

## Council

You are hereby summoned to attend a Meeting of the **Council of the City and County of Swansea** to be held in the Council Chamber, Guildhall, Swansea on Thursday, 28 September 2017 at 5.00 pm.

The following business is proposed to be transacted:

1. **Apologies for Absence.**
2. **Disclosures of Personal and Prejudicial Interests.**  
[www.swansea.gov.uk/disclosuresofinterests](http://www.swansea.gov.uk/disclosuresofinterests)
3. **Minutes.** **1 - 9**  
To approve & sign the Minutes of the previous meeting(s) as a correct record.
4. **Written Responses to Questions asked at the Last Ordinary Meeting of Council.** **10 - 12**
5. **Announcements of the Presiding Member.**
6. **Announcements of the Leader of the Council.**
7. **Public Questions.**  
Questions must relate to matters on the open part of the Agenda of the meeting and will be dealt within a 10 minute period.
8. **Public Presentation - None.**
9. **Report of the Wales Audit Office – Audit of Financial Statements Report – City & County of Swansea.** **13 - 28**
10. **Report of the Wales Audit Office – Audit of Financial Statements Report – City & County of Swansea Pension Fund.** **29 - 44**
11. **Statement of Accounts 2016/17.** **45 - 46**
12. **Treasury Management Annual Report 2016/17.** **47 - 66**
13. **The First 100 Days and Beyond.** **67 - 78**
14. **Appointment of Independent Member(s) to the Standards Committee.** **79 - 80**

15. Membership of Committees.	81 - 82
16. Electoral Reform in Local Government in Wales (Questions 1-37 & 41-46) – Consultation Response.	83 - 91
17. Electoral Reform in Local Government in Wales (Questions 38-40) – Consultation Response.	92 - 94
18. Councillors' Questions.	95 - 102

*Huw Evans*

**Huw Evans**  
**Head of Democratic Services**  
**Guildhall,**  
**Swansea.**

**Wednesday, 20 September 2017**

**To: All Members of the Council**

## CITY AND COUNTY OF SWANSEA

### MINUTES OF THE COUNCIL

HELD AT COUNCIL CHAMBER, GUILDHALL, SWANSEA ON  
THURSDAY, 24 AUGUST 2017 AT 3.00 PM

**PRESENT:** Councillor D W W Thomas (Chair) Presided

<b>Councillor(s)</b>	<b>Councillor(s)</b>	<b>Councillor(s)</b>
P M Black	J E Burtonshaw	J P Curtice
A M Day	P Downing	C R Doyle
M Durke	E W Fitzgerald	R Francis-Davies
S J Gallagher	L S Gibbard	K M Griffiths
J A Hale	D W Helliwell	T J Hennegan
C A Holley	O G James	L James
M H Jones	P Jones	L R Jones
J W Jones	E J King	E T Kirchner
M A Langstone	M B Lewis	R D Lewis
W G Lewis	A S Lewis	C E Lloyd
P Lloyd	I E Mann	P M Matthews
C L Philpott	S Pritchard	C Richards
K M Roberts	B J Rowlands	P B Smith
R V Smith	R C Stewart	D G Sullivan
G J Tanner	W G Thomas	M Thomas
L J Tyler-Lloyd	G D Walker	L V Walton
T M White		

#### **Apologies for Absence**

Councillor(s): S E Crouch, V M Evans, C R Evans, W Evans, F M Gordon, P R Hood-Williams, B Hopkins, D H Hopkins, S M Jones, P N May, D Phillips, A Pugh, J A Raynor, M Sherwood, A H Stevens, M Sykes and L G Thomas

#### 51. **DISCLOSURES OF PERSONAL AND PREJUDICIAL INTERESTS.**

The Head of Legal, Democratic Services and Business Intelligence gave advice regarding the potential personal and prejudicial interests that Councillors and / Officers may have on the agenda.

The Head of Democratic Services reminded Councillors and Officers that the "Disclosures of Personal and Prejudicial Interests" sheet should only be completed if the Councillor / Officer actually had an interest to declare. Nil returns were not required. Councillors and Officers were also informed that any declarable interest must be made orally and in writing on the sheet.

In accordance with the provisions of the Code of Conduct adopted by the City and County of Swansea no interests were declared.

52. **CONFERRING TITLE OF HONORARY ALDERMAN PURSUANT TO SECTION 249 LOCAL GOVERNMENT ACT 1972 - FORMER COUNCILLORS R G DAVIES, J NEWBURY, I M RICHARD, R J STANTON & C THOMAS.**

The Lord Mayor stated that Council at its meeting on 22 June 2017 (Minute 26 refers) resolved in principle to confer the title of Honorary Alderman on the following former Councillors R G Davies, J Newbury, I M Richard, R J Stanton and C Thomas in recognition of their long and eminent service to the City and Council of Swansea and its predecessor Authorities..

The title is derived from the Old English title of "Ealdorman", literally meaning "Elder Man", and was used by the Chief Nobles presiding over Shires. The position of Honorary Alderman / Honorary Alderwoman is non political.

The title is used within the City and County of Swansea as a reward for individuals who have reached the end long and eminent services to the Council providing the criteria has been met.

**R G Davies**

Former Councillor R G Davies served the Landore community and was Lord Mayor of the City and County of Swansea 1994-1995. His period of service being:

- Swansea City Council. 12 December 1974 to 31 March 1996.

**J Newbury**

Former Councillor J Newbury served the Dunvant community. He was Lord Mayor of the City and County of Swansea 2015-2016. His periods of service being:

- Swansea City Council. 7 May 1987 to 31 March 1996;
- City and County of Swansea. 4 May 1995 to 4 May 2017.

**I M Richard**

Former Councillor I M Richard served the Mawr community. He was Lord Mayor of the City and County of Swansea 2011-2012. His periods of service being:

- Lliw Valley Borough Council. 14 November 1985 to 31 March 1996;
- City and County of Swansea. 4 May 1995 to 4 May 2017.

**R J Stanton**

Former Councillor R J Stanton served the Sketty community. She was Lord Mayor of the City and County of Swansea 2013-2014. Her periods of service being:

- Swansea City Council. 5 May 1988 to 31 March 1996;
- West Glamorgan County Council. 4 May 1989 to 31 March 1996.
- City and County of Swansea. 4 May 1995 to 4 May 2017.

## **C Thomas**

Former Councillor C Thomas served the Mynyddbach community. She was Lord Mayor of the City and County of Swansea 2014-2015. Her periods of service being:

- Swansea City Council. 23 May 1990 to 31 March 1996;
- City and County of Swansea. 4 May 1995 to 4 May 2017.

The Leaders of each of the Political Groups and some other Councillors paid tribute to the long and eminent service of these former Councillors stating that their cumulative combined service was in excess of 136 years.

**RESOLVED** that in accordance with Section 249 of the Local Government Act 1972, the Council confer the title of Honorary Alderman on Former Councillors R G Davies, J Newbury, I M Richard, R J Stanton and C Thomas in recognition of their long and eminent service to the City and Council of Swansea and its predecessor Authorities.

The meeting ended at 3.39 pm

**CHAIR**

# CITY AND COUNTY OF SWANSEA

## MINUTES OF THE COUNCIL

HELD AT COUNCIL CHAMBER, GUILDHALL, SWANSEA ON  
THURSDAY, 24 AUGUST 2017 AT 5.00 PM

**PRESENT:** Councillor D W W Thomas (Chair) Presided

<b>Councillor(s)</b>	<b>Councillor(s)</b>	<b>Councillor(s)</b>
C Anderson	P M Black	J E Burtonshaw
M C Child	N J Davies	A M Day
C R Doyle	M Durke	V M Evans
E W Fitzgerald	R Francis-Davies	S J Gallagher
L S Gibbard	F M Gordon	K M Griffiths
J A Hale	D W Helliwell	T J Hennegan
C A Holley	O G James	L James
M H Jones	P Jones	L R Jones
J W Jones	E J King	E T Kirchner
M A Langstone	M B Lewis	W G Lewis
A S Lewis	C E Lloyd	P Lloyd
I E Mann	P M Matthews	H M Morris
C L Philpott	S Pritchard	A Pugh
J A Raynor	C Richards	K M Roberts
B J Rowlands	P B Smith	R V Smith
A H Stevens	R C Stewart	D G Sullivan
G J Tanner	W G Thomas	M Thomas
L J Tyler-Lloyd	G D Walker	L V Walton
T M White		

### **Apologies for Absence**

Councillor(s): S E Crouch, J P Curtice, P Downing, C R Evans, W Evans, P R Hood-Williams, B Hopkins, D H Hopkins, S M Jones, R D Lewis, P N May, D Phillips, M Sherwood, M Sykes and L G Thomas

### 53. **DISCLOSURES OF PERSONAL AND PREJUDICIAL INTERESTS.**

The Head of Legal, Democratic Services and Business Intelligence gave advice regarding the potential personal and prejudicial interests that Councillors and / Officers may have on the agenda.

The Head of Democratic Services reminded Councillors and Officers that the "Disclosures of Personal and Prejudicial Interests" sheet should only be completed if the Councillor / Officer actually had an interest to declare. Nil returns were not required. Councillors and Officers were also informed that any declarable interest must be made orally and in writing on the sheet.

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

- 1) Councillors C Richards declared a Personal Interest in Minute 57 "Announcements of the Leader of the Council";
- 2) Councillors J E Burtonshaw declared a Personal Interest in Minute 65 "Councillors' Questions".

54. **MINUTES.**

**RESOLVED** that the following Minutes be approved and signed as a correct record:

- 1) Extraordinary Meeting of Council held on 27 July 2017 subject to:
  - i) Councillor T J Hennegan and Councillor E T Kirchner being added to the list of those present;
  - ii) Councillor E T Kirchner being removed from the list of apologies;
- 2) Ordinary Meeting of Council held on 27 July 2017 subject to:
  - i) Councillor B J Rowlands and W G Thomas being added to the list of those present;
  - ii) Councillor D G Sullivan being added to the list of apologies.

55. **WRITTEN RESPONSES TO QUESTIONS ASKED AT THE LAST ORDINARY MEETING OF COUNCIL.**

The Head of Legal, Democratic Services and Business Intelligence submitted an information report setting out the written responses to questions asked at the last Ordinary Meeting of Council.

56. **ANNOUNCEMENTS OF THE PRESIDING MEMBER.**

1) **Condolences**

a) **Councillor Janice Dudley, Mayor of Neath Port Talbot**

The Presiding Member referred with sadness to the recent sudden death of Councillor Janice Dudley, Mayor of Neath Port Talbot. Councillor Dudley was known to a number of City and County of Swansea Councillors as she was a member of the West Glamorgan Joint Archives Committee.

b) **Terror Attacks and Tragic Events**

The Presiding Member referred with sadness to the terrorist attacks at Barcelona, Spain on 18 August 2017, Cambrils, Spain and Turku, Finland both on 19 August 2017. The attacks left numerous dead and injured.

Flags outside the Council's Civic buildings were flown at half-mast.

**c) Jillian Thomas, Sister of Councillor J P Curtice**

The Presiding Member referred with sadness to the recent death of Jillian Thomas, sister of Councillor J P Curtice.

All present stood as a mark of sympathy and respect.

**2) Tabernacle Chapel, Morriston**

The Presiding Member stated that Morriston Tabernacle was one of only two Grade 1 Listed buildings in Swansea (the other being the Guildhall). He stated that Tabernacle had made the shortlist of the top 50 best churches in Wales.

It is the only Swansea church in the competition and is currently in the lead. The public have until 31 August 2017 to vote. Attaining the top spot could help support and promote Swansea's City of Culture bid.

He stated that should people wish to vote, they should visit [www.SacredWales.org.uk](http://www.SacredWales.org.uk)

**4) The Association of Print and Communication Managers (APCOM) Awards 2017**

The Presiding Member was delighted to announce that DesignPrint, the Authority's in-house print unit has followed up its successes in the APCOM Awards 2016 by being shortlisted for 'APCOM Team of the Year 2017'. These awards raise the profile of DesignPrint and give credibility in a competitive market, particularly with regard to the commercial services DesignPrint offers.

The awards are being presented at the national conference this year in Dunchurch, Warwickshire on 21 September 2017.

Additionally, Anthony Evans, DesignPrint Manager will become the APCOM President 2017-2019 on 22 September 2017. Anthony will become the first person to have been APCOM President for a second time.

He congratulated Anthony Evans and all of the staff at DesignPrint for their achievement.

**5) Fund Raising Cycle Ride from the Reverend James, Loughor to Dublin**

The Presiding Member stated that Huw Evans, Head of Democratic Services and his cycling colleagues from Beicwyr Rachel / Rachel's Riders cycling club would be cycling from the Reverend James, Loughor to Dublin and back in September 2017.



They would be raising money to help fund a specialist wheelchair to a youngster from Loughor. Donations could be made by visiting

<https://www.justgiving.com/crowdfunding/BeicwyrRachel>

57. **ANNOUNCEMENTS OF THE LEADER OF THE COUNCIL.**

1) **Liberty Stadium**

The Leader of the Council provided an update in relation to the ongoing negotiations relating to a new stadium deal option.

2) **Rail Electrification between Cardiff and Swansea**

The Leader of the Council stated that he was following up on the actions outlined under the Notice of Motion at Council on 27 July 2017.

3) **Kilvey Hill Development**

The Leader of the Council stated that he had met with a delegation from New Zealand relating to a development on Kilvey Hill. He was hopeful that this would lead to future investment.

58. **PUBLIC QUESTIONS.**

A number of questions were asked by members of the public. The relevant Cabinet Member responded accordingly. No questions required a written response.

59. **PUBLIC PRESENTATION - NONE.**

No Public Presentations were received.

60. **CORPORATE PLAN 2017/22.**

The Service Transformation & Business Operations Cabinet Member submitted a report, which sought to publish a Corporate Plan containing the Council's Well-being Objectives in line with the requirements set out within the Well-being Future Generations (Wales) Act 2015 and statutory guidance relating to Public Bodies.

**RESOLVED** that:

- 1) The Corporate Plan 2017-2022 be adopted.

**Note:** Councillor J W Jones asked the following question:

- i) *“Page 63, Fourth bullet point from the bottom. Can you explain what is meant by “Most people in Swansea are not in income poverty; but for those who are in poverty, well-being is low?”*

The Service Transformation & Business Operations Cabinet Member stated that a written response would be provided.

61. **CODE OF CORPORATE GOVERNANCE.**

The Section 151 Officer submitted a report, which provided the revised Code of Corporate Governance and allows Council to approve the revised Code based on the Chartered Institute of Public Finance and Accountancy (CIPFA / Society of Local Authority Chief Executives (SOLACE) Framework issues for 2016-2017 onwards.

**RESOLVED** that:

- 1) The revised Code of Corporate Governance be approved.

62. **ANNUAL GOVERNANCE STATEMENT 2016/17.**

The Section 151 Officer submitted a report, which presented the annual review of governance arrangements 2016-2017 for approval and to provide Council with copies of two letters of representation returned to the Wales Audit Office completed by those charged with governance and management for the City and County of Swansea and the City and County of Swansea Pension Fund for information.

**RESOLVED** that:

- 1) The Annual Governance Statement 2016-2017 be approved and the Letters of Representation be noted.

63. **DEMOCRATIC SERVICES ANNUAL REPORT 19 MAY 2016 – 24 MAY 2017.**

The Chair of Democratic Services submitted an information report, which provided the Democratic Services Annual Report for the period 19 May 2016 to 24 May 2017. The reports outlines the work of the Committee during that period.

**RESOLVED** that the report be noted.

64. **MEMBERSHIP OF COMMITTEES.**

The Service Transformation & Business Operations Cabinet Member stated that an amended report had been circulated.

He referred to the report stating that the Leader of the Council had also made changes to the Authority's Outside Bodies as outlined below:

- 1) **ABMU Community Health Council**  
Remove Councillor M C Child.  
Add Councillor M Sykes.

**RESOLVED** that the membership of the Council Bodies listed below be amended as follows:

- 1) **Economic & Infrastructure Policy Development & Delivery Committee**  
Add Councillor T M White.
- 2) **Education & Skills Policy Development & Delivery Committee**  
Remove Councillor C L Philpott.
- 3) **Planning Committee**  
Remove Councillor E J King.  
Add Councillor C Anderson.
- 4) **Corporate Parenting Board**  
Remove Councillor E T Kirchner.  
Add Councillor A Pugh.

