

# Document Pack



Mark James LLM, DPA, DCA  
Prif Weithredwr,  
Chief Executive,  
Neuadd y Sir, Caerfyrddin. SA31 1JP  
County Hall, Carmarthen. SA31 1JP

**WEDNESDAY, 1 FEBRUARY 2017**

**TO: ALL MEMBERS OF THE POLICY & RESOURCES SCRUTINY COMMITTEE**

I HEREBY SUMMON YOU TO ATTEND A MEETING OF THE **POLICY & RESOURCES SCRUTINY COMMITTEE** WHICH WILL BE HELD IN THE **CHAMBER, COUNTY HALL, CARMARTHEN** AT **10.00 AM** ON **WEDNESDAY, 8TH FEBRUARY, 2017** FOR THE TRANSACTION OF THE BUSINESS OUTLINED ON THE ATTACHED AGENDA.

*Mark James* CBE

**CHIEF EXECUTIVE**



PLEASE RECYCLE

|                          |                                 |
|--------------------------|---------------------------------|
| Democratic Officer:      | Martin S. Davies                |
| Telephone (Direct Line): | 01267 224059                    |
| E-Mail:                  | MSDavies@carmarthenshire.gov.uk |
| Ref:                     | AD016-001                       |



**YOUR COUNCIL** **doitonline**  
[www.carmarthenshire.gov.wales](http://www.carmarthenshire.gov.wales)

# **POLICY & RESOURCES SCRUTINY COMMITTEE 13 MEMBERS**

## **PLAID CYMRU GROUP – 5 MEMBERS**

- |    |            |                        |
|----|------------|------------------------|
| 1. | Councillor | G. Davies (Vice-Chair) |
| 2. | Councillor | J.K. Howell            |
| 3. | Councillor | A. Lenny               |
| 4. | Councillor | D. Price               |
| 5. | Councillor | D.E. Williams          |

## **INDEPENDENT GROUP – 4 MEMBERS**

- |    |            |                         |
|----|------------|-------------------------|
| 1. | Councillor | S.M. Allen              |
| 2. | Councillor | W.J.W. Evans            |
| 3. | Councillor | A.G. Morgan             |
| 4. | Councillor | D.W.H. Richards (Chair) |

## **LABOUR GROUP – 4 MEMBERS**

- |    |            |              |
|----|------------|--------------|
| 1. | Councillor | T. Devichand |
| 2. | Councillor | J.S. Edmunds |
| 3. | Councillor | A.W. Jones   |
| 4. | Councillor | R. Thomas    |

# AGENDA

1. APOLOGIES FOR ABSENCE.
2. DECLARATIONS OF PERSONAL INTEREST.
3. DECLARATION OF PROHIBITED PARTY WHIPS.
4. PUBLIC QUESTIONS (NONE RECEIVED).
5. FORTHCOMING ITEMS. 5 - 20
6. TREASURY MANAGEMENT POLICY & STRATEGY 2017/18. 21 - 64
7. QUARTERLY TREASURY MANAGEMENT AND PRUDENTIAL INDICATOR REPORT 1ST APRIL 2016 TO 31ST DECEMBER 2016. 65 - 80
8. CARMARTHENSHIRE WELL-BEING ASSESSMENT 2016/17. 81 - 126
9. EXPLANATION FOR NON-SUBMISSION OF SCRUTINY REPORT. 127 - 128
10. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE COMMITTEE HELD ON THE 11TH JANUARY 2017. 129 - 132

This page is intentionally left blank

## POLICY & RESOURCES SCRUTINY COMMITTEE 8<sup>th</sup> FEBRUARY 2017

|   |
|---|
| <p><b>Forthcoming items for next meeting –<br/>Wednesday 22<sup>ND</sup> March 2017</b></p> |
|---|

| Discussion Topic                                 | Background   |
|--|--|
| Budget Monitoring 2016/17                        | This is a standard item which allows members to undertake their monitoring role of the departmental and corporate budgets.   |
| Performance Monitoring 2016/17 (Q3)              | This is a standard 6-monthly report which allows members to undertake their monitoring role in relation to the relevant departments' services. The report also includes details of the compliments and complaints received by the relevant departments. Following agreement by the Scrutiny Chairs & Vice-Chairs Forum, all the scrutiny committees will now receive performance monitoring reports for quarters 1 and 3 from 2016/17 onwards. The end of year position will be captured as part of the Council's Annual Report and Improvement Plan document. |
| Actions & Referrals Update                       | These quarterly updates provide details on progress made in relation to actions and requests from previous meetings.   |
| Council's Engagement Mechanisms (T&F Monitoring) | During 2014/15, the Committee agreed the recommendations emanating from its Task and Finish Group review, which were subsequently endorsed by the Executive Board in January 2015 and referred to the Constitutional Review Working Group for further consideration. The Committee has a role in terms of monitoring the progress being made in implementing the recommendations.  |

