

**Report of the Cabinet Member for Wellbeing & Healthy Cities.**

**Council - 30 September 2014**

**SUSTAINABLE DEVELOPMENT REPORT 2013-2014**

<b>Purpose:</b>	To present a draft of the Sustainable Development Report for discussion
<b>Policy Framework:</b>	Sustainable Development Policy
<b>Reason for Decision:</b>	To progress the publication of the Sustainable Development Report alongside the Annual Statement of Accounts.
<b>Consultation:</b>	Legal, Finance and Access to Services.
<b>Recommendation(s):</b>	It is recommended that:  1) A final version of the Sustainable Development Report is included as an unassured appendix in the annex of the Annual Statement of Accounts or published online alongside the accounts. 2) Sustainable governance principles and the emerging implications of the Well-being for Future Generations (Wales) Bill are integrated into the evolving Single Corporate Plan. Full integration would negate the need for Sustainable Development reporting in future years.
<b>Report Author:</b>	Tanya Nash
<b>Finance Officer:</b>	Ben Smith
<b>Legal Officer:</b>	Nigel Havard
<b>Access to Services Officer:</b>	Sherril Hopkins

## **1.0 Introduction**

- 1.1 The City and County of Swansea is leading Wales in its commitment to sustainable development. Reporting on sustainable development is a key mechanism publicly demonstrating this priority and embedding the principle across services. Sustainable development reporting results in considerable reputational benefits, improved performance, greater transparency and provides accountability for the Sustainable Development Policy.
- 1.2 Swansea is Wales's Model Local Authority in implementing the Welsh Local Government Association's Sustainable Development Framework. Reporting has formed a key element of work developing a model of best practice in sustainable development delivery. Work undertaken to date has been disseminated across Wales and continues to make a valuable contribution to the development of the Well-being for Future Generations (Wales) Bill.
- 1.3 This is the fourth year of sustainable development reporting in Swansea. In 2011, Swansea was the first local authority to publish a report on carbon emissions and energy use within its Annual Statement of Accounts. In 2012, a sustainable development reporting methodology was developed with consultancy support from PwC to include indicators reflecting outcomes relating to social, economic and environmental wellbeing. In 2013/14, this model will be used to report on progress alongside the Annual Statement of Accounts.

## **2.0 The Rationale for Sustainable Development Reporting**

- 2.1 Reporting on sustainable development creates closer connections between policy and performance. The report is a means of providing public accountability for sustainable development and provides a tangible measure of the Sustainable Development Policy's effectiveness.
- 2.2 The process of sustainable development reporting engages services and helps them to have a better understanding of their impact in delivering sustainable development. Involving services in the collection and analysis of data focusing on sustainable development highlights and improves performance eventually influencing the outcomes achieved.
- 2.3 The publication of a Sustainable Development Report creates considerable reputational benefits demonstrating good governance and transparency. The Council can mitigate risk and identify opportunities based on information highlighted through the reporting process. The connection between the report and the Statement of Accounts demonstrates publicly the link between financial management and sustainable performance, impacting decision making.

- 2.4 Reporting on sustainable development is well developed within the private sector through the corporate social responsibility agenda and is increasingly adopted by English local authorities. Reporting is already a mandatory requirement for Whitehall departments and the NHS in Wales.
- 2.5 Reporting explicitly meets the existing requirement in the Local Government Measure 2009 which places a duty on local authorities to promote and improve on sustainable development performance.

### **3.0 The Methodology**

3.1 In 2012, the Council was supported by PwC to develop a bespoke methodology based on the concept of integrated reporting using the principles of Accounting for Sustainability. The approach has been adhered to in 2014 for consistency and comparability. This 'connected reporting' approach is based on three steps:

- Identification of material sustainability issues and connection to business strategy
- Identification of Key Performance Indicators
- Production of a Connected Performance Report

3.2 The established indicators have been improved and made more robust in 2014. The scope and quality of information measured by several existing indicators has been augmented.

3.3 In order to assure the data, an audit trail has been created recording the source of data. A sample has been internally scrutinised and the robustness of information confirmed. Internal indicators have been certified by a compiling officer and agreed by a Head of Service.

### **4.0 The Report Structure**

4.1 An introductory front page sets the context of the report and details the methodology developed. This is followed by a summary sheet in tabular form defining each of the Seven Priority Areas and the number of indicators in that section. The number of indicators varies reflecting the nature of the Priority Area and availability of relevant data. The main body of the report brings together performance, financial information and targets.

4.2 The arrow based assessment assigned to each indicator indicates direction of travel in the past year rather than the achievement of specific targets. Although it should be noted where targets have been set they are included as a means of embedding sustainable development into day to day operations and driving progress. An arrow summarising each Priority Area's status is alongside each heading.