65. **COUNCILLORS' QUESTIONS.**

1) **Part A 'Supplementary Questions'**

Eight (8) Part A 'Supplementary Questions' were submitted. The relevant Cabinet Member(s) responded by way of written answers contained in the Council Summons.

The following supplementary question(s) required a written response.

**Question 7**

a) Councillor P M Black asked:

i) *"Can the Cabinet Member provide the figures for 2016-2017?"*

The Health & Wellbeing Member stated that a written response would be provided.

2) **Part B 'Questions not requiring Supplementary Questions'**

Three (3) Part B 'Questions not requiring Supplementary Questions' were submitted.

The meeting ended at 6.01 pm

**CHAIR**

# Agenda Item 4.



## Report of the Head of Legal, Democratic Services & Business Intelligence

Council – 28 September 2017

### Written Responses To Questions Asked At The Last Ordinary Meeting Of Council

The report provides an update on the responses to Questions asked during the last Ordinary Meeting of Council on 24 August 2017.

#### For Information

#### 1. Introduction

- 1.1 It was agreed at Council on 8 April 2010 that a standing item be added to the Council Summons entitled “Written Responses to Questions Asked at the Last Ordinary Meeting of Council”.
- 1.2 A “For Information” report will be compiled by the Democratic Services Team collating all written responses from the last Ordinary Meeting of Council and placed in the Agenda Pack;
- 1.3 Any consequential amendments be made to the Council Constitution.

#### 2. Responses

- 2.1 Responses to questions asked during the last ordinary meeting of Council are included as Appendix A.

**Background Papers:** None

**Appendices:** Appendix A (Questions & Responses)

**Providing Council with Written Responses to Questions at Council  
24 August 2017**

1.	<p><b>Councillor J W Jones</b> In relation to the Corporate Plan 2017/22. <i>“Page 63, Fourth bullet point from the bottom. Can you explain what is meant by “Most people in Swansea are not in income poverty; but for those who are in poverty, well-being is low?”</i>”</p> <p><b>Response of the Cabinet Member for Stronger Communities</b></p> <p>Various studies referred to in the Well-being Assessment have demonstrated that households which are in income poverty have worse physical and mental health, higher levels of stress and poorer quality housing, diets and lifestyles. Thus their well-being is low. Indeed, Peter Townsend's* definition of relative poverty is where people lack "the resources to obtain the types of diet, participate in the activities, and have the living conditions and amenities which are customary, or at least widely encouraged or approved, in the societies to which they belong." Of course being in that situation reduces well-being in many ways and affects social, health, education and other outcomes.</p> <p>Approximately a quarter of Swansea's population live within the current Communities First Clusters – therefore identified by Welsh Government as deprived geographic areas. This is based on data that looks at income, employment, health, education, access to services, community safety, physical environment and housing.</p> <p>17% of people in Swansea experience income deprivation (the proportion of people with an income below a defined level, based on benefits data**). However, the percentage of people experiencing income deprivation in Swansea at a Lower Super Output (LSOA) level varies greatly between our most and least deprived communities (from 45% in Townhill 1 and Townhill 3, to 3% in Sketty 8, Penllergaer 1, Newton 1 and Kingsbridge 2).</p> <p>We see a strong correlation between health and deprivation, the highest incidence of limiting long-term illness in Swansea is within our most overall deprived communities (LSOAs Townhill 1, Penderry 1).</p> <p>Not everyone in Swansea is in poverty, but we can see that people who experience poverty are more likely to have poorer health, and also that people that have poor health are more likely to experience poverty.</p> <p>* Townsend, P. (1979) <i>Poverty in the United Kingdom</i>, London, Allen Lane and Penguin Books ** Source: Welsh Index of Multiple Deprivation annual indicator data – Income domain, 2014-15 data published December 2016, Welsh Government. The indicator currently sums claimants and dependent children in the following categories; income-related benefit claimants (data from DWP), tax credit recipients (HMRC), supported asylum seekers (Home Office), and claimants of Universal Credit except those “working with no requirements” (DWP).</p>
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2.

**Councillor P M Black**

In relation to Councillors Question 7.

“Can the Cabinet Member provide the figures for 2016-2017?”

**Response of the Cabinet Member for Health & Well Being**

At the Quarter One stage of the 2016/17 financial year, an overspend of £4.175m was forecast for Adult Services. At the end of the year an overspend of £908k was reported.



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru  
Auditor General for Wales

# Audit of Financial Statements Report – City & County of Swansea

Audit year: 2016-17

Date issued: September 2017

Document reference: **484A2017**

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](mailto: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.



# Contents

The Auditor General intends to issue an unqualified audit report on your 2016-17 financial statements, however there are some issues to report to you prior to their approval.

## Summary report

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# 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 City & County of Swansea (the Council) at 31 March 2017 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 Council are £8.4 million. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and reader sensitivity.
- 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 2016-17 financial statements of the Council (including its Group), that require reporting under ISA 260. A separate report has been issued covering the City & County of Swansea Pension Fund.

## Status of the audit

- 6 We received the draft financial statements for the year ended 31 March 2017 on 14 June 2017, prior to the deadline of 30 June 2017, and have now substantially completed our audit work.
- 7 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. We have already discussed these issues with the Head of Financial Services and Service Centre (the Section 151 officer).

## Proposed audit report

- 8 It is the Auditor General's intention to issue an unqualified audit report on your 2016-17 financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#). The proposed audit report is set out in [Appendix 2](#).

## Significant issues arising from the audit

### Uncorrected misstatements

- 9 There are no 'non-trivial' misstatements identified in the financial statements which have not been corrected by management.

### Corrected misstatements

- 10 There were a number of misstatements which 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. These are set out with explanations in [Appendix 3](#). These amendments had no impact on the net expenditure or net assets of the Council.

### Other significant issues arising from the audit

- 11 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:
- **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 and easy to understand. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear. We will hold a post project learning meeting with the Council's Finance Team later in the year to improve the efficiency of the compilation and audit processes. A key challenge for the Council and us will be the statutory earlier closure deadline of 31 May and audit deadline of 31 July from 2020-21. To ensure we are well placed to meet the earlier deadlines the Council and ourselves will agree a plan to incrementally bring forward the accounts closure and audit over the next few years.
  - **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. We did however identify that the Council's working papers and responses to our audit queries for Borrowing could be improved in 2017-18.
  - **There were no significant matters discussed and corresponded upon with management which we need to report to you.** We planned and performed our audit to address the financial statement risks as reported within our 2017 Audit Plan. No significant issues were identified from the audit of these areas.

- **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 although we have identified some significant issues to report to you.**  
During 2016-17, the Council has continued to make progress in improving its arrangements for capital accounting. However, there are a number of areas where further work is required in 2017-18. [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 2016-17 financial audit work

- 12 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

- 13 As part of the finalisation process, we are required to provide you with representations concerning our independence.
- 14 As reported in our Audit Outline there is one independence issue for which we put in place additional audit controls. 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 the Council 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

### Representations regarding the 2016-17 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 & County of Swansea for the year ended 31 March 2017 for the purpose of expressing an opinion on their truth and fairness.

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 the Code; in particular the financial statements give a true and fair view in accordance therewith.
- 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.

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 & 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 & County of Swansea on 28 September 2017.

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:

Head of Financial Services and Service  
Centre (S151 Officer)

Date:

Signed by:

Chair of the Council

Date:

# Appendix 2

## Proposed audit report of the Auditor General to the Members of the City & County of Swansea

I have audited the accounting statements and related notes of:

- the City & County of Swansea;
- the City & County of Swansea Group; and
- the City & County of Swansea Pension Fund;

for the year ended 31 March 2017 under the Public Audit (Wales) Act 2004.

The City & County of Swansea's accounting 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.

The City & County of Swansea Group's accounting 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.

The City & County of Swansea Pension Fund's accounting statements comprise the Fund Account and the Net Assets Statement.

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 2016-17 based on International Financial Reporting Standards (IFRSs).

### **Respective responsibilities of the responsible financial officer and the Auditor General for Wales**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 186, the responsible financial officer is responsible for the preparation of the statement of accounts, including the City & County of Swansea's Group accounting statements and the City & County of Swansea Pension Fund's accounting statements, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

### **Scope of the audit of the accounting statements**

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the City & County of Swansea and the City & County of Swansea Group and the City & County of Swansea Pension Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of



significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes 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.

#### **Opinion on the accounting statements of the City & County of Swansea**

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the City & County of Swansea as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

#### **Opinion on the accounting statements of the City & County of Swansea Group**

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the City & County of Swansea Group as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

#### **Opinion on the accounting statements of the City & County of Swansea Pension Fund**

In my opinion, the pension fund accounts and related notes:

- give a true and fair view of the financial transactions of the City & County of Swansea Pension Fund during the year ended 31 March 2017 and of the amount and disposition of the fund's assets and liabilities as at that date; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

#### **Opinion on other matters**

In my opinion, the information contained in the Explanatory Foreword is consistent with the accounting statements and related notes.

**Matters on which I report by exception**

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

- adequate accounting records have not been kept;
- the accounting 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;
- the Governance Statement does not reflect compliance with guidance.

**Certificate of completion of audit**

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

For and on behalf of  
Huw Vaughan Thomas  
Auditor General for Wales

24 Cathedral Road  
Cardiff  
CF11 9LJ

29 September 2017

# Appendix 3

## Summary of corrections made to the draft financial statements

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
£22 million	<b>Borrowing (Note 18)</b> The following classification errors were identified in Note 18 of the draft financial statements: <ul style="list-style-type: none"><li>£22 million of short-term borrowing from other authorities was incorrectly classified as Public Works Loan Board (PWLB).</li><li>£9 million of PWLB loans were incorrectly classified as long-term borrowing. These loans are due to mature within twelve months.</li><li>£2 million of long-term borrowing from other institutions including Welsh Government was incorrectly classified as PWLB.</li></ul>
£9 million	
£2 million	
£1 million	<b>Grant Income (Note 32)</b> Note 32 of the draft financial statements incorrectly disclosed £1 million of grant income received by the Council as relating to 'Vibrant and Viable Places' rather than 'other grants and contributions'.
Various	Various other minor presentational amendments were made to the draft financial statements. These amendments included a number of minor changes and additional disclosures to the Officers' remuneration set out in Note 30.

# Appendix 4

## Recommendations arising from our 2016-17 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: recommendations arising from our 2016-17 financial audit work

<b>Matter arising 1 – Capital Accounting</b>	
<b>Findings</b>	<p>During 2016-17, the Council has continued to make progress in improving its arrangements for capital accounting. However, there are a number of areas where further work is required in 2017-18 including:</p> <ul style="list-style-type: none"><li>• the Council's approach to the revaluation of Schools requires review to ensure that the correct guidance is consistently applied across the asset base.</li><li>• the Council is unable to fully reconcile its Revaluation Reserve to the net historical cost of its assets.</li><li>• the Council holds the deeds for a number of assets but these have yet to be registered with the Land Registry. These records should be systematically updated with the Land Registry in conjunction with the revaluation programme.</li><li>• the Council needs to formally review the valuation methods used for all significant assets held by Group subsidiaries and assess the difference between the valuation methods used by the subsidiaries and the valuation methods set out in the Council's accounting policies.</li><li>• the Council's asset registers are spreadsheet based which takes significant officer time to maintain. A more efficient approach to capital accounting needs to be implemented if early closure deadlines are to be met in future.</li></ul>
<b>Priority</b>	High
<b>Recommendation</b>	The Council needs to continue to improve its capital accounting arrangements in 2017-18 across a number of areas.
<b>Benefits of implementing the recommendation</b>	Implementation of the recommendation would improve capital accounting arrangements.
<b>Accepted in full by management</b>	Yes

**Matter arising 1 – Capital Accounting****Management response**

There is an accepted need to strengthen further still a number of aspects of capital accounting as set out above. The findings are accepted and steps will be taken to address these where practicable and proportionate to do so.

**Implementation date**

Throughout 2017-18 in time for 2017-18 Statement of Accounts compilation

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Auditor General for Wales

# Audit of Financial Statements Report – City and County of Swansea Pension Fund

Audit year: 2016-17

Date issued: September 2017

Document reference: 117A2017-18

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](mailto: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.



# Contents

The Auditor General intends to issue an unqualified audit report on the City and County of Swansea Pension Fund's 2016-17 financial statements, however, there are some issues to report to you prior to their approval.

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# 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 Pension Fund (the Pension Fund) at 31 March 2017 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 gross assets controlled by the Pension Fund amount to £1.8 billion. The quantitative levels at which we judge such misstatements to be material for the Pension Fund are £18.6 million. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and reader sensitivity.
- 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 the Pension Fund, for 2016-17 that require reporting under ISA 260. A separate report has been issued covering the City and County of Swansea and the City and County of Swansea Group.

## Status of the audit

- 6 We received the draft financial statements for the year ended 31 March 2017 on 6 June 2017, prior to the agreed deadline of 30 June 2017, and have now substantially completed our audit work.
- 7 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. We have already discussed these issues with the Head of Financial Services and Service Centre.

## Proposed audit report

- 8 It is the Auditor General's intention to issue an unqualified audit report on the Pension Fund's 2016-17 financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).
- 9 The proposed audit report is set out in [Appendix 2](#). The Pension Fund is included within the Council's main financial statements and therefore the opinion shown is that proposed for the Council's main financial statements incorporating the Pension Fund.

## Significant issues arising from the audit

### Uncorrected misstatements

- 10 There are no 'non-trivial' misstatements from our audit which have not been corrected by management.

### Corrected misstatements

- 11 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](#). These amendments had no impact on the Fund Account but the value of investments in the Net Assets Statement was increased by £2.3 million. There were also a number of other presentational amendments made to the draft financial statements arising from the audit.

### Other significant issues arising from the audit

- 12 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.
- **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.** 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.
  - **We did not encounter any significant difficulties during the audit.** We received information in a timely and helpful manner and were not restricted in our work.
  - **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
  - **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** However, we have identified that controls over year-end reconciliations between payroll and the pensions systems can be improved. Further details are set out in [Appendix 4](#).
  - **There are not any other matters specifically required by auditing standards to be communicated to those charged with governance.**

## Recommendations arising from our 2016-17 financial audit work

- 13 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

- 14 As part of the finalisation process, we are required to provide you with representations concerning our independence.
- 15 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 the Council and the Pension Fund 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

### Representations regarding the 2016-17 financial statements

This letter is provided in connection with your audit of the financial statements of the City and County of Swansea Pension Fund (the Pension Fund) for the year ended 31 March 2017 for the purpose of expressing an opinion on their truth and fairness.

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 the Code; 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 Pension Fund 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.

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 the Members of the City and County of Swansea on 28 September 2017.

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:

Head of Financial Services and Service  
Centre (S151 Officer)

Date:

Signed by:

Chair of the Council

Date:

# Appendix 2

## Auditor General for Wales' report to the Members of the City and County of Swansea

I have audited the accounting statements and related notes of:

- the City and County of Swansea;
- the City and County of Swansea Group; and
- the City and County of Swansea Pension Fund

for the year ended 31 March 2017 under the Public Audit (Wales) Act 2004.

The City and County of Swansea's accounting 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.

The City and County of Swansea Group's accounting 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.

The City and County of Swansea Pension Fund's accounting statements comprise the Fund Account and the Net Assets Statement.

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 2016-17 based on International Financial Reporting Standards (IFRSs).

### **Respective responsibilities of the responsible financial officer and the Auditor General for Wales**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 194, the responsible financial officer is responsible for the preparation of the statement of accounts, including the City and County of Swansea's Group accounting statements and the City and County of Swansea Pension Fund's accounting statements, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

### **Scope of the audit of the accounting statements**

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the City and County of Swansea and the City and County of



Swansea Group and the City and County of Swansea Pension Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes 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.