*As requested by members of the Committee at its meeting in February 2014, the latest version of the Committee's Forward Work Programme is included with the forthcoming items (on next page). Also included is the Executive Board's latest Forward Work Programme as reported to the Executive Board on the 21<sup>st</sup> November 2016.*

## Policy & Resources Scrutiny Committee – Forward Work Programme 2016/17

| 09 June 16   | 14 July 16  | 05 October 16                                | 30 November 16   | 11 January 17  | 8 February 17  | 22 March 17   | 28 April 17  |
|--|---|--|--|--|--|---|--|
| Draft CCC Improvement Plan 16/17 and Annual Report 15/16 | Treasury Management Annual Report 2015/16           | Performance Monitoring 2016/17 (Q1)          | Future scrutiny arrangements for the PSB               | 3-year Revenue Budget Consultation 2017/18 to 2019/20    | Treasury Management Policy & Strategy 2017/18  | Budget Monitoring 2016/17   | ICT Strategy Monitoring (to include no. of emails tracked)                 |
| Asset Transfer Annual Report 2015/16                     | EOY Performance Monitoring 2015/16                  | Welsh Language Promotion Strategy 2016-2021  | Treasury Management 2016/17 (Q2)                       | 5-year Capital Programme Consultation 2017/18 to 2021/22 | Treasury Management 2016/17 (Q3)   | Performance Monitoring 2016/17 (Q3)   | Third Sector Funding Challenge Panel Update                                |
| Third Sector Spend Review                                | TIC Annual Report 2015/16 and Business Plan 2016/17 | P&R Scrutiny Committee Annual Report 2015/16 | Spend on External Expertise and Legal Services 2015/16 | CEX & Corporate Services Business Plans 2017/18          | Public Services Board Annual Report 2016 – <b>deferred until April 2017</b>  | Actions & Referrals Update  | Public Services Board Annual Report 2016 [ <a href="#">from February</a> ] |
| Email Usage & Management Policy                          | EOY Budget Monitoring 2015/16                       | Treasury Management 2016/17 (Q1)             | Asset Management Plan ( <b>from October</b> )          | Ageing Well Plan Update                                  | Public Services Board Well-Being Assessment  | Council's Engagement Mechanisms (T&F Monitoring) ( <a href="#">from October</a> ) |  |
| Portable Device Usage Policy                             | Tackling Poverty Action Plan                        | Budget Monitoring 2016/17                    | Half-Year Compliments & Complaints Report              | Annual Report 2015/16 on the Welsh Language              | Council's Well-Being Objectives 2017/18 – <b>to be considered at a joint meeting of all scrutiny committees on 15/2/17</b> |   |  |
| P&R Scrutiny Committee FWP 2016/17                       | Actions & Referrals Update                          |  | Budget Monitoring 2016/17                              |  | Draft Procurement Strategy <b>deferred until Autumn 2017</b>   |   |  |
|  |   |  | Actions & Referrals Update                             |  |  |   |  |

# EXECUTIVE BOARD FORWARD WORK PROGRAMME 2016/17 as at 19<sup>th</sup> October 2016

## Introduction

This plan is published to encourage and enable greater understanding between the Executive, all Councillors, the public and other stakeholders. It assists the Scrutiny Committees in planning their contribution to policy development and holding the executive to account.

The plan gives the public and stakeholders a chance to see the forthcoming major decisions to be made by the Executive Board and the County Council over the next 12 months. It is reviewed and published bi-annually to take account of changes and additional key decisions.

WORKING DRAFT

**EXECUTIVE BOARD FORWARD WORK PROGRAMME 2016/17  
as at 19<sup>th</sup> October 2016**

Page 8

**CHIEF EXECUTIVE**

| Subject area and brief description of nature of report | Responsible Officer                         | Executive Board Member              | Date to Scrutiny     | Date to Executive Board | Date to County Council |
|--|---|-------------------------------------|----------------------|-------------------------|------------------------|
| CORPORATE ASSESSMENT ACTION PLAN                       | Wendy Walters<br>Assistant Chief Executive  | Cllr Emlyn Dole                     |                      |                         |                        |
| 5-YEAR CAPITAL RECEIPT STRATEGY                        | Wendy Walters,<br>Assistant Chief Executive | Cllr D Jenkins/M. Gravell           | n/a                  | n/a                     | n/a                    |
| COMMUNICATIONS STRATEGY - UPDATE                       | Wendy Walters,<br>Assistant Chief Executive | Cllr. Pam Palmer/Cllr Mair Stephens | As and when required | As and when required    | As and when required   |
| PAY POLICY STATEMENT                                   | Paul Thomas<br>Assistant Chief Executive    | Cllr Mair Stephens                  | N/A                  | CHWEFROR                | MAWRTH                 |



