

## Report of the Cabinet Member for Transformation and Performance

Council - 24 September 2015

### SUSTAINABLE DEVELOPMENT REPORT 2014/15

<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 published online alongside the accounts (timings prevent inclusion as an unassured appendix in the annex of the Annual Statement of Accounts this year).  2) The Council integrate the sustainable development principle within its corporate planning, finance and performance framework in accordance with the emerging requirements of the Well-being of Future Generation (Wales) Act.
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## **1.0 Introduction**

- 1.1 Reporting on sustainable development publicly demonstrates the Council's commitment to sustainability and helps embed the principle in practice 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 an Early Adopter of the Well-being of Future Generations (Wales) Act 2015 and influenced the development of the Act as the WLGA model authority for sustainable development. The Council's work on reporting has disseminated across Wales and continues to make a valuable contribution in helping the public sector prepare for becoming subject to the Act in April 2016.
- 1.3 This is the fifth year of sustainable development reporting. 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 2014/15, 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 explicitly meets the existing requirement within the Local Government Measure 2009 which places a duty on local authorities to promote and improve on sustainable development performance. From April 2016, the Council will be subject to the Well-being of Future Generations (Wales) Act's and have a duty to 'carry out sustainable development' and to report explicitly on how it contributes to well-being in line with the 'sustainable development principle'.
- 2.2 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.
- 2.3 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. Sustainable development (and specifically work on reporting) was praised as an example of positive action within the 2015 Corporate Assessment Report

2.4 The connection between the report and the Statement of Accounts demonstrates publicly the link between financial management and sustainable performance, impacting decision making. The Council can mitigate risk and identify opportunities based on information highlighted through the reporting process.

### **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 2015 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 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.

### **Drivers and Trends Impacting Future Reporting**

5.1 Both the internal transformation agenda and external legislation are driving significant changes in reporting. To meet these challenges the Council will need to consider how it further integrates sustainability within the Council's corporate planning, financial and performance framework in line with legislative requirements as they become known.

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

- a. “Sustainable Swansea - Fit for the Future” is based on sustainable development principles and acknowledges the longer term context in making decisions for the short and medium term. Taking explicit account of the programme’s principles and outcomes is an integral element of future corporate planning and reporting.

## 5.3 *The Well-being for Future Generations (Wales) Act 2015*

- a. The Well-being of Future Generations (Wales) Act 2015 in common with the Council’s sustainable development policy aims to ensure sustainable development is a central organising principle. By extending this principle to 44 devolved public bodies, the Act is effectively changing the way that the Welsh public sector does business.
- b. The Act aims to ensure that the governance arrangements of public bodies in Wales take account of the needs of future generations while making decisions securing social, economic, cultural and environmental well-being. The Act requires that public bodies demonstrate they have considered or taken account of five governance approaches closely aligned to those underpinning “Sustainable Swansea - Fit for the Future”; integration, the long term, collaboration, prevention and involvement.
- c. From April 2016, the Council must publish an annual statement setting out well-being objectives which contribute to the progress of seven well-being goals. The extent to which objectives are achieved in line with the sustainable development principle and governance approaches must also be demonstrated. It is widely anticipated that existing corporate reporting mechanisms will be used to evidence this activity.
- d. Reporting is imperative as progress in accordance with the sustainable development principle is to be reviewed by the Future Generations Commissioner and examined by the Auditor General for Wales.
- e. The specific requirements of the Well-being of Future Generations Act in terms of reporting will be detailed within Statutory Guidance. Draft guidance is due to be issued for consultation in Autumn 2015.

## 5.3 *Integrated Reporting*

- a) Swansea is exploring how integrated reporting techniques might complement without compromising, overburdening or replacing the balanced scorecard approach. Along with the Wales Audit Office, Welsh Government and the Chartered Institute of Public Finance and Accountancy, Swansea is a member of the Integrated Reporting Welsh Public Sector Pilot Steering Group investigating the benefits of this approach as a means of responding to potentially more thematic, outcome based budgets in the future. Further investigation and work would be needed to establish if the principles could be applied to current

financial and performance frameworks in a pragmatic and realistic fashion. The approach represents current world class best practice in reporting.

- b) Integrated Reporting is a way of reporting on the creation of value from six capitals; financial, human, natural, manufactured, intellectual and social and relationship capital. In the current environment, Swansea cannot afford to neglect any resources that can contribute to outcomes.

#### 5.4 *The Single Corporate Plan*

- a. The focus of sustainability reporting principles on the concise communication of material issues, taking into account risk complements the move towards a single Corporate Plan.
- b. The Council is exploring how sustainability principles and the legislative requirements of the WFG Act can be further integrated into the Council's existing planning, performance and financial frameworks but using a pragmatic and realistic approach. To this end, a critical path has been developed, which will be reviewed as further detail around the implementation of the WFG Act becomes known. The four year timeframe of this plan reflects the extent of the work necessary to genuinely integrate sustainable development principles.

### **7.0 Equality and Engagement Implications**

- 7.1 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.

### **8.0 Financial Implications**

- 8.1 Online publication and translation costs are expected to be minimal and will be contained within the existing budget.

### **9.0 Legal Implications**

- 9.1 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 2014/15