#### **Opinion on the accounting statements of the City and County of Swansea**

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the City and County of Swansea as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

#### **Opinion on the accounting statements of the City and County of Swansea Group**

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the City and County of Swansea Group as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

#### **Opinion on the accounting statements of the City and County of Swansea Pension Fund**

In my opinion, the Pension Fund accounts and related notes:

- give a true and fair view of the financial transactions of the City and County of Swansea Pension Fund during the year ended 31 March 2017 and of the amount and disposition of the fund's assets and liabilities as at that date; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

#### **Opinion on other matters**

In my opinion, the information contained in the Explanatory Foreword is consistent with the accounting statements and related notes.

### **Matters on which I report by exception**

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

- adequate accounting records have not been kept;
- the accounting 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;
- the Governance Statement does not reflect compliance with guidance.

### **Certificate of completion of audit**

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

For and on behalf of  
Huw Vaughan Thomas  
Auditor General for Wales

24 Cathedral Road  
Cardiff  
CF11 9LJ

29 September 2017

# Appendix 3

## Summary of corrections made to the draft financial statements

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
+£2,444,000	The HarbourVest private equity fund was undervalued by £2,444,000 in the draft financial statements. Due to HarbourVest's 90-day reporting period, the Council used an estimated figure provided by HarbourVest. This amendment increased the value of investments in the Net Assets Statement by £2,444,000.
-£100,000	The Aegon AVC fund (which is a disclosure note and is not part of the Pension Fund) was overstated by £100,000 in the draft financial statements. Last year's valuation was used as the required information from Aegon, was not received until after the draft financial statements were prepared. This amendment did not impact on the Net Assets Statement as it is not part of the Pension Fund.
-£113,812	The valuation of Partners Group Investments was overstated by £113,812 in the draft financial statements. The Council used an estimated figure within the draft financial statements due to the late receipt of the SICAR Investment Report. This amendment decreased the value of investments in the Net Assets Statement by £113,812.
Various	The related parties note was updated to include a disclosure on key management personnel. This is a requirement of CIPFA's Code.
Various	Various other minor presentational amendments were made to the draft financial statements.

# Appendix 4

## Recommendations arising from our 2016-17 financial audit work

We set out our recommendations arising from our audit with management's response. We will follow this up next year:

### Exhibit 2: matter arising 1: membership numbers

<b>Matter arising 1 – Membership numbers</b>	
<b>Findings</b>	<p>As reported last year, there was a net difference of 232 member numbers between the closing balance 2015-16 as reported in last year's financial statements and the opening balance for 2016-17 as produced by the membership numbers report produced from the pension systems (Note 21).</p> <p>Information is received from admitted and scheduled bodies relating to the previous financial year throughout 2016-17. The membership numbers report detailing the 2016-17 opening balances was generated on 22 May 2017. The pension database is a 'live' system, opening and closing balances are updated as information is received from external bodies by the administration team. Consequently, timing differences arise in relation to opening and closing balances dependent upon when membership number reports are generated. Throughout 2016-17, admitted and scheduled bodies were encouraged to provide more up-to-date information on deferred pensioner numbers dating back to 2013 to ensure that membership numbers recorded on the pension database were accurate.</p>
<b>Priority</b>	High.
<b>Recommendation</b>	The Council should remind all external bodies of the importance of providing accurate and timely information to the administration team to ensure the accuracy of the figures within the Pension Fund database.
<b>Benefits of implementing the recommendation</b>	Implementation of the recommendation would improve the reconciliation, reporting of and monitoring of membership numbers within the Council and associated bodies.
<b>Accepted in full by management</b>	Yes.
<b>Management response</b>	In line with reminders regarding year-end reconciliation, employers will also be reminded of the necessity of timely notification of accurate member data.
<b>Implementation date</b>	September 2017.

Exhibit 3: matter arising 2: reconciliation of the ALTAIR Database

<b>Matter arising 2 – Reconciliation of the ALTAIR Database</b>	
<b>Findings</b>	As reported last year, there have been delays in completing the year-end reconciliation of the ALTAIR (pensions) database to the payroll systems of some admitted bodies. The reconciliation work has been delayed this year for a number of reasons including a slow response rate from admitted bodies, staff absences and issues arising from the introduction of I-Connect software to interface the payroll and pensions systems.
<b>Priority</b>	High.
<b>Recommendation</b>	The Council must complete the year-end reconciliation of the ALTAIR database to the various payroll systems as soon as possible. Differences need to be resolved with admitted bodies. The Council also needs to reconcile its own records following the introduction of I-Connect.
<b>Benefits of implementing the recommendation</b>	Implementation of the recommendation would resolve any differences between the Council's records and those held by admitted bodies. This would improve the quality of the information held within the database.
<b>Accepted in full by management</b>	Yes.
<b>Management response</b>	Work is continuing with four of the employers to on-board them to i-Connect. It should be noted that resource has to be provided by the employer for this to be achieved. There is already regular communication with employers regarding the timeliness of submitting data and training offered each year with regard to year-end reconciliation - further training will be built in to the employers' meeting due to be held in February 2018. The Pension Section will work with the Council to reconcile data provided through i-Connect.
<b>Implementation date</b>	April 2018.

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## Report of the Section 151 Officer

Council – 28 September 2017

### Statement of Accounts 2016/17

<b>Purpose:</b>	The Council is required to approve the 2016/17 accounts on or before 30 <sup>th</sup> September 2017.
<b>Policy Framework:</b>	Budget and Accounts 2016/17.
<b>Consultation:</b>	Legal, Finance and Access to Services.
<b>Recommendation(s):</b>	It is recommended that the 2016/17 Statement of Accounts in Appendix A be approved.
<b>Report Author:</b>	Ben Smith
<b>Finance Officer:</b>	Ben Smith
<b>Legal Officer:</b>	Debbie Smith
<b>Access to Services Officer:</b>	Sherill Hopkins

#### 1.0 Introduction

1.1 The Statement of Accounts for the year 2016/17 is attached in Appendix A and is recommended to Council for approval.

#### 2.0 Timetable for completion and audit of the 2016/17 accounts

2.1 The key dates in relation to the 2016/17 accounts process are as follows:-

12 <sup>th</sup> June 2017	The draft Statement of Accounts was completed and certified by the Section 151 Officer in line with the requirements of the Accounts and Audit Regulations.
----------------------------	---

26 <sup>th</sup> September 2017	Audit Committee will consider the Auditor's reports.
28 <sup>th</sup> September 2017	Council is asked to formally approve the 2016/17 Statement of Accounts.
30 <sup>th</sup> September 2017	Statutory date for the completion of the external audit of the Statement of Accounts.

### **3. Changes to the format and content of the Statement of Accounts**

3.1 There are no changes to the format and content of the 2016/17 Statement of Accounts.

### **4.0 Financial Implications**

4.1 There are no direct financial implications arising from this report.

### **5.0 Legal Implications**

5.1 There are no legal implications associated with this report.

### **6. Equalities and Engagement Implications**

6.1 There are no Equalities or Engagement implications associated with this report.

**Background Papers:** None.

**Appendices:** Statement of Accounts given as an Appendix A to the Council Agenda





## Report of the Section 151 Officer

Council - 28 September 2017

### Treasury Management Annual Report 2016/17

#### Summary

**Purpose:** This report provides details of the Council's Treasury Management activities during 2016/17 and compares actual performance against the strategy laid down at the start of the year. This report is made to Council to comply with the requirements of CIPFA's Codes of Practice.

**Consultation:** Finance, Access to Services and Legal

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**For Information**

#### 1 Introduction

- 1.1 Under the CIPFA Code of Practice on Treasury Management in Public Services, there is a requirement: "...for the Council to receive reports on its treasury management policies, practices and activities".

This report summarises the activities for the year. The Prudential Code for Capital Finance in Local Authorities also requires the reporting of outturn Prudential Indicators for the year.

#### 2 Executive Summary of Activities During The Year

- 2.1 The Capital Financing Requirement outlined an outstanding borrowing requirement of £68m. In order to mitigate against adverse interest rate movement following the EU Referendum £20m of long term PWLB borrowing was undertaken in June 2016 at an average rate of 2.26%. Temporary market borrowing of £27m was also taken during March 2016 at an average rate of 0.41%.

- 2.2 The average interest rate on outstanding Council borrowing was 4.89% down from 5.15%
- 2.3 Internally Managed investments achieved a return of 0.47%. This represents an outperformance of +0.27% from the average 7 day LIBID benchmark rate of 0.20%. returning £420k of investment income
- 2.4 The Council has operated within all of the determined treasury limits outlined in the appendix 1

### **3 Financial Implications**

- 3.1 There are no financial implications arising directly from this report

### **4 Legal Implications**

- 4.1 There are no legal implications arising directly from the report.

### **5 Equality Impact Assessment Implication**

- 5.1 There are no equality impact assessment implications arising directly from the report

#### **Background Papers:**

Treasury Management Strategy, Prudential Indicators, Investment Strategy & Minimum Revenue Provision Statement 2016/17 (Feb 2016)

Treasury Management Strategy, Prudential Indicators, Investment Strategy & Minimum Revenue Provision Statement 2017/18 (Feb 2017)

#### **Appendices:**

Appendix A – Treasury Management Annual Report 2016/17

# Treasury Management Annual Report

**2016/17**

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# 1. Executive Summary

- 1.1 The Capital Financing Requirement outlined an outstanding borrowing requirement of £68m. In order to mitigate against adverse interest rate movement following the EU Referendum £20m of long term PWLB borrowing was undertaken in June 2016 at an average rate of 2.26%. Temporary market borrowing of £27m was also taken during March 2016 at an average rate of 0.41%
- 1.2 The average interest rate on outstanding Council borrowing was 4.89% down from 5.15%.
- 1.3 Internally Managed investments achieved a return of 0.47%. This represents an outperformance of +0.27% from the average 7 day LIBID benchmark rate of 0.20% returning £420k of investment income.
- 1.4 The Council has operated within all of the determined treasury limits outlined in the Appendix 1.

## 2. Introduction and Background

- 2.1 Treasury Management in local government is regulated by the CIPFA Code of Practice on Treasury Management in Public Services (the Code). The City and County of Swansea has adopted the Code and complies with its requirements. A glossary of terms used throughout this report is included at Appendix 2.
- 2.2 The primary requirements of the Code are the:
  - Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's Treasury Management activities
  - Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives
  - Receipt by the Council of an annual Treasury Management strategy report for the year ahead , a mid term update report and an annual review report of the previous year
  - Delegation by the Council of responsibilities for implementing and monitoring Treasury Management policies and practices and for the execution and administration of Treasury Management decisions
  - Treasury Management, in this context, is defined as:

*“The management of the local authority’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of the optimum performance or return consistent with those risks.”*
- 2.3 The Council has previously received in February 2016 the Treasury Strategy Statement and Investment Strategy for 2016/17.

- 2.4 The Prudential Code for Capital Finance in Local Authorities has been developed as a professional code of practice to support local authorities in determining their programmes for capital investment. Local authorities are required by Regulation under Part 1 of the Local Government Act 2003 to comply with the Prudential Code.
- 2.5 The objective of the Code is to provide a framework for local authority capital finance that will ensure for individual local authorities that:
- Capital expenditure plans are affordable
  - All borrowing and long term liabilities are within prudent and sustainable levels
  - Treasury Management decisions are taken in accordance with professional good practice
- 2.6 The Code includes a set of Prudential Indicators, which are designed to support and inform local decision-making. The 2016/17 Prudential Indicators are detailed in Appendix 1.

### 3. Debt Portfolio

- 3.1 The Council's external borrowing position at the beginning and end of the year was as follows:

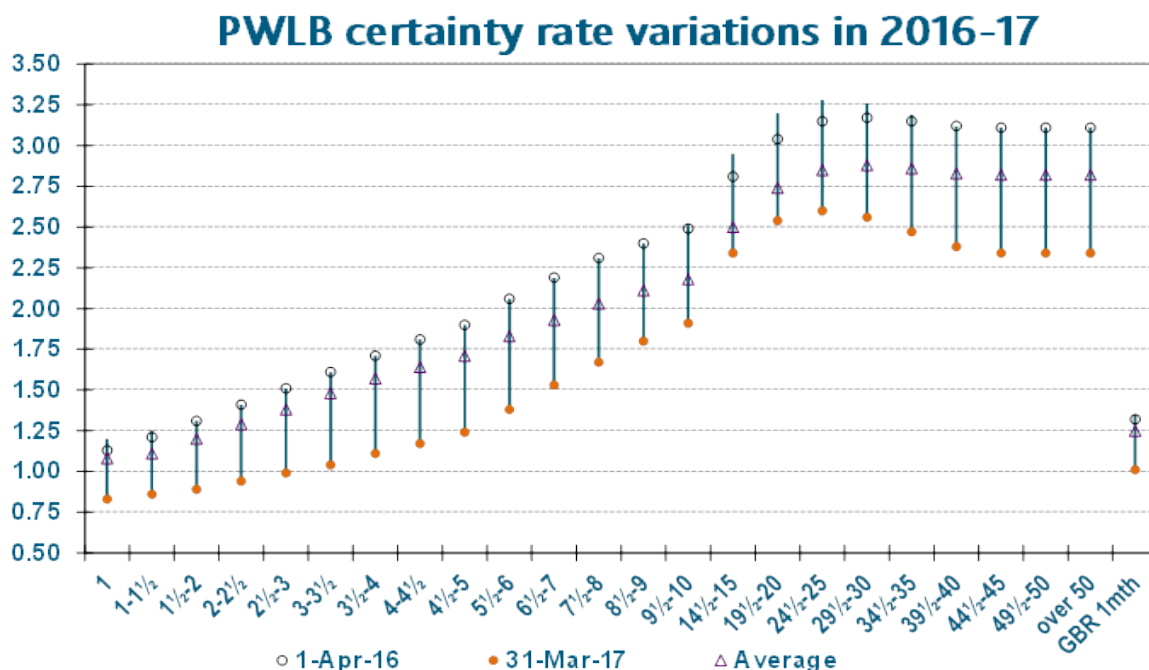
	1 April 2016		31 March 2017	
	Principal £'000	Interest Rate %	Principal £'000	Interest Rate %
<b>Long Term Debt</b>				
PWLB - fixed rate	303,372	5.54	323,085	5.16
Money Market (LOBO)	98,000	4.10	98,000	4.10
Local Bonds				
<b>Short Term Debt</b>				
Market	25	0.39	22,000	0.41
External Bodies	1,035	0.70	1,553	0.70
<b>Total Debt</b>	<b>402,432</b>	<b>5.15</b>	<b>444,639</b>	<b>4.89</b>

- 3.2 The average external debt portfolio interest rate was 4.89%.

## 4. Treasury Strategy 2016/17

- 4.1 The expectation for interest rates within the treasury management strategy for 2016/17 anticipated low but rising Bank Rate, starting in quarter 1 of 2017 and gradual rises in medium and longer term fixed borrowing rates during 2016/17. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.
- 4.2 In this scenario, the long term treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk, whilst mindful of opportunities to undertake borrowing should they arise and to mitigate any arising risks.
- 4.3 During 2016/17 there was major volatility in PWLB rates with rates falling during quarters 1 and 2 to reach historically very low levels in July and August, before rising significantly during quarter 3, and then partially easing back towards the end of the year.
- 4.4 The two major landmark events that had a significant influence on financial markets in the 2016-17 financial year were the UK EU referendum on 23 June and the election of President Trump in the USA on 9 November. The first event had an immediate impact in terms of market expectations of when the first increase in Bank Rate would happen, pushing it back from quarter 3 2018 to quarter 4 2019. At its 4 August meeting, the Monetary Policy Committee (MPC) cut Bank Rate from 0.5% to 0.25% and the Bank of England's Inflation Report produced forecasts warning of a major shock to economic activity in the UK, which would cause economic growth to fall almost to zero in the second half of 2016. The MPC also warned that it would be considering cutting Bank Rate again towards the end of 2016 in order to support growth. In addition, it restarted quantitative easing with purchases of £60bn of gilts and £10bn of corporate bonds, and also introduced the Term Funding Scheme whereby potentially £100bn of cheap financing was made available to banks.
- 4.5 In the second half of 2016, the UK economy confounded the Bank's pessimistic forecasts of August. After a disappointing quarter 1 of only +0.2% GDP growth, the three subsequent quarters of 2016 came in at +0.6%, +0.5% and +0.7% to produce an annual growth for 2016 overall, compared to 2015, of no less than 1.8%, which was very nearly the fastest rate of growth of any of the G7 countries. Needless to say, this meant that the MPC did not cut Bank Rate again after August but, since then, inflation has risen rapidly due to the effects of the sharp devaluation of sterling after the referendum. By the end of March 2017, sterling was 17% down against the dollar but had not fallen as far against the euro. In February 2017, the latest CPI inflation figure had risen to 2.3%, above the MPC's inflation target of 2%. However, the MPC's view was that it would look through near term supply side driven inflation, (i.e. not raise Bank Rate), caused by sterling's devaluation, despite forecasting that inflation would reach nearly 3% during 2017 and 2018. This outlook, however, is dependent on domestically generated inflation, (i.e. wage inflation), continuing to remain subdued despite the fact that unemployment is at historically very low levels and is on a downward trend. Market expectations for the first increase in Bank Rate moved forward to quarter 3 2018 by the end of March 2017 in response to increasing concerns around inflation.

