme provides an invaluable link between the rural economy in Swansea and development actions to meet these objectives.

4. Legal implications – None

5. Finance (if required) – None

Glossary of terms: None

Background papers: None

Appendices:

APPENDIX A:- What is the Swansea Rural Development Partnership (SRDP) LEADER programme?

LEADER is a French acronym, standing for 'Liaison Entre Actions de Développement de l'Économie Rurale', meaning 'Links between the rural economy and development actions'. LEADER is included in the Welsh Government Rural Communities – Rural Development Programme 2014-2020.

LEADER is a form of community-led local development. Through a process of stakeholder engagement, building the capacity of target groups and co-operation, the problems faced and opportunities available to an area are recognised and potential solutions are piloted.

There are 8 eligible rural wards in Swansea which are:-

- Bishopston;
- Fairwood;
- Gower;
- Llangyfelach;
- Mawr;
- Penclawdd;
- Pennard;
- Pontarddulais

The LEADER approach is associated with local empowerment through a [Local Development Strategy](#) resource allocation. The main tool for the application of this approach to area development and involving local representatives in decision-making is the Swansea RDP LEADER Local Action Group (LAG).

The Local Action Group designs and implements a Local Development Strategy for their area, developing a partnership approach to effect social and economic development. The Local Action Group has set up 3 sub-groups to assist them in managing the programme and the groups mirror the Rural Strategic Aims and Objectives. These are:-

Strategic Aim 1: Develop rural transport and infrastructure

Objective 1: Support an integrated and diverse transport network

Objective 2: Support and develop accessible, fit for purpose services

Strategic Aim 2: Enhance tourism offer

Objective 3: Enhance quality of local offer and improve marketing

Objective 4: Encourage development of year round sustainable tourism offer across the rural area (especially food, crafts and recreation)

Strategic Aim 3: Deliver a strong economy and vibrant communities

Objective 5: Support development of a self-sufficient rural economy

Objective 6: Support and develop cohesive, resilient and engaged communities

Objective 7: Enable digital connectivity

There are a number of cross cutting themes which are intended to add value, raise awareness and understanding while ensuring maximum participation and mitigating adverse impacts. This should help operations move beyond compliance and develop systems which support best practice. These cross cutting themes are:-

- Equal opportunities and gender mainstreaming
- Sustainable development
- Tackling poverty and social inclusion
- Conserving our natural environment, cultural and built heritage

Swansea RDP LEADER Implementation is the main funding pot for specific and focussed initiatives to be developed and delivered that will meet the objectives of the LDS. ***The Swansea RDP LEADER Fund is a Revenue only scheme.*** There is an overall funding of £440K until December 2021 for innovative projects that meet the LEADER aims and objectives. As at June 2019, £202K (46%) of these funds have been allocated to projects. The [RDP webpage](#) provides more information.

The previous RDP for Wales 2007-2013 had the availability of approx. £5M Capital funds to allocate within Swansea.