## 5.0 Drivers and Trends Impacting Future Reporting

### 5.1 *“Sustainable Swansea - Fit For the Future”*

- a. The scale of the financial, demographic and sustainability challenge facing Swansea requires a radically different approach to the past. The approach adopted: “Sustainable Swansea - Fit for the Future” is based on sustainable development as a central organising principle and acknowledges the longer term context in making decisions for the short and medium term.
- b. It is essential to effective implementation that the budget principles guiding “Sustainable Swansea – Fit For the Future”, remain focal through the explicit integration of governance principles within planning and reporting structures.
- c. “Sustainable Swansea – Fit for the Future” is fundamental to the development and delivery of the Council’s services in future years. The budget principles and key objectives are so central to the Council’s effective operation in future years that sustainable governance principles are a necessary and integral element of future corporate planning and reporting.

### 5.2 The Well-being of Future Generations (Wales) Bill

- a. Swansea has been influential in the development of the Well-being of Future Generations Bill launched in Swansea in July 2014.
- b. The Act aims to ensure the governance arrangements of public bodies in Wales take account of the needs of future generations while improving social, economic and environmental wellbeing in accordance with sustainable development principles. These principles are closely aligned to those expressed in “Sustainable Swansea - Fit for the Future” and can be summarised as long termism, citizen centred, collaboration, prevention and integration.
- c. The Act is likely to set out six well-being goals against which the Local Authority must set objectives that are designed to maximise its contribution to the Well-being goals. Each public body must produce an annual report on its achievement of its well-being objectives and their contribution towards achieving the well-being goals.
- d. The Local Service Board will become a statutory Public Service Board and will also be subject to setting, planning and reporting objectives in accordance with the well-being goals.
- e. Swansea’s Executive and Political Leadership have committed Swansea to act as an ‘Early Adopter’ of the Bill on its enactment in 2015. This offers the opportunity to shape the Guidance governing how the duty is met and reported in practice by participating in task and finish groups

relating to transparency and reporting. Swansea will therefore report on 2015/16 activity. Best practice suggests that full integration of sustainable development into the Single Corporate Plan is the most effective means of achieving this.

### 5.3 *Integrated Reporting*

- a. In the current environment, Swansea cannot afford to neglect any potential resources. Reporting tends to focus on the utilisation of financial and human capitals. However other capitals exist that create value which are not always fully recognised, accounted for and maximised to advantage. This includes often undervalued or under-utilised resources such the natural environment, the capacities and capabilities of citizens and partners and the innovative ideas and thinking of service users, employees and residents.
- b. Integrated Reporting enables the management of all resources to be monitored and improved upon by addressing the creation of value from six capitals; financial, human, natural, manufactured, intellectual and social and relationship capital. A flexible framework developed by the [International Integrated Reporting Council](#) complements the Balanced Scorecard approach and can be applied indirectly evolving to meet the specific needs of the Local Authority.
- c. This integrated reporting approach is supported by the Wales Audit Office and the Chartered Institute of Public Finance and Accountancy and represents world class best practice in reporting.

### 5.4 *The Single Corporate Plan*

- a. The focus of sustainability reporting on the concise communication of material issues taking into account risk and sustainability principles complements the move towards a Single Corporate Plan.
- b. The opportunity exists to fully integrate sustainable development and corporate reporting. This is a risk in organisations where sustainable development is not sufficiently embedded as a central driver that sustainable development principles become tokenistic, neglected or misinterpreted. However it is believed that sustainability is sufficiently central to the City and County of Swansea's future direction and the necessary expertise exists within the Sustainable Development Unit working alongside Performance to mitigate this risk.
- c. At present, the Single Corporate Plan is under development. The resultant methodology will be developed in line with the emerging requirements of the Well-being of Future Generations (Wales) Bill.
- d. There is scope for the reporting process to evolve within a sustainable framework as mechanisms emerge to measure resources and outcomes which are currently not able to be quantified effectively.

- e. It is acknowledged that sustainable practices are yet to be fully integrated at all levels and throughout the entire organisation. However the development of a Single Corporate Plan centred on sustainable principles and focused on sustainable objectives would be an effective means of integrating sustainable development as a central organising principle.

#### *5.5 Combined Impact on Corporate Reporting*

The embedding of sustainable development within mainstream planning and reporting would facilitate a focus on priorities and the effective use of all resources. There is an opportunity for the corporate reporting structure to benefit from these internal and external drivers of sustainable governance.

### **6.0 Equality and Engagement Implications**

- 6.1 A Screening for EIA has identified relatively low impacts and minimum implications with regard to Equalities and Engagement. Appropriate measures in line with Council policies will be taken in terms of ensuring access to the document.

### **7.0 Financial Implications**

- 7.1 Publication and translation costs are expected to be minimal and will be contained within the existing budget.

### **8.0 Legal Implications**

- 8.1 There are no specific legal implications at this stage. The existing and proposed legislative frameworks are referred to in the Report itself.

**Background Papers:** None

**Appendices:** Appendix A – City and County of Swansea Sustainable Development Report 2013/14