4.6 **PWLB certainty maturity borrowing rates** - During 2016-17, PWLB rates fell from April to June and then gaining fresh downward impetus after the referendum and Bank Rate cut, before staging a partial recovery through to December and then falling slightly through to the end of March. The graphs and table for PWLB rates below show, for a selection of maturity periods, the average borrowing rates, the high and low points in rates, spreads and individual rates at the start and the end of the financial year.



4.6 In this scenario, the treasury strategy was to postpone strategic borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk, whilst being open to tactical and/or risk mitigation borrowing opportunities outlined in 5.2

## 5. Actual Borrowing 2016/17

5.1 The Treasury Management strategy 2016/17 agreed by the Council in February 2017 outlined capacity to undertake £98m of its capital financing requirement.

5.2 As identified in 4.4 above, a potential risk to interest rate movements was the UK EU referendum. In mitigation of potential adverse movements in rates, it was determined to undertake £20m of long term PWLB borrowing at ahead of the EU Referendum in June 2016. A further £27m of temporary market borrowing was undertaken at various periods from February 2017- March 2017 for liquidity and cashflow purposes. The maturity dates of the long term borrowing were selected to complement the existing maturity profile and minimise interest burden. The loans taken out were :

<b>Long term Borrowing</b>			
<b>Lender</b>	<b>Amount</b>	<b>Maturity</b>	<b>Interest Rate</b>
PWLB	£5m	9years	2.0%
PWLB	£5m	10 years	2.1%
PWLB	£5m	46years	2.47%
PWLB	£5m	47 years	2.47%
Page 53			
<b>Temporary Borrowing</b>			

Lender	Amount	Maturity (av.)	Interest Rate (av)
Market	£27m	39 days	0.41%

## 6. Compliance with Treasury Limits

- 6.1 During the year, the Council operated within the limits set out in the Council's Treasury Management Strategy 2016/17 under the Prudential Code. The outturn for the prudential indicators are shown in Appendix 1.

## 7. Capital Financing Charges 2016/17

- 7.1 The capital financing charges made to the Council's accounts for 2016/17 including capital repayments net of discounts/premiums and interest receivable are detailed below.

	Actual 2015/16		Actual 2016/17	
	£'000	Net Interest Rate %		
Housing Revenue A/c	7,170	4.12	8,918	4.33
General Fund	27,422	4.01	27,051	4.32

- 7.2 The net capital financing rates charged differ from the average rate of interest for external debt due to the fact that part of the Council's borrowing for capital purposes is funded by the investment of internal reserves and the use of internal balances and amortisation of historical discounts/premia.applied.

## 8. Investment Strategy for 2016/17

- 8.1 After the EU referendum, Bank Rate was cut from 0.5% to 0.25% on 4 August and remained at that level for the rest of the year. Market expectations as to the timing of the start of monetary tightening started the year at quarter 3 2018, but then moved back to around the end of 2019 in early August before finishing the year back at quarter 3 2018. Deposit rates continued into the start of 2016/17 at previous depressed levels but then fell during the first two quarters and fell even further after the 4 August MPC meeting resulted in a large tranche of cheap financing being made available to the banking sector by the Bank of England. Rates made a weak recovery towards the end of 2016 but then fell to fresh lows in March 2017.
- 8.2 Overlaying the relatively poor investment returns were the continued counterparty concerns, most evident in the Euro zone.
- 8.3 As a result of the above, a cautious borrowing and investment strategy was implemented in 2016/17. The paramount consideration in making investments was the security of the investment. Given the low interest rates achievable on Council investments, it is a broad adopted principle to internally finance any new capital borrowing requirement. This results in a lower net interest charge to the Council and reduced risk in relation to security of investment without incurring cost of carry ( i.e borrowing at a higher rate than is available for investment). This is notwithstanding the borrowing undertaken in June 2016 which sought to mitigate any adverse



impact of the EU Referendum outcome outlined in 4.4 above.

- 8.4 The Council's investment policy is governed by WAG guidance, which was implemented in the annual investment strategy approved by the Council on February 2016. This policy sets out the approach for choosing investment counterparties, and is based on our Treasury Advisors' investment colour matrix based on credit ratings provided by the three main credit rating agencies supplemented by additional market data such as rating outlooks, credit default swaps information, bank share prices etc. New investments were restricted to UK based institutions only, which satisfied these criteria.

## 9. Actual Investments 2016/17

- 9.1 The Council manages its cashflow and core balance investments internally, having realised its cash balances held with its external cash fund manager previously. These balances were invested on the Money Market via brokers or directly with banks and building societies, other local authorities and the Debt Management Office (DMO) within the criteria set out in 8.4 above. The balances held during the year were as follows:

Balance 1 April 2016	Balance 31 March 2017	Average Value 2016/17	Interest	Rate of Return	Benchmark 7 day LIBID
£'000	£'000	£'000	£'000	%	%
49,229	70,751	88,629	420	0.47	0.20

- 9.2 The interest achieved on internally managed investments was £0.420m or 0.47%. This return outperformed the benchmark seven-day rate by +0.27%.
- 9.3 As a further measure to mitigate and control risk following the financial crisis, the Authority determined to restrict investments to UK domiciled only banks and financial institutions in October 2008 resulting in an even smaller number of available counterparties to invest with. This policy was maintained in light of continued sovereign debt crises throughout Europe. The list of investments as at 31<sup>st</sup> March 2017 is attached at Appendix 3.

## 10. Debt Repayment/Rescheduling

- 10.1 Market conditions are constantly monitored for opportunities to repay or reschedule debt in line with good Treasury Management practice. No such opportunities arose in 2016/17.

## Prudential Indicators

<b>Capital Prudential Indicators</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2016/17</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Capital Expenditure</b>			
GF	47,679	63,523	49,783
HRA	114,997	54,368	51,953
<b>TOTAL</b>	<b>162,679</b>	<b>117,891</b>	<b>101,736</b>
<b>Ratio of financing costs to net revenue stream</b>	<b>%</b>	<b>%</b>	<b>%</b>
GF	6.69	6.73	6.71
HRA	13.33	13.46	13.44
<b>Incremental Impact on Council Tax (Band D) or Council House Rent</b>	<b>£</b>	<b>£</b>	<b>£</b>
GF	81.36	93.27	92.20
HRA	0.00	40.94	38.20
<b>Capital Financing Requirement</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
GF	328,493	341,717	342,367
Credit Arrangements	1,656	1,451	620
HRA	135,158	153,724	155,755
<b>TOTAL</b>	<b>465,307</b>	<b>496,892</b>	<b>498,742</b>

<b>Treasury Management Prudential Indicators</b>			
	<b>2015/16</b>	<b>2016/17</b>	<b>2016/17</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>£'000 or %</b>	<b>£'000 or %</b>	<b>£'000 or %</b>
Authorised limit for external debt	402,432	603,564	444,639
Operational boundary for external debt	402,432	543,564	444,639
Upper limit for fixed interest rate exposure	75.65%/ £508,216	100%	77.96%/ £346,640
Upper limit for variable interest rate exposure	24.35%/ £98,000	40%	22.04%/ £98,000
Upper limit for total principal sums invested for over 364 days	0	40,000	0

<b>Maturity Structure of Fixed Rate Borrowing in 2016/17</b>			
	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Actual</b>
Under 12 months	50%	0%	6.36%
12 months and within 24 months	50%	0%	1.99%
24 months and within 5 years	50%	0%	0.6%
5 years and within 10 years	85%	0%	1.99%
10 years and above	95%	15%	89.06%

The Treasury Management Prudential Indicators identified above as:

- Upper limit for fixed interest rate exposure
- Upper limit for variable interest rate exposure
- Upper limit for total principal sums invested for over 364 days
- Maturity Structure of fixed rate borrowing in 2016/17

are shown as at balance sheet date 31<sup>st</sup> March 2017, however it can be reported that none of the above limits were breached during 2016/17. The level of outstanding debt throughout 2016/17 is shown in Appendix 2 and can be seen to be within the capital financing requirement, operational boundary and authorised limit for the whole of 2016/17.

## Treasury Management – Glossary of Terms

<b>Annualised Rate of Return</b>	Represents the average return which would have been achieved each year.
<b>Authorised Limit</b> <i>( can also be considered as the affordable borrowing limit)</i>	The authorised limit must be set to establish the outer boundary of the local authority's borrowing based on a realistic assessment of the risks. The authorised limit is certainly not a limit that an authority will expect to borrow up to on a regular basis. It is crucial that it is not treated as an upper limit for borrowing for capital expenditure alone since it must also encompass borrowing for temporary purposes. It is the expected maximum borrowing need, with some headroom for unexpected movement.
<b>Bank Rate</b>	The Official Bank rate paid on commercial bank reserves i.e. reserves placed by commercial banks with the Bank of England as part of the Bank's operations to reduce volatility in short term interest rates in the money markets.
<b>Base Rate</b>	Minimum lending rate of a bank or financial institution in the UK.
<b>Basis Points (bp)</b>	A basis point is 0.01 of 1% (100 bp = 1%)
<b>Borrowing</b>	In the Code, borrowing refers to external borrowing. Borrowing is defined as both:- <ul style="list-style-type: none"> <li>• Borrowing repayable with a period in excess of 12months</li> <li>• Borrowing repayable on demand or within 12months</li> </ul>
<b>Capital Expenditure</b>	The definition of capital expenditure starts with all those items which can be capitalised in accordance with the Statement of Recommended Practice (SORP). To this must be added any items that have/will be capitalised in accordance with legislation that otherwise would not be capitalised. Prudential indicators for current and future years are calculated in a manner consistent with this definition.

<b>Capital Financing Charges (see financing costs also)</b>	These are the net costs of financing capital i.e. interest and principal, premium less interest received and discounts received.
<b>Capital Financing Requirement</b>	The Capital Financing Requirement is simply the total outstanding capital expenditure, which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need.
<b>CIPFA</b>	The Chartered Institute of Public Finance and Accountancy. One of the leading professional accountancy bodies in the UK and the only one which specialises in the public services.
<b>Counterparty</b>	The organisations responsible for repaying the Council's investment upon maturity and for making interest payments.
<b>Credit Rating</b>	<p>This is a scoring system that lenders issue people with to determine how credit worthy they are.</p> <p>The Credit Rating components are as follows:</p> <ol style="list-style-type: none"> <li>1. The AAA ratings through to C/D are long-term rating definitions and generally cover maturities of up to five years, with the emphasis on the ongoing stability of the institution's prospective financial condition. AAA are the most highly rated, C/D are the lowest. This Council does not invest with institutions lower than AA- for investments over 364 days</li> <li>2. F1/A1/P1 are short-term rating definitions used by Moody's, S&amp;P and Fitch Ratings for banks and building societies based on their individual opinion on an institution's capacity to repay punctually its short-term debt obligations (which do not exceed one year). This Council does not invest with institutions lower than F1/A1/P1 for investments under 364 days.</li> </ol>
<b>Debt</b>	For the purposes of the Code, debt refers to the sum of borrowing (see above) and other long-term liabilities (see below). It should be

	noted that the term borrowing used with the Act includes both borrowing as defined for the balance sheet and other long terms liabilities defined as credit arrangements through legislation.
<b>Discounts</b>	Where the prevailing interest rate is higher than the fixed rate of a long-term loan, which is being repaid early, the lender can refund the borrower a discount. This is calculated on the difference between the two interest rates over the remaining years of the loan, discounted back to present value. The lender is able to offer the discount, as their investment will now earn more than when the original loan was taken out.
<b>Financing Costs</b>	The financing costs are an estimate of the aggregate of the following:- <ul style="list-style-type: none"> <li>• Interest payable with respect to borrowing</li> <li>• Interest payable under other long-term liabilities</li> <li>• Gains and losses on the repurchase or early settlement of borrowing credited or charged to the amount to be met from government grants and local taxpayers (premiums and discounts)</li> <li>• Interest earned and investment income</li> <li>• Amounts required in respect of the minimum revenue provision plus any additional voluntary contributions plus any other amounts for depreciation/impairment that are charged to the amount to be met from government grants and local taxpayers</li> </ul>
<b>Financial Reporting Standards (FRSs)</b>	These are standards set by governing bodies on how the financial statements should look and be presented.
<b>Investments</b>	Investments are the aggregate of:- <ul style="list-style-type: none"> <li>• Long term investments</li> <li>• Short term investments (within current assets)</li> <li>• Cash and bank balances including overdrawn balances</li> </ul> <p>From this should be subtracted any</p>

	investments that are held clearly and explicitly in the course of the provision of, and for the purposes of, operational services.
<b>IMF</b>	International Monetary Fund
<b>LOBO (Lender's Option/ Borrower's Option)</b>	Money Market instruments that have a fixed initial term (typically one to ten year) and then move to an arrangement whereby the lender can decide at pre-determined intervals to adjust the rate on the loan. At this stage the borrower has the option to repay the loan.
<b>London Inter-Bank Bid Rate (LIBID)</b>	The interest rate at which major banks in London are willing to borrow (bid for) funds from each other.
<b>Managed Funds</b>	<p><u>In-House Fund Management</u> Surplus cash arising from unused capital receipts can be managed either by external fund managers or by the Council's staff in-house. The in-house funds are invested in fixed deposits through the money markets for periods up to one year.</p> <p><u>Externally Management Funds</u> Fund managers appointed by the Council invest surplus cash arising from unused capital receipts in liquid instruments such as bank certificates of deposit and government stocks. The fund managers' specialist knowledge should ensure a higher rate of earnings on the managed funds than would be otherwise obtained.</p>
<b>Maturity</b>	The date when an investment is repaid or the period covered by a fixed term investment.
<b>Minimum Revenue Provision (MRP)</b>	The amount required by statute to be principal repayment each year.
<b>Monetary Policy Committee (MPC)</b>	This is a body set up by the Government in 1997 to set the repo rate (commonly referred to as being base rate). Their primary target (as set by the Government) is to keep inflation within plus or minus 1% of a central target of 2% in two year time from the date of the monthly meeting of the Committee. Their secondary target is to support the Government

	in maintaining high and stable levels of growth and employment.
<b>Money Market</b>	<p>Consists of financial institutions and deals in money and credit.</p> <p>The term applied to the institutions willing to trade in financial instruments. It is not a physical creation, but an electronic/telephone one.</p>
<b>Net Borrowing</b>	For the purposes of the Code, net borrowing refers to borrowing (see above) net of investments (see above).
<b>Net Revenue Stream</b>	Estimates for net revenue stream for current and future years are the local authority's estimates of the amounts to be met from government grants and local taxpayers.
<b>Operational Boundary</b>	This is based on expectations of the maximum external debt of the authority according to probable not simply possible – events and being consistent with the maximum level of external debt projected by the estimates. It is not a limit and actual borrowing could vary around this boundary for short periods.
<b>Other Long Term Liabilities</b>	The definition of other long term liabilities is the sum of the amounts in the Council's accounts that are classified as liabilities that are for periods in excess of 12months, other than borrowing (see definition above).
<b>Premature Repayment of Loans (debt restructuring/rescheduling)</b>	A facility for loans where the Council can repay loans prior to the original maturity date. If the loan repaid has a lower interest rate than the current rate for a loan of the same maturity period the Council can secure a cash discount on the repayment of the original loan. If the loan replaced has a higher rate of interest than the current rate for a loan of the same maturity period, a cash penalty is payable to the lender.
<b>Premia</b>	Where the prevailing current interest rate is lower than the fixed rate of a long term loan, which is being repaid early, the lender can



	<p>charge the borrower a premium. This is calculated on the difference between the two interest rates over the remaining years of the loan, discounted back to present value. The lender may charge the premium, as their investment will now earn less than when the original loan was taken out.</p>
<b>Prudential Code</b>	<p>The Prudential Code is the largely self regulatory framework outlined by CIPFA for managing/monitoring capital investment in local government.</p>
<b>Public Works Loan Board (PWLB)</b>	<p>A Government agency which provides loans to local authorities. Each year, it issues a circular setting out the basis on which loans will be made available. Loans can be either at a fixed rate or on a variable rate basis. They can be repaid on either an annuity, equal instalment of principal or maturity basis. The interest rate charged is linked to the cost at which the Government itself borrows.</p>
<b>Range Trade Accrual</b>	<p>A Callable Range Accrual is so called because it is callable or cancellable by the bank after the initial period, as above. However, where it differs, is that interest accrues only as long as Libor (London Interbank Offer Rate, or another independently derived and published benchmark rate) stays within a pre-agreed range. The lender can choose the range, the non-call period, the Libor they wish to use, the call periods and the potential return they wish to receive.. The bank has the right to cancel this trade after the first 3 months, and every 3 months thereafter. With a range trade, the lender is backing his judgement on interest rate movements and in exchange for that can achieve a significantly enhanced return. This is done as part of portfolio management. The risk of rates going above Libor on a small part of the portfolio (and therefore none, or little payment on a range accrual) will be offset by the fact that the rest of the portfolio will be returning more than expected. The key risk to a callable range accrual is obviously that the contractual Libor rate goes outside the specified range. It is possible to mitigate this risk by analysing the historical behaviour of any specified Libor</p>

	relative to base rate. By taking a view on expected base rate (which is done on all deposits), a lender can minimise exposure, and choose a range to match his risk appetite.
<b>Risk</b>	<p><u>Counterparty Credit Risk</u> The risk that a counterparty defaults on its obligations.</p> <p><u>Inflation Risk</u> The risk that growth in the Authority's investment income does not keep pace with the effects of inflation on its expenditure.</p> <p><u>Interest Rate Risk</u> The risk that changes in rates of interest creates an unexpected or unbudgeted burden on the Council's finances.</p> <p><u>Liquidity Risk</u> The risk that cash will not be available when it is needed.</p> <p><u>Operational Risk</u> The risk of loss through fraud, error, corruption, system failure or other eventualities in Treasury Management dealings, and failure to maintain effective contingency management arrangements.</p> <p><u>Refinancing Risk</u> The risk that the Authority is unable to replace its maturing funding arrangements on appropriate terms.</p>
<b>Set Aside Capital Receipts</b>	A proportion of money received by the Council for the sale of fixed assets must be set aside to repay debt.
<b>SORP</b>	Statement of Recommended Practice, published by CIPFA (Local Authority Accounting Body). This sets out guidelines regarding the Council's financial matters.
<b>Specified/Non Specified investments</b>	Specified investments are sterling denominated investments for less than 364 days in line with statutory investment regulations. Non- specified investments are all other investments identified in line with statutory investment regulations.

<b>Supranational Bonds</b>	These are bonds issued by institutions such as the European Investment Bank and World Bank. As with Government bonds (Gilts) they are regarded as the safest bond investments with a high credit rating.
<b>Temporary Borrowing and Investment</b>	Loans which are capable of being repaid within one year. The term of the loans will be negotiated from overnight to 364 days.
<b>Treasury Management</b>	<p>Treasury Management has the same definition as in CIPFA's code of Practice of Treasury Management in the Public Services.</p> <p>"The management of the organisation's cash flows its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."</p>
<b>Yield Curve</b>	The line resulting from portraying interest rate graphically for a series of periods, e.g. 7days, 1month, 3, 6, 9, and 12months. When longer-term interest rates are higher than short-term rates the yield curve slopes upwards and is described as positive. When the opposite prevails the yield curve is referred to as inverse.

**Portfolio of Outstanding Investments as at 31 March 2017**

	£
Bank of Scotland	13,150,651
Birmingham City Council	3,000,000
Blackburn with Darwen City Council	2,000,000
Blaenau Gwent	3,000,000
Coventry BS	3,000,000
Eastleigh BC	2,000,000
Fife Council	1,500,000
Glasgow City Council	2,000,000
Gloucester City Council	2,000,000
Goldman Sachs	12,500,000
Guildford Council	2,000,000
Leeds City Council	3,000,000
Nationwide Building Society	7,500,000
Nottingham City Council	1,000,000
Santander Bank	10,100,000
Telford & Wrekin Council	2,000,000
Thurrock Borough Council	1,000,000
<hr/>	
Total	70,750,651



## Report of the Leader

Council – 28 September 2017

### The First 100 Days and Beyond

**Purpose:** This report records the achievements and successes of Swansea Council during its first 100 days following the election and details the proposals for action in the next few months and beyond.

**Report Author:** Jo Portwood

**Finance Officer:** Ben Smith

**Legal Officer:** Debbie Smith

**Access to Services Officer:** Sherill Hopkins

**For Information**

#### Introduction

- 1.1. At the Council meeting on the 27<sup>th</sup> July 2017, a report to establish a number of the Policy Commitments of the Council was adopted.
- 1.2. This report moves the Policy Commitments report on one stage further and reports on what the Council has achieved in the first 100 days and outlines some of the key actions that will be taken in the months to come.
- 1.3. The Council will continue to place an urgent emphasis on the delivery of high quality services for all. The Council has become an award winning Council recognised as excellent in many of the services it delivers and has been shortlisted for national awards in Waste Management, Building Services and Construction, Workforces (including our Apprenticeship Scheme) and has been shortlisted for Council of the year. In addition, a range of Independent assessments of our services by ESTYN (Education), CSSIW (Social Services) and the WAO (Wales Audit Office) provide strong independent validation of the strength and quality of the services in Swansea.

- 1.4. We want to continue to be recognised for high quality public services. To this end we will continue to modernise and invest in our front-line services to ensure their long-term sustainability through our budget and change programme - Sustainable Swansea – Fit for the Future. We are in the process of establishing a Delivery Unit to embed effective delivery and cross-departmental co-ordination.

## **2. What Has Been Achieved**

- 2.1. A considerable amount of work has already been undertaken over the last five years in delivering the Council's policies. The Council will build upon these achievements to create an environment which enables people to lead flourishing lives, secure local well-paid employment, live in strong and resilient communities which promotes physical and psychological wellbeing, with access to excellent services and protective of our natural environment.
- 2.2. All the 100 days commitments have been started and some are well advanced including the following;
- 2.3. The City Deal We have secured a City Deal for the Swansea Bay Region which has the potential to transform the fortunes of the region, representing more than £1.3 billion pounds of investment and 35,000 associated regional jobs. We are making good progress in terms of developing governance arrangements. A report has been shared with the region that will act as a template to take through the political process in each unitary authority area that sets out and seeks approval of the governance arrangements and supporting structures for the SBCR City Deal. A schedule of meetings for the Joint Committee and Programme Board is in place for the next 12 months. In addition, a public appointments process for the Chair of the Economic Strategy Advisory Board has been drafted. At the recent Shadow Joint Committee meeting, it was agreed that Cllr. Rob Stewart, Leader of City and County of Swansea, will be appointed as Chair of the Joint Committee with the Leaders of Pembrokeshire, Carmarthenshire and Neath Port Talbot councils appointed as Deputy Chairs. Project teams are currently drafting each of their 5-case business plans.
- 2.4. Regenerate the Kingsway area and transform it to a digital employment district An outline 'Kingsway Infrastructure' scheme has been approved and design work is advanced with the main works contracts anticipated to commence early 2018. Enabling works at West way have been completed to facilitate future highway investments at Kingsway. A detailed business plan has been submitted to the Welsh European Funding Office for European Regional Development Fund money to undertake the necessary infrastructure enhancements (public realm, road layout) to facilitate the creation of the Digital Village. Welsh Government Vibrant & Viable Places pipeline monies have also been secured to complete property acquisitions needed to progress the Digital District development, including the demolition of Oceana which is now complete.

- 2.5 The Swansea Central and Swansea Waterfront regeneration schemes on the old St David's and Civic Centre sites Outline planning permission for the overall Swansea Central scheme was granted in June. Phase 1 will include the development of a new 3,500-capacity digital indoor arena, a digital square, a hotel and a car park on the current LC car park site, as well as a broad pedestrian bridge over Oystermouth Road. Ambassador Theatre Group (ATG) has been selected as the operator of the digital indoor arena, which will attract up to 200 days of concerts, exhibitions and other events every year. The company is now working with Swansea Council and Rivington Land on the detailed design and specification of the attraction which is set to commence in 2018. Phase 2 of Swansea Central will include the development of new shops, restaurants, cafes, a boutique cinema and other new facilities introduced on the former St David's shopping centre site.
- 2.6 Establish new bilateral trade and economic agreements with cities and regions across the world (a top priority) and build on special links with China and other twinned cities around the world – growing Swansea's reputation and wealth The Council have strengthened its economic and cultural ties with a number of Chinese cities including; Nantong, Gaochun, Wuhan and Beijing by hosting exchange visits, developing memoranda of understanding and exploring investment and commercial opportunities. Earlier this year Swansea also showcased to some of the world's most influential property developers and investors at MIPIM 2017 in Cannes, France. It was one of only three cities asked to present at the UK Government's pavilion there.
- 2.7 5<sup>th</sup> G network technologies Working with its partners, the Council is seeking to create a greener, smart and sustainable city by encouraging the development of 5th Generation network technologies to promote the development of 'low carbon' approaches and innovations in energy capture, storage, and distribution.
- 2.8 Put sustainable development at the heart of all our policies and value and seek to protect Swansea's unique natural and built environment The LDP has undergone considerable public consultation. Further work was commissioned to test the impact of the City Deal and amended economic growth projections on the LDP strategy and allocations, together with an update on the financial viability appraisals on each of the residential led strategic development areas. The draft deposit Local Development Plan (LDP) has been deposited with the Welsh Government for examination, due to commence later this year.
- 2.9 Regional Transport Plan Aligned to the City Deal, the Council is working with its partners to develop a sustainable transport plan which works for everyone, regardless of what community they live in and whatever mode of transport they use. It will explore the feasibility of innovative transport solutions such as an Integrated Passenger network solution.

- 2.10 Improved transport across the city, county and region As part of an overall regional transport plan, the Council is working to develop relationships with bus and rail operators to ensure that there is coverage across the city, county and region. We have signed a partnership agreement with First Cymru and scheduled a series of regular meetings to discuss missing links/ requests for new or improved services, planned services changes, Ticket interavailability, Utrack and Customer engagement.
- 2.11 Invest an extra £5 m in roads and walkways The Morfa distributor was officially opened on the July 27<sup>th</sup> 2017 and was designed to improve access to jobs and services, open the corridor to development, reduce congestion and air quality problems on the A4067 Neath Road in the Hafod and improve walking and cycling links. The scheme is being developed in stages to tie-in with redevelopment proposals along the route and to align with a phased funding programme. It includes the provision of a new joint use footway / cycleway and will enhance links to the nearby historic Copperworks area as well as the riverside. A review of the Council's Capital programme is also in the process of being scoped as part of a cross cutting review, with the commitment to develop improvements for the major junctions and routes into the city.
- 2.12 Investments in roads, walkways and the cycle path network The Council is reviewing its Capital programme and will seek to improve major junctions and routes including junction 45 on the M4, with a view to improving the access and flow of traffic into and around Swansea. It will continue to invest in our road, walkway and cycle path network and focus resources to deal with roads and pot holes in 48 hours.
- 2.13 Prioritise cleanliness in our communities The Council will continue to prioritise cleanliness in its communities and has created a task force to tackle fly tipping and ensure our streets are cleaned regularly. It is currently in the process of purchasing a new refuse vehicle fleet and drafting new recycling options.
- 2.14 Allotments and garden sharing The Council will continue promote the greater provision of allotments and garden sharing, particularly where public land is available and appropriate.
- 2.15 Community Enterprises The Council has a project in development to establish a community enterprise, based around addressing food poverty. The enterprise is in its early stages and will be launched in November, with the intention that it will become an entity in its own right from 1 April 2018.
- 2.16 Give every child the best start in life The Council is regularly progressing the work to give Every Child the Best Start in Life, along with our partners. It has run a successful media campaign showcasing the Swansea Jacks, to promote positive parenting for everyone working and living with children. This has been a priority action for the Public Service Board.



- 2.17 Free childcare for 3 and 4 year old children (30 hours a week for 48 weeks a year) The Council will encourage school participation in the Welsh Government's pilot to provide 30 hours a week for 48 weeks a year, free to 3 and 4 year old children. Swansea was selected as one of the six pilot areas in Wales to test the Welsh Government's offer on childcare. The offer is currently being tested in Dunvant, Penclawdd, Llangyfelach, West Cross, Morriston, Pontarddulais and Gorseinon, through a mix of on-school provision and private childcare settings.
- 2.18 Build modern high energy efficient homes for rent and sale/ Build affordable houses so that people can get on the housing ladder Works are underway in terms of progressing our first pilot site at Milford way. The first properties were completed by the end of August 2017. Good progress is being made in relation to developing our second site at Parc Y Helig with a start on site later this year.
- 2.19 Homes as power stations Working with our City Deal partners, the Council will develop and deliver the technology 'homes as power stations' and will aim to commercialise the technology by enabling it to be retro-fitted to existing homes, reducing the energy consumption and bills of residents.
- 2.20 Support tough controls on the level of HMOs The Council will develop and implement tough controls on levels of HMOs in communities and support, subject to consultation, a new 10% saturation limit on HMOs in communities that have not previously been covered by HMO guidance or policy.
- 2.21 Celebrating diversity The Council will continue to ensure that Swansea is a city of cohesive communities that celebrates and promotes diversity, respect, understanding and tolerance, standing up for the rights of all people in Swansea. It will promote Swansea as an open tolerant place to live as a 'City of Sanctuary' The Council is in the process of finalising an application to become a European Intercultural City, and will be undertaking an assessment of our work on this in November.
- 2.22 Give all children a voice, improve pupil engagement and listen to our children's ambitions and aspirations The Council continues to develop its work on Pupil Voice and the Big Conversation. In August it held a Corporate Parenting Challenge for those acting as a Corporate Parent. The Council has a programme of promoting child rights amongst childcare providers that has been very well received by them. It has arranged a celebration event of Swansea Council's UNCRC scheme, to take place in November.
- 2.23 World class exhibitions to The Glyn Vivian Art Gallery As part of its offer to secure the City Of Culture 2021, the Council is working to bring world class exhibitions to Swansea to the Glyn Vivian Art Gallery as part of the Tate network

- 2.24 Retain the Wales National Air show The Council is seeking to retain the Wales National Air Show and explore options for hosting the Wales National Super Prix, stages of the Tour of Britain and other national cultural and sporting events.
- 2.25 Bid to become the UK's City of Culture 2021 The Council has been successfully shortlisted to bid to become the UK's City of culture in 2021. It is currently working with partners to submit our final bid to secure this prestigious event for Swansea and to become the creative capital of Wales.
- 2.26 Support expansion of the Stadium and the Swans and Ospreys to be successful The Council is currently in the process of negotiating a new deal with the Swansea in order to develop the stadium and the surrounding area.
- 2.27 Support people to live independently by ensuring a network of local area co-ordinators is established to cover the whole of Swansea An independent evaluation of the Local Area Co-ordination project in Swansea demonstrated that the project had a number of benefits for participants in terms of reducing isolation, building social networks and supporting people to live independently. During 2016/17, we received 229 new requests for local area coordination , (which exceeded the target) and ensured that people are being actively supported within their communities. We have secured funding to employ an additional 4 LAC co-ordinators extending the coverage of this service to other parts of Swansea.
- 2.28 Take a zero tolerance approach to tackling domestic violence and work with partners to fully support victims of domestic violence/ stand up for those suffering domestic abuse The Council is in the process of finalising the draft Domestic Abuse Strategy which will be going out for consultation in the Autumn. It has worked with Public Service Board to develop a new pathway for the most vulnerable people experiencing domestic abuse and also substance misuse and mental health issues. There is a plan to train all front line workforce in domestic abuse awareness. The Council launched its Domestic Abuse hub on 12 July, which is a multi-agency response to provide the right support from the right people at the right time, and has been well received. The development of this new preventative service is critical to how we support victims in a more coherent way, ensuring they get a faster response.
- 2.29 Sign up to an Ethical Care Charter The Council is actively working through the Safeguarding Policy Development and Delivery Committee to agree a route map to increasing developing towards an Ethical Care Charter. It will be working with providers, staff and trade unions to recommission home care services that are fair to employees (employed by the Council or contracted through another agency) and provide better care and support to people.
- 2.30 Invest in services to help people re-able and recover so that they are able to return to living an active and productive life The Council has developed a joint project with the NHS to develop more responsive care and to reable more people. Over 75% of people who use the reablement home service return home following a period of reablement instead of going into residential care with over

69% needing no package of care and support 6 months later following their return home.

- 2.31 Other Matters This is not a definitive list of either the work undertaken in the first 100 days, or the complete programme for this year or the rest of the Council cycle, but is simply an indication of the scope and breadth of the work which has been undertaken by the Council following the election.

### **3 Future initiatives**

#### **Investing in Education**

- 3.1 Investment in schools, teaching and learning The Council intends to spend nearly £1bn on schools, teaching and learning in the next 5 years. It will invest over £100 million in extensive improvements to school buildings across Swansea and also invest in facilities for those who have additional learning needs or require additional wellbeing and mobility support.

#### **A City of Lifelong Learning**

- 3.2 A seamless education and skills 'pipeline' through all levels of education. Working with the Welsh Government, our regional partners and schools, the Council will explore developing a new approach to learning which will create the workforce for the new technology skills and knowledge economy we will need to compete and succeed in the 21st century.
- 3.3 Skill development for our new economy As part of the Swansea Bay City Deal and working closely with the Regional Skills & Learning Partnership, the Council will help people to attain the skills they need to find a job. It will align our education system to ensure we create the right people with the right skills to supply the new economy, and to fill jobs offering routes to well-paid careers.
- 3.4 UNESCO Cities of Learning to share ideas and best practice Swansea received a UNESCO Learning City Award at the Mexico conference – the only one in the UK and one of only 12 worldwide at that point in time.

#### **The Swansea Bay City Deal**

- 3.5 Establish a dedicated investment and growth team In addition to the developments outlined earlier in this report, the Council will establish a dedicated investment and growth team to attract inward investment and create the right conditions for job creation and growth. The team will focus on the development of key developments sites in Swansea city centre including; Parc Tawe, Mariner Street car park, the Kingsway and the Digital Village, Castle Square, the Digital Square, the Quadrant, the Civic Centre / City Beach site and the Central/North site.

## **Delivering Green Energy**

- 3.6 Tidal Bay Lagoon The Council will strive to make Swansea Bay one of the greenest regions in the UK and create a low carbon economy. We will continue to lobby the UK government and Welsh Government and harness support from local people to act upon the recommendations of the Hendy report and take forward the Tidal Lagoon, complementing the City Deal and our suite of initiatives relating to green energy such as turning homes into power stations.
- 3.7 Establish an energy company The Council will explore the feasibility of establishing an energy company to manage the new energy generating facilities across the authority ensure the taxpayers of Swansea receive the benefits of cheaper energy and income from energy generated in Swansea.

## **Smart Sustainable Transport**

- 3.8 The electrification of the main line from London to Swansea The Council passed a motion on the 27<sup>th</sup> of July to challenge the UK government decision and the Secretary of State's decision to abandon its plans for electrification of the main-line rail link from Cardiff to Swansea.
- 3.9 Park and Ride schemes The Council will seek to expand this network to ensure better coverage in the west of the city, in the east around the growing university campuses, and in the north as part of planning with the Swans and Ospreys for match day parking.

## **Greener and More Sustainable Transport**

- 3.10 Charging stations and hydrogen filling stations The Council will work with the WLGA and the Welsh Government to develop a network of charging stations and hydrogen filling stations to promote the use of electric vehicles and hydrogen vehicles for public transport.
- 3.11 Development of new technologies to support the development of green technologies The Council will work with global partners to develop the technologies to support the development of new green technologies. It will work to attract inward investment in R&D and production facilities for these technologies in Swansea.

## **A Bike and Cyclist Friendly Swansea**

- 3.12 'Wheelrights Manifesto' The Council has adopted the 'Wheelrights Manifesto' aiming to significantly increase access to safe, quicker and more cost effective cycle and walking routes through the city and expand the cycle network.

### **Fairer Parking**

- 3.13 City centre parking and adopting fairer car park charges in local authority controlled car parks The Council will be adopt fairer car park charges in local authority controlled car parks and expand parking provision across the city. It will freeze car parking charges in the city centre for two years and has started to amend the disabled parking policy criteria.

### **Valuing Our Parks, Open Spaces and Natural Environment**

- 3.14 Community Ownership of Parks The Council will support actions that protect and enhance our parks, natural habitats and biodiversity and encourage greater community ownership of these assets, working with 'friends of parks' organisations. Scoping work is currently underway and a workshop will be held with stakeholders shortly. Data gathering and analysis is underway for four pilot areas in relation to services within the community. Parks and Cleansing will continue to support existing groups and any new groups.

### **Community Resilience**

- 3.15 Community Budgets The Council will continue to make available dedicated money for community budgets so that local people can decide, via their Elected representatives, what their Local priorities are, and importantly will have the funds to deliver them.

### **Promoting Community Safety**

- 3.16 Take a zero tolerance approach to anti-social behaviour, neighbour nuisance The Council will take a tough stance against those who seek to disrupt the lives of the people of Swansea. It will work with the police and local agencies to make Swansea a safe and attractive city and implement 'public space protection orders' where required to prevent on street drinking and the sale and distribution of so called 'legal highs'.

### **Strong Council Finances**

- 3.17 Explore innovative funding and investment strategies The Council will explore innovative funding strategies and borrow prudently to support the City Deal delivery, only when it is right to do so.
- 3.18 Retain business rates in Swansea The Council intends to strike a new fairer deal with Welsh Government and retain business rates in Swansea for the re-investment in the local economy.
- 3.19 Explore collaborative and innovative ways of financing local services The Council will continue to work with the Welsh Labour Government, other local authorities, the third sector, the NHS, Police and other social partners, to explore collaborative and innovative ways in which local services can be financed and delivered most efficiently, and how the value of Council assets can be maximised.

- 3.20 Maximise the value of the 'Swansea Pound' The Council will seek to maximise the value of the 'Swansea Pound' - the considerable expenditure the Council and other local public bodies make on the procurement of goods and services for the benefit of the local economy, jobs and training.

### **Council Democracy**

- 3.21 Policy Development and Delivery Committees (PDDCs) The Council has established new PDDCs to review and develop key policies which enable a wider range of Elected Members and the public to participate in the formation and review of key Council policies.
- 3.22 Web broadcasting of key council meetings and electronic voting The requirement has been scoped and meetings are scheduled with suppliers to agree costs and implementation plan.
- 3.23 Zero hour contracts Work is underway to audit all zero hours contract jobs across the Council and to understand the nature of them with a view of working towards their elimination in the Council.

### **Foodbanks**

- 3.24 Reduction of food waste The Tackling Poverty (PDDC) has adopted this priority within its work plan and will be exploring how to encourage business to reduce food waste by potentially supplying goods to local food banks.
- 3.25 Explore tax relief and support for food banks locations The Tackling Poverty (PDDC) has adopted this priority within its work plan and will be exploring options and consequences of reducing tax liability and of supporting local food banks.

### **Housing**

- 3.26 Work with Welsh Government and tenants to explore innovative ways to improve the quality of social housing and target HMOs for improved standards of management and maintenance Around £270 million will be spent up to 2020/21 (including current financial year ie 2017/18) to improve Council houses which includes the £11 million identified within the policy commitment. The Housing Revenue Account Capital programme is focussed on the improvement of the housing stock up to the WHQS (Welsh Housing Quality Standard) but also includes provision to support additional council housing

### **Independence, Dignity and Respect**

- 3.27 Promote independent living The Council will work to promote independent living, providing people with the support to live in their own home with dignity and respect for as long as they want.

## **Prevention and Health Promotion**

- 3.28 New facilities to create sheltered accommodation Working with its partners, the Council will explore options for the provision of new sheltered accommodation extra care facilities to deliver next generation elderly care services.

## **Older People**

- 3.29 Ensure that the voice of older citizens, like those of our children and young people, should be heard The Council intends to work with older people locally and the Older People's Commissioner for Wales to establish a Charter for Older People to ensure that our commitment is delivered.

## **A River Renaissance**

- 3.30 Establish a new hotel and leisure development near the Liberty Stadium The Council is currently exploring the feasibility of establishing a new hotel and leisure development near the Liberty Stadium in order to complement cultural developments and the river walk way developments.

## **Discounts for all Swansea Residents**

- 3.31 Commission work on the citizen card / app  
Work on single citizen ID is in progress with the technical infrastructure currently underway. A website upgrade during August has enabled the development of new functionality that will include the ability for citizens to log in to their Council account via social media accounts. Following this upgrade the actual citizen account software build can then commence from September.

## **4. Equality and Engagement Implications**

There are no direct equality or engagement implications arising from this report. The corporate Equality Impact Assessment process continues to be applied to individual projects along with appropriate consultation and engagement activities.

## **5. Legal Implications**

- 5.1 There are no immediate legal implications with this report. However, some of the Policy Commitments will need legal advice and assistance to ensure that the Council acts within its powers and that good governance arrangements are in place.

## **6. Financial Implications**

- 6.1 Whilst there are no immediate financial implications arising directly from this report, acceptance of this statement could result in additional expenditure at a future time. Acceptance of this statement does not mean that additional resources will be made available and it should be assumed for now that

future spending needs will need to be contained within existing budget provision.

That assumption regarding overall revenue spending will be dependent upon the level of future local government finance settlements and decisions to be made by Council on levels of future Council Tax as part of the annual budget cycle and medium term planning. Overall real terms revenue resources are likely to remain significantly constrained in the medium term.

Capital investment decisions and the associated funding requirement will be primarily a function of decisions by Council regarding the broad level of capital versus revenue spending, including the amount that Council decides to budget for capital financing (borrowing), capital receipts from ongoing asset disposal, continued successful access to large scale capital funding programmes (e.g. 21st Century Schools, City Region Deal), and future funding flexibilities that may flow to Welsh Government, and ultimately to local authorities, again predominantly, but not exclusively, through the City Region Deal.

**Background Papers:** None

**Appendices:** None





## Report of the Head of Democratic Services

Council – 28 September 2017

### Appointment of Independent Member(s) To The Standards Committee

<b>Purpose:</b>	To consider the recommendation of the Standards Committee Vacancy Panel and to appoint two Independent Members to the Standards Committee.
<b>Policy Framework:</b>	None.
<b>Reason for Decision:</b>	To comply with the Standards Committee (Wales) Regulations 2001 as amended.
<b>Consultation:</b>	Finance and Legal.
<b>Recommendation(s):</b>	It is recommended that:  1) Council notes the recommendations of the Standards Committee Vacancy Panel of 4 September 2017;  2) MJ and ML be appointed as Independent Members of the Standards Committee as of 1 October 2017;  3) Their 6 year term of office end on 30 September 2023.
<b>Report Author:</b>	Huw Evans
<b>Finance Officer:</b>	Carl Billingsley
<b>Legal Officer:</b>	Tracey Meredith
<b>Access to Services Officer:</b>	Sherill Hopkin

#### 1. Introduction

- 1.1 The terms of Office of two of the Independent Members of the Standards Committee ended during 2016.
- 1.2 The Standards Committee (Wales) Regulations 2001 as amended, provides that “where a vacancy arises for a post as an Independent member of a Standards Committee, the relevant

authority concerned shall publish an advertisement in not less than two newspapers (which are not published by that relevant authority) circulating in its area.

- 1.3 The Authority placed adverts in the Evening Post on 24 May 2017, which also appeared on line. The closing date for applications was Monday, 19 June 2017.

## **2. Standards Committee Vacancy Panel**

- 2.1 25 applications were received. The Standards Committee Vacancy Panel of 24 July 2017 recommended 4 of the applicants for interview.
- 2.2 The Standards Committee Vacancy Panel of 4 September 2017 interviewed 4 applicants. The Panel recommend that MJ and ML be appointed by Council as Independent Members of the Standards Committee.

## **3. Equality and Engagement Implications**

- 3.1 An Equality Impact Assessment (EIA) screening process took place prior to the consultation period. The outcomes indicated that it was low priority and a full report was not required.

## **4. Financial Implications**

- 4.1 The payment of Independent Members on the Standards Committee is set by the Independent Remuneration Panel for Wales and the payment is within existing budget.

## **5. Legal Implications**

- 5.1 There are no legal implications other than those already mentioned in the report.

**Background Papers:** None.

**Appendices:** None.



## Report of the Cabinet Member for Service Transformation and Business Operations

Council – 28 September 2017

### Membership of Committees

<b>Purpose:</b>	Council approves the nominations/amendments to the Council Bodies.
<b>Policy Framework:</b>	None.
<b>Consultation:</b>	Political Groups.
<b>Recommendation:</b>	It is recommended that: 1) The amendments to the Council Bodies listed in paragraph 2 be approved; 2) The report be noted.
<b>Report Author:</b>	Gareth Borsden
<b>Legal Officer:</b>	Tracey Meredith
<b>Finance Officer:</b>	Carl Billingsley
<b>Access to Services Officer:</b>	N/A

#### 1. Introduction

- 1.1 Meetings of Council regularly agree and amend the membership of the various Committees/Council Bodies as reflected in the lists submitted by the Political Groups.

#### 2. Changes to Council Body Membership

- 2.1 The political groups have indicated that they have changes to the following Council Bodies:

##### **Economy & Infrastructure Policy & Development Committee**

Remove Councillor W G Thomas  
Add Councillor M A Langstone

##### **Education & Skills Policy & Development Committee**

Add Councillor M H Jones

### 3. Outside Bodies

- 3.1 The Leader has made the following amendments to the bodies listed below:

#### **University of Swansea Court**

Remove Councillor R Francis-Davies

### 4. Leader of the Council Decisions

- 4.1 The Leader of the Council stated that Councillors J E Burtonshaw and M Sherwood share the Future Generations Cabinet Member role on a quarterly basis. Councillor J E Burtonshaw was the Cabinet Member until and including 31 August 2017 and Councillor M Sherwood has assumed the role for 3 months commencing on 1 September 2017.

Their terms of office is set out below:

#### **Cabinet & External Funding Panel**

<b>Councillor</b>	<b>From</b>	<b>To</b>
June Burtonshaw	8 May 2017	31 August 2017
Mary Sherwood	1 September 2017	30 November 2017
June Burtonshaw	1 December 2017	28 February 2018
Mary Sherwood	1 March 2018	31 May 2018

### 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:** Local Government & Housing Act 1989, the Local Government (Committees & Political Groups) Regulations 1990.

**Appendices:** None



## Report of the Head of Democratic Services

Council – 28 September 2017

### Electoral Reform in Local Government in Wales (Questions 1-37 & 41-46) – Consultation Response

<b>Purpose:</b>	To provide a response to the Welsh Government consultation on Electoral Reform in Local Government in Wales by 10 October 2017.
<b>Policy Framework:</b>	None.
<b>Consultation:</b>	Access to Services, Finance, Legal, Political Group Leaders & Deputies.
<b>Recommendation(s):</b>	It is recommended that:  1) The response to the Electoral Reform in Local Government in Wales be made as outlined in <b>Appendix A</b> of the report.
<b>Report Author:</b>	Huw Evans
<b>Finance Officer:</b>	Ben Smith
<b>Legal Officer:</b>	Tracey Meredith
<b>Access to Services Officer:</b>	Phil Couch

#### 1. Introduction

1.1 The Cabinet Secretary for Finance and Local Government has launched a consultation document on Electoral Reform in Local Government in Wales. The relevant provisions of the Wales Act 2017 on electoral and registration matters are due to come into force in 2018. The consultation relates to:

- How democracy works in Wales;
- How people become eligible to vote;
- How they exercise their right to vote;
- How elections are organised.

1.2 The consultation period closes on 10 October 2017.

1.3 This report sets out the proposed responses of the relevant Officers for Council to consider. The proposed responses were circulated to the Political Group Leaders and their Deputies on 23 August 2017 for their consideration. They are set out in **Appendix A** of this report.

1.4 The Welsh Government Consultation document may be viewed at <https://consultations.gov.wales/consultations/electoral-reform-local-government-wales>

## **2. Consultation Questions & Responses**

2.1 There are 46 consultation questions in all; however, this report excludes consideration of questions 38, 39 and 40. These questions are considered in a separate Council report.

2.2 Some consultation questions can be considered political and as such, may not be responded to as a consensus response could not be achieved.

2.3 Should individual Councillors or Political Groups wish to respond directly to the consultation then they may do so via the above web link.

2.4 The Chief Executive, Head of Democratic Services and Electoral Services Team Leader met with the Political Group Leader and their Deputies on 14 September 2017 in order to discuss the Electoral Reform in Local Government in Wales consultation document.

2.5 The Political Group Leaders and Deputies were asked to consider the responses and to feedback to the Head of Democratic Services by 27 September 2017, in order to allow their views to be collated prior to the Council meeting.

## **3. Equality and Engagement Implications**

3.1 An Equality Impact Assessment (EIA) screening process took place prior to the consultation period. The outcome indicated that it was low priority and a full report was not required.

## **4. Financial Implications**

4.1 There are no specific financial implications associated with this report.

## **5. Legal Implications**

5.1 There are no specific legal implications associated with this report.

**Background Papers:** None.

**Appendices:**

<b>Appendix A</b>	Electoral Reform in Local Government in Wales – Consultation Response
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## Electoral Reform in Local Government in Wales - Consultation Response

Question	Proposed Response / Notes
1 Do you agree that the qualifying age for voting in Welsh local government elections should be lowered to 16?	Yes. It will help to increase turnout, and engage youth who are now far more democratically aware.
2 Should EU citizens who move to Wales once the UK has left the EU continue to acquire the right to vote	More information is required following the Brexit arrangement.
3 Should voting rights be extended to all legal residents in Wales, irrespective of their nationality or citizenry?	Yes. Providing a minimum residency period is achieved. This could be 5 or 3 years.
4 EU and commonwealth citizens can stand for election to local government in Wales, Should this continue and be extended to all nationalities made eligible to vote?	Yes.
5 Should Electoral Registration Officers have a greater range of sources available to them to assist citizens to be added to the register?	Yes. Currently CCS uses Housing data on weekly basis. All people in receipt of benefits should be added to the register. We need to be able to access all data in order to ensure the wider inclusion on the Electoral Register.
6 Which data sources do you think should be used by EROs?	Yes. All reliable and accurate data sources should be considered.
7 Should a wider range of local authority staff be empowered to assist citizens to obtain registration through access to the local government register and have the ability to amend it?	A wider range of LA staff should be empowered to assist in registration via the gov.uk website. They should not be given any power to amending current data.

<b>Question</b>		<b>Proposed Response / Notes</b>
<b>8</b>	What controls should be put in place to ensure the ERO maintains overall control of the register?	By not allowing any amending, only additions via gov.uk, so all applications come through to Electoral Services. Others can advise of amendments and deletions but not have power to change.
<b>9</b>	Should the individual registration rules be relaxed to allow for block registrations in circumstances, protecting the right to vote for populations otherwise at risk of exclusion?	No. Individual Registration is meant to be on an individual basis. However, we should continue with greater use of the waiver to assist in Residential Care establishments to add those without NI numbers.
<b>10</b>	Should we place a duty on EROs to consider whether any individual groups within their electoral area should be specifically targeted in registration campaigns?	Yes, providing resources in place. This will be time consuming and costly. CCS suggests that some Council documentation should contain an area which actively promotes inclusion.
<b>11</b>	Should we introduce arrangements so that agencies who are aware of people moving have a duty to inform the ERO?	Yes. Housing Associations, Residential Care Homes and Universities should inform the ERO of any changes.
<b>12</b>	What are your views on the development of a single electronic register for Wales?	Not sure of the advantages of this, other than to confirm registrations of others, especially for Proxy applications whereby the proxy must also be registered.  Believe that the cost outweighs the benefit.
<b>13</b>	Do you agree that individual principal councils should be able to choose their voting system?	No. Don't mind which voting system is used, but it must be the same throughout Wales in any specific election.
<b>14</b>	Do you agree that a constitutional change such as this should be subject to a two-thirds majority?	Not in relation to question 13, but possibly for other large constitutional change.



<b>Question</b>		<b>Proposed Response / Notes</b>
<b>15</b>	Do you agree that the term of local government in Wales should be set at five years?	Yes. However, we also need to ensure that we do not clash with other elections. There is already an issue due to the recent Parliamentary election being called early.
<b>16</b>	Do you agree, in principle, with the desirability of reforming the voting system to encourage greater participation?	Yes.
<b>17</b>	Are there other initiatives not covered which might be taken to enable greater participation in elections in Wales?	Can't think of anything, but this should be kept under constant review.
<b>18</b>	Should councils be able to choose to use all-postal voting at council elections?	Yes. At by-elections and Community / Town Council elections to increase turnout. PV system currently has higher turnout than polling stations. Many won't like the change but turnout is clearly improved.
<b>19</b>	Should it be subject to pilot exercise first?	Yes.
<b>20</b>	Should councils be able to operate all-postal voting in an individual ward or a number of wards within a council area?	Yes, but only during by-elections.
<b>21</b>	Should electronic voting be enabled at local elections?	Yes. We need to embrace such technology even if it means that electronic voting is only available from Polling Stations in the early years. Clearly, the long term aim would be to allow voting electronically from any location online with adequate security.
<b>22</b>	Should remote voting be enabled at local elections?	No. Postal Votes is sufficient.

Question	Proposed Response / Notes
<p><b>23</b> Should electronic counting be introduced for local elections in Wales?</p>	<p>No.            We should only move to electronic counting following the introduction of an electronic voting process.            Manual counting of paper votes is more transparent.  <a href="https://www.openrightsgroup.org/ourwork/reports/response-to-london-elects-manual-count-vs-electronic-count-cost-benefit-analysis">https://www.openrightsgroup.org/ourwork/reports/response-to-london-elects-manual-count-vs-electronic-count-cost-benefit-analysis</a></p>
<p><b>24</b> Should mobile polling stations be enabled at local elections?</p>	<p>No.            Can see potential benefit in more rural areas e.g. Powys, Carmarthenshire; however the risk is high for electoral fraud and confusion.            Postal Votes are already available for such voting.</p>
<p><b>25</b> Should we enable ROs to make use of polling places in addition to fixed polling stations?</p>	<p>No.            The integrity of the vote outweighs the risks of such a move.            To do so, you would need a strong mobile / WiFi signal to ensure a live register in order to prevent double voting i.e. 'vote early, vote often'.            Polling Places such as supermarkets and bus stations could cause confusion when elections only happening in those areas and visitors are outside the area.</p>
<p><b>26</b> Should we enable local elections to be held on more than one day and on days other than a Thursday?</p>	<p>Elections should be held on one single day. Arguably, we already allow them to be extended by way of Postal Voting. The integrity of the poll outweighs the risks with such a move.</p> <p>In Swansea, we have held elections on days other than Thursday's and it simply leads to numerous phone calls and complaints re. voter confusion. People turn up on a Thursday despite the fact that we held the election on a Wednesday.</p> <p>Sunday voting would pose problems for hire of church venues and halls which we rely heavily on to run elections.</p>
<p><b>27</b> Should consideration be given to simplifying postal voting procedures and literature?</p>	<p>Yes.            Postal Vote procedures and literature should be standardised Wales wide. This would make it easier to run national marketing campaigns and ensure that voters find it easier to cast a valid vote.</p>

Question	Proposed Response / Notes
28 How do you think the process could be simplified?	By simplifying the instructions so less are rejected. Standardisation of forms across Wales
29 Should electors attending a polling station be required to produce ID before they are allowed to vote? If so, what types of identification should be accepted?	No. It is likely to deter voting and lower turnout. Wales would need to have an ID card widely established before such a move could be considered. Such a move will lead to many arguments in the Polling Station as the voter will often have forgotten their ID Card.
30 Do the advantages of requiring ID outweigh the risk of deterring voters?	No.
31 Do you agree that it should no longer be necessary to publish a candidate's home address in election literature, including anything published electronically?	A candidate's home address should not be required. Parliamentary literature gives the option of providing a home address or a constituency. This could be reflected for Local Government candidates, choice of home address or Electoral Ward address.
32 Do you agree that each candidate should be required to provide a personal statement for inclusion on a website provided by the authority to whom they are seeking election?	Yes. Such a statement from each candidate would sit well on an Authority's election web pages giving useful information in order to inform the voter. This is already done for PCC elections on a dedicated website. The RO must have the right to refuse / delete / amend inappropriate personal statements possibly in consultation with the Electoral Commission.
33 Do you agree that it should not be permissible to serve both as an Assembly member and councillor?	No. If the electorate are happy to elect the same person to both roles, then that should suffice in a democracy.  However, if this consultation leads to the Welsh Government concluding that such a bar be put in place, we argue that it is vital to allow a Cllrs to stand for office as AM without having to resign first. If elected, the Cllrs would then have to resign within one year.  We need the best politicians.

<b>Question</b>		<b>Proposed Response / Notes</b>
<b>34</b>	Do you agree that candidates should be required to disclose a party affiliation if they have one?	Yes.
<b>35</b>	What sort of evidence should be required to suggest there is an undisclosed party affiliation?	Political Parties must inform Electoral Commission / RO.
<b>36</b>	Should any councils staff below senior level be able to stand for election to their own authority?	No. There could be a conflict of interest on decision making. Not appropriate.
<b>37</b>	Is there still justification for councils to keep a list of those other than senior officers who should be politically restricted?	Yes. But rules need to be simplified. Many people are confused about the meaning of a politically restricted post. The bar is also used too often in areas that are not relevant.
<b>41</b>	Should Welsh prisoners be allowed to register to vote and participate in Welsh local government elections? If so, should it be limited to those sentenced less than twelve months, four years, or any sentence length?	Currently Welsh prisoners on remand can register. Political Views required!
<b>42</b>	By what method should prisoners cast a vote?	Postal Vote.
<b>43</b>	At what address should prisoners be registered to vote?	At address they would be at if not imprisoned, i.e. the same as service voters – their home address that they would be living at were they not in prison.
<b>44</b>	We would like to know your views on the effects that the Electoral reform would have on the welsh language, specifically on opportunities for people to use welsh and on treating the welsh language no less favourably than English. What effects do you think there would be? How could positive effects be increased, or negative effects be mitigated?	The City and County of Swansea uses both Welsh and English language on all election literature and forms.  Political Views!

<b>Question</b>	<b>Proposed Response / Notes</b>
<p><b>45</b> Please also explain how you believe the proposed options could be formulated or changed so as to have positive effects or increased positive effects on opportunities for people to use the welsh language and on treating the Welsh language no less favourably than the English language, and no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.</p>	<p>Electoral Divisions / Wards to be renamed to include the Welsh translation – 1972 act only has English names. Welsh Forms order to be prepared side by side with English.</p> <p>This needs also to link with the Welsh Commissioners work in relation to the standardisation of Welsh Place Names.</p>
<p><b>46</b> We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to report them.</p>	<p>Why do we still require 10 subscribers for local government? None are required for NAW elections and only 2 for Community / Town Councils, 10 for Parliamentary. To what purpose is this in the modern day? We suggest that the requirement for subscribers is removed.</p> <p>Staffing payments to be national directive. Should they take own time and be paid, or be paid and not need to take own time. In CCS we do not pay twice, but many others in Wales and England do.</p>

# Agenda Item 17.



## Report of the Head of Democratic Services

Council – 28 September 2017

### Electoral Reform in Local Government in Wales (Questions 38-40) – Consultation Response

<b>Purpose:</b>	To provide a response to the Welsh Government consultation on Electoral Reform in Local Government in Wales by 10 October 2017.
<b>Policy Framework:</b>	None.
<b>Consultation:</b>	Access to Services, Finance, Legal, Political Group Leaders & Deputies.
<b>Recommendation(s):</b>	It is recommended that:  1) The response to the Electoral Reform in Local Government in Wales be made as outlined in <b>Appendix A</b> of the report.
<b>Report Author:</b>	Huw Evans
<b>Finance Officer:</b>	Ben Smith
<b>Legal Officer:</b>	Tracey Meredith
<b>Access to Services Officer:</b>	Phil Couch

#### 1. Introduction

1.1 The Cabinet Secretary for Finance and Local Government has launched a consultation document on Electoral Reform in Local Government in Wales. The relevant provisions of the Wales Act 2017 on electoral and registration matters are due to come into force in 2018. The consultation relates to:

- How democracy works in Wales;
- How people become eligible to vote;
- How they exercise their right to vote;
- How elections are organised.

1.2 The consultation period closes on 10 October 2017.

1.3 This report sets out the proposed responses of the relevant Officers for Council to consider. The proposed responses were circulated to the Political Group Leaders and their Deputies on 23 August 2017 for their consideration. They are set out in **Appendix A** of this report.

1.4 The Welsh Government Consultation document may be viewed at <https://consultations.gov.wales/consultations/electoral-reform-local-government-wales>

## **2. Consultation Questions & Responses**

2.1 There are 46 consultation questions in all; however, this report only considers questions 38, 39 and 40. The other questions are considered in a separate Council report.

2.2 Some consultation questions can be considered political and as such, may not be responded to as a consensus response could not be achieved.

2.3 Should individual Councillors or Political Groups wish to respond directly to the consultation then they may do so via the above web link.

2.4 The Chief Executive, Head of Democratic Services and Electoral Services Team Leader met with the Political Group Leader and their Deputies on 14 September 2017 in order to discuss the Electoral Reform in Local Government in Wales consultation document.

2.5 The Political Group Leaders and Deputies were asked to consider the responses and to feedback to the Head of Democratic Services by 27 September 2017, in order to allow their views to be collated prior to the Council meeting.

## **3. Equality and Engagement Implications**

3.1 An Equality Impact Assessment (EIA) screening process took place prior to the consultation period. The outcome indicated that it was low priority and a full report was not required.

## **4. Financial Implications**

4.1 There are no specific financial implications associated with this report.

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**Background Papers:** None.

**Appendices:**

<b>Appendix A</b>	Electoral Reform in Local Government in Wales – Consultation Response
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## Electoral Reform in Local Government in Wales - Consultation Response

Question	Proposed Response / Notes
38 Do you agree that the statutory chief executive role should include that of the RO?	Yes.
39 Do you agree that any addition to salary in recognition of RO duties should be a matter for the Local authority to determine?	<p>A RO should not receive additional salary in relation to Local Government elections (including Community / Town Council elections); however, the RO should continue to receive the additional salary in relation to all other elections (NAW, Parliamentary, European, PCC etc. and referenda. These payments are set in statute by constituency prior to each election / referendum and are paid by Government in order to reflect added responsibility. Failure in this area has seen RO's being dismissed. They should therefore be paid appropriately for the risk of the work which they undertake.</p> <p>Please note that the RO for Swansea does not receive any additional payments for Local Government elections.</p>
40 Should WG move to a system of calculating Assembly election costs on an agreed formula, based on the size of electorate?	<p>Yes.</p> <p>However, the final cost paid should be based on the Electorate on Polling Day. This could be hugely different to the one in place at the Notice of Election.</p> <p>With regard to the recent Parliamentary Election the difference between the two electorates was approximately 7,000 electors.</p>





**Council – 28 September 2017**

**COUNCILLORS' QUESTIONS**

**PART A – SUPPLEMENTARIES**

1	<p><b>Cllrs Kevin Griffiths, Jeff Jones &amp; Gordon Walker</b></p> <p>Cllr Rob Stewart promised our community when he visited us to discuss the LDP that he would look into some sort of banking service for us. Has he made any progress on this as this is important not only for Pontarddulais but other communities that are without banks. With the LDP going out to consultation after Council agreeing last month, Pontarddulais has the potential of 750 houses which could result in 1500 residents needing some sort of banking facility.</p> <p><b>Response of the Cabinet Member for Commercial Opportunities &amp; Innovation</b></p> <p>Whilst the decision maker for delivering banking facilities within communities is ultimately the private sector provider of financial services, the Council's decision to allocate land to the north of Pontarddulais as a Strategic Development Area in the LDP offers the exactly the sort of growth potential that can help sustain such facilities and increases the likelihood of securing future investment. The close proximity of the LDP allocations to Pontarddulais Town Centre will help sustain the vitality and vibrancy of the high street by providing a greater critical mass of population to attract businesses and support community facilities.</p>
2	<p><b>Cllrs Lyndon Jones, Myles Langstone &amp; Linda Tyler Lloyd</b></p> <p>Swansea's bid to be the UK City of Culture 2021 is very important to the City and is something we all support.</p> <p>I would be grateful if the Cabinet Member could confirm that everything possible is being done to promote this bid.</p> <p><b>Response of the Cabinet Member for Culture, Tourism &amp; Major Projects</b></p> <p>We have been working to promote Swansea's status as a city of culture and candidate city for UK City of Culture since 2014 and have established the partnerships and relationships necessary to put forward a credible case. This has involved us maintaining a policy commitment to being Wales' Capital of Culture and ongoing, widespread engagement with stakeholders, all of which are part of our ongoing promotional activity. These include Welsh Government, both Universities, the Health Authority, local businesses, Swansea BID, Coastal Housing, Museums Wales, Arts Council and Heritage Lottery Wales, British Council, Creative &amp; Cultural Skills, Wales Arts International and hundreds of local artists, organisations and sector representatives across Swansea and the Bay Region.</p>

We continue to regularly meet and brief community groups and local bodies, and the bid itself has been developed through collaboration with local community groups and artists, producers, businesses and academics. We have written to all national organisations, from Tate – to Sport UK – to the National Theatres, as well as Arts Councils for Scotland, England and Wales – outlining our ambitions and asking for their endorsement, along with prominent individuals in Parliament. For visibility during this critical stage of shortlisting, we have invested in an extensive range of on and offline promotional and marketing activity including;

- Editorial campaign partnership with the SW Evening Post (including backing the bid on front page mast head, online sponsorship bar, weekly column, etc.)
- Campaign Toolkit for Businesses – sent to all leading businesses within and external to Swansea, including letterheads, email footers, press release templates etc.
- Window decals for businesses across the City and County of Swansea
- Promotional activity at High Street Station and Swansea Bus Station
- City Centre Dressing – including lamp post banners in High Street, Wind Street and Mumbles Road / Oystermouth Road
- Drinks Coasters at café's, pubs and other food and beverage locations
- Bookmarks at libraries and commercial book stores
- Branding at major events e.g. Commonwealth Baton relay, Proms in the Park, 10k etc.
- Branding at non Swansea events e.g. Cardiff 10K and Half Marathon etc.
- Branding at Edinburgh Fringe Festival
- Bus Advertising
- Advertising in key consumer publications - B2B and business
- Perimeter advertising - LED at Liberty Stadium for the Manchester Utd Game and watched by a global audience of up to 700 million people
- Perimeter campaign advertising at Liberty (static) for all Swans and Ospreys games
- 48 sheet advertising board on Fabian Way
- Advertising on digital information screens – internal at all Cultural Services venues
- Advertising at key external locations e.g. side of LC
- Campaign branding at all Cultural Services venues
- Public engagement campaigns through Facebook Swansea2021, Twitter @Swansea2021 and Instagram
- Public engagement through [www.Swansea2021.co.uk](http://www.Swansea2021.co.uk) including a digital mosaic and how to back the bid
- Promotional collateral at a range of venues e.g. pop up's and backdrops
- External Communication Groups with strategic partners (e.g. Swansea University, UWTSD, ABMU, Ospreys, Swans etc.) to share messaging and PR opportunities
- Stunt based media activity both within and outside of Swansea
- Inclusion in all Enjoy and Visit Swansea Bay marketing campaign activity (e.g. web, journalist visits, advertising, competitions etc.)

3	<p><b>Cllrs Chris Holley, Mary Jones &amp; Jeff Jones</b></p> <p>Will the Cabinet Member tell Council if there are plans to reprofile the beach this winter to stop Oystermouth Road and Mumbles Road being covered with sand from the beach.</p> <p><b>Response of the Cabinet Member for Culture, Tourism &amp; Major Projects</b></p> <p>The beach is not due to be re-profiled in order to seek to preserve the marram grass on the dunes, however the channel between the dunes and the sea wall will be maintained to catch sand being blown towards Oystermouth Road. This will minimise sand blown onto the road, but will not totally prevent sand blowing across the channel in very strong winds.</p>
4	<p><b>Cllrs Mary Jones, Chris Holley &amp; Peter Black</b></p> <p>In the August Council meeting under Part B Councillors Questions it clearly states that a commissioning review has taken place into Leisure and Cultural services. Will the Leader/Cabinet Member explain to Council why this commissioning review has not been to scrutiny.</p> <p><b>Response of the Cabinet Member for Culture, Tourism &amp; Major Projects</b></p> <p>The commissioning review of Culture, Leisure and Tourism was one of the first year 1 reviews carried out. Whilst scrutiny was engaged in the review process via the workshops, at that stage a decision hadn't been taken to refer the reviews to pre decision scrutiny. Following discussion with scrutiny it was agreed that all future commissioning reviews would go via the pre decision scrutiny process prior to being reported to cabinet. That's has been a positive step welcomed by the wales Audit Office during their recent review of the council change programme.</p>
5	<p><b>Cllrs Chris Holley, Jeff Jones &amp; Peter Black</b></p> <p>Given that the retail developments for the city centre are now on hold until the Arena is built and open to the public (we are told this is to aid footfall and help attract new and different retail outlets). Will the Leader/ Cabinet Member tell Council what the business plan is for the Arena and if is there is any council subsidy required, if so over what time period will the repayments be.</p> <p><b>Response of the Cabinet Member for Culture, Tourism &amp; Major Projects</b></p> <p>ATG have been selected as the Councils preferred operator of the New Arena venue based upon their unquestionable experience in the entertainment industry.</p> <p>We are currently engaged in negotiating a lease and agreement to lease with ATG where they will occupy the arena for a term of 30 years on a full repairing and insuring lease. ATG will also pay a rent and share of profit rent.</p> <p>The full and final cost plan forms part of the confidential lease negotiation and at this stage we are therefore not in a position to share this information but will be happy to do so at an appropriate time in the near future.</p>

	<p>A significant amount of work is currently being undertaken to work up the design for the Arena, bridge and car parking elements as part of this first phase of development. The arena will be a catalyst for a number of projects in the city centre. This project and the City Deal has significantly raised the profile of Swansea across the UK.</p> <p>We should also mention that the retail element of the Swansea Central scheme is not on hold but is currently being considered as part of the wider proposals for the North side delivery alongside further leisure and educational uses. BREXIT, the economy and funding market have all had a significant impact on the leisure and retail industry which we are mindful of and have to be considered within any proposals moving forward.</p>
6	<p><b>Cllrs Wendy Fitzgerald, Gareth Sullivan &amp; Graham Thomas</b></p> <p>During the campaign for the local elections last May a commitment was made by the Labour party that Garngoch Amenity Site would be reopening for black bag waste. This was subsequently publicised in election material and in the Press as a welcome decision taken by Labour.</p> <p>In June the Cabinet Member stated, in response to a Council question, that options for residents in terms of maximising the amount of recycling from both black bags and green bags will be considered later this year after which the Council will consider all of the options going forward before making a decision.</p> <p>Could the Cabinet Member inform Council what further progress has been made in considering these options and indicate when Garngoch will reopen to black bag refuse in line with the election promise.</p> <p><b>Response of the Cabinet Member for Environment Services</b></p> <p>Additional recycling opportunities being progressed at Recycling Centres are Nappy Recycling and the recycling of Freezer/Fridge breakdowns. Land availability is being assessed in the vicinity of the Garngoch Recycling Centre to assess whether a Black Bag Challenge Area can be accommodated, how much the infrastructure would cost, and what the additional running costs would be. Additional space would be required to avoid returning to the days of restricted parking, extensive queuing, and traffic congestion.</p>
7	<p><b>Cllrs Wendy Fitzgerald, Lynda James &amp; Mike Day</b></p> <p>Recent reports are suggesting that, across Wales, there has been a massive fall in teenagers studying English Literature with subjects such as Geography and History likewise declining in popularity. The numbers studying French and German have also plummeted.</p> <p>Could the Cabinet Member tell Council if these trends are reflected in Swansea?</p>

## Response of the Cabinet Member for Children, Education & Lifelong Learning

Between 2016 and 2017 there has been a decline in the proportion of pupils taking English literature, geography and French in Swansea. The table below outlines the differences.

### Full Course GCSE Entries

Subject	2016		2017	
	Entries	Percent	Entries	Percent
English Literature	1903	79.3%	1476	61.1%
Geography	758	31.6%	549	22.7%
History	733	30.5%	751	31.1%
French	319	13.3%	242	10.0%
German	24	1.0%	28	1.2%

Across Wales, the number of pupils entered for English literature GCSE was notably lower than in 2016. However, Qualification Wales suggests this is largely due to the significant increase in pupils taking the exam a year earlier when they were in Year 10. In 2016, the proportion of Year 10 entries across Wales increased by 276% from 2,038 to 7,657. Overall, 21,925 of the Year 11 cohort in 2017 achieved a GCSE in English Literature (either sat in Year 10 or Year 11) compared to 24,542 in 2016, which represents a decline of 10.7 percentage points.

Across Wales, the number of pupils in Wales studying a foreign language to GCSE has declined by 44 per cent between 2002 and 2015.

## 8 Cllr Peter May

This question is about the Declaration of Understanding document relating to Houses in Multiple Occupation

An Evening Post article dated 24<sup>th</sup> August 2017 states that: "Swansea was among the first councils in the country to introduce a Declaration of Understanding, which compels landlords to sign a document that outlines their responsibilities in areas like fire safety, waste management and antisocial behaviour."

Is it correct to add that the occupiers of the HMO also have to sign the document?

The declaration in bold immediately prior to signature reads as follows:

I have read and understood the Declaration of Understanding in relation to Fire Precautions, Waste Management, Anti-Social Behaviour and the Management Regulations summary.

I understand that if I fail to comply with these, I may be committing an offence for which I may be prosecuted.

I understand that the Licence holder of this property may have to provide a copy of this document, including my details below, to the City & County of Swansea as required under the conditions of the HMO licence for the property.

My details will only be used in connection with the enforcement of legislation and conditions relating to the letting of this property as a licensable house in multiple occupation.

Who does the "I" refer to? (The licence holder, occupier(s), or both)  
When was this document introduced and how many times since this date has it been "used in connection with the enforcement of legislation and conditions relating to the letting of this property as a licensable house in multiple occupation"?

How many times has an occupier been prosecuted by failing to comply with the declaration of understanding since its introduction?

How many documents have in fact been provided to the council as indicated in the declaration since its introduction?

To the best of the council's knowledge, how many documents have in fact been completed and signed by all parties in the first place since its introduction?

### **Response of the Cabinet Member for Housing Energy & Building Services**

a) Yes it is correct that HMO occupants are asked to sign the Declaration of Understanding indicating that procedures in relation to fire precautions, waste, anti-social behaviour and the duties imposed on occupants by the HMO Management Regulations, have been explained to them.

b) The 'I' refers to the occupier.

c) The declaration of understanding was originally introduced as part of the HMO licence conditions in Swansea in 2006. It has subsequently been updated to its current version. It was designed to aid licence holders in communicating various pieces of information and legal responsibilities to HMO occupants. This is seen as good practice and has since been adopted by a number of other Local Authorities. Specific records are not kept on the number of times the declaration has been used in connection with the enforcement of legislation and conditions. It is however used by Officers as part of investigations relating to complaints made about HMOs.

d) Occupiers cannot be prosecuted in connection with the declaration of understanding. The Declaration simply explains procedures in relation to fire precautions, waste, anti-social behaviour and the duties imposed on occupants by the HMO Management Regulations.

e) Licence holders are not required to provide a copy of each signed Declaration of Understanding. Depending on the nature of specific complaints received about HMOs, Officers may require provision of such documentation as part of their routine investigations. Specific records relating to the actual number of declarations submitted by licence holders are not kept.

f) As indicated, licence holders are not required to provide a copy of each signed Declaration of Understanding and on that basis records regarding total numbers of signed declarations in existence are not kept.

9	<p><b>Cllrs Myles Langstone &amp; Lyndon Jones</b></p> <p>At the last election, the Labour Party campaigned on allowing free parking in Mumbles when there are events taking place. I understand, from traders, that they have heard nothing more on this promise and we are still waiting for this to be implemented.</p> <p>Can you please confirm that you will uphold this election pledge for all future events in Mumbles.</p> <p>This would be a big help to make sure that events are successful, would ease pressure on residents who would not find their roads filled with visitors cars and will boost the local economy.</p> <p><b>Response of the Cabinet Member for Environment Services</b></p> <p>One of the roles of the City &amp; County of Swansea is to support local traders across the county and this is achieved by providing off street car parks in convenient locations, augmented by short stay on-street parking, where appropriate.</p> <p>Parking tariffs are carefully considered so as to meet the operating costs of car parks, encourage regular turnover of shopper parking, whilst ensuring that trade is not stifled by excessive tariffs.</p> <p>As with other commercial centres, including the city centre, the Council is working with partners to identify periods of low retail activity, to assess how best to encourage greater levels of activity.</p>
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	<p><b>PART B – NO SUPPLEMENTARIES</b></p>
10	<p><b>Cllrs Susan Jones, Chris Holley &amp; Wendy Fitzgerald</b></p> <p>Will the Leader/Cabinet Member please explain to Council how the areas for free children care were chosen.</p> <p><b>Response of the Cabinet Member for Health and Wellbeing</b></p> <p>It is important to emphasise that the pilot areas are based on Wards and not Schools or school catchments.</p> <p>In line with the purpose of the Pilot, Swansea’s selection of Wards were chosen to test out different models of delivery so that the learning can be applied to Welsh Government’s plans for a future rollout.</p> <p>As such the following principles were central to Swansea’s proposals for the Pilot areas for year 1:</p> <ol style="list-style-type: none"> <li>1. Testing “all on one” sites – selecting wards with schools that provide the Foundation Phase for 3 and 4 year olds as well as already registered Care and Social Services Inspectorate Wales (CSSIW) wrap around, after school and holiday childcare on site. This will be important as it will ascertain levels of take-up of on site provision and</li> </ol>

	<p>levels of demand.</p> <p>2. Testing areas where there are no or low level of on school site registered childcare however high levels of registered childcare providers/places across a mixed economy (e.g Day Nurseries and Childminders etc) in the wider Ward area. This will be important as it will ascertain the advantages and disadvantages of a multi-site package of provision.</p> <p>Due to the eligibility criteria of the scheme set by Welsh Government it was also important to choose areas which would have the potential for a good take-up.</p> <p>Parents can choose any CSSIW registered provision for their Child whether that is within or outside the Pilot Wards.</p>
11	<p><b>Cllrs Mary Jones, Graham Thomas &amp; Gordon Walker</b></p> <p>There has been a lot of publicity recently about motorists being fined when using the bus lane near the Liberty Stadium during the road works that were being carried out there in the spring. Will the Leader / Cabinet Member tell Council how much it is costing too fight these claims including all Officer time. This is to include the appeal resulting from the decision from the Traffic Penalty Tribunal.</p> <p><b>Response of the Cabinet Member for Environment Services</b></p> <p>The Civil Parking Enforcement operation is, by law, self-financing, placing no financial burden on the council. Officers routinely deal with appeals from motorists, and with the Traffic Penalty Tribunal. The appeals process is a fundamental part of the civil parking enforcement process and ensures a transparent and independent review process, the costs of which are accommodated within the overall civil parking enforcement budget. It would be inappropriate to comment in any further detail until matters are concluded with the current appeals process.</p>