**EXECUTIVE BOARD FORWARD WORK PROGRAMME 2016/17  
as at 19<sup>th</sup> October 2016**

**CHIEF EXECUTIVES**

| Subject area and brief description of nature of report              | Responsible Officer                              | Executive Board Member                  | Date to Scrutiny                   | Date to Executive Board | Date to County Council |
|---|--|---|------------------------------------|-------------------------|------------------------|
| QUARTERLY PERFORMANCE REPORT  | Wendy Walters<br>Assistant Chief Executive       | Cllr. Mair Stephens/<br>Cllr Pam Palmer | P & R Scrutiny<br>SEPT<br>MARCH    | N/A                     | N/A                    |
| ARIP ANNUAL REPORT AND IMPROVEMENT PLAN                             | Wendy Walters<br>Assistant Chief Executive       | Cllr Emlyn Dole/Cllr Pam Palmer         | JUNE                               | JULY                    | JULY 13TH              |
| FORWARD WORK PROGRAMME AND UPDATE BI-ANNUALLY                       | Gaynor Morgan<br>Democratic Services Manager     | Cllr Pam Palmer                         |                                    | APRIL<br>OCT            |                        |
| ANNUAL REVIEW OF COUNCILLORS' & CO-OPTED MEMBERS' ALLOWANCES SCHEME | Gaynor Morgan<br>Democratic Services             | Cllr Mair Stephens                      | Democratic Services Cttee<br>MARCH | APRIL                   | May AGM                |
| ANNUAL REVIEW OF THE CONSTITUTION - CRWG                            | Linda Rees Jones<br>Head of Administration & Law | N/A<br>CRWG - FEB                       |                                    | APRIL                   | May AGM                |

**EXECUTIVE BOARD FORWARD WORK PROGRAMME 2016/17  
as at 19<sup>th</sup> October 2016**

**CHIEF EXECUTIVES**

Page 10

| Subject area and brief description of nature of report                     | Responsible Officer  | Executive Board Member                    | Date to Scrutiny            | Date to Executive Board     | Date to County Council      |
|--|--|---|-----------------------------|-----------------------------|-----------------------------|
| <b>HOW CARMARTHENSHIRE'S RESULTS COMPARE TO OTHER COUNCILS IN WALES</b>    | <b>Wendy Walters<br/>Assistant Chief Executive</b>           | <b>Cllr Pam Palmer/Cllr Mair Stephens</b> | <b>OCT</b>                  | <b>NOV</b>                  | <b>NOV</b>                  |
| <b>REVIEW OF THE CONSTITUTION (LEGISLATION CHANGES) - CRWG</b>             | <b>Linda Rees Jones<br/>Head of Administration &amp; Law</b> | <b>N/A<br/>CRWG - FEB</b>                 | <b>N/A</b>                  | <b>AS AND WHEN REQUIRED</b> | <b>AS AND WHEN REQUIRED</b> |
| <b>CONFERENCE APPLICATIONS/REPORTS</b>                                     | <b>Gaynor Morgan<br/>Democratic Services Manager</b>         | <b>Leader</b>                             | <b>N/A</b>                  | <b>N/A</b>                  | <b>N/A</b>                  |
| <b>EUROPEAN FUNDING PROGRAMMES AND REGIONAL ENGAGEMENT TEAM PROGRESS</b>   | <b>Helen Morgan<br/>Interim Economic Dev Manager</b>         | <b>Cllr Meryl Gravel</b>                  | <b>October</b>              |                             |                             |
| <b>REVIEW OF COMMUNITY COUNCIL BOUNDARIES &amp; ELECTORAL ARRANGEMENTS</b> | <b>Wendy Walters,<br/>Assistant Chief Executive</b>          | <b>Cllr Pam Palmer</b>                    | <b>As and when required</b> |                             |                             |

**EXECUTIVE BOARD FORWARD WORK PROGRAMME 2016/17  
as at 19<sup>th</sup> October 2016**

**COMMUNITY SERVICES**

| Subject area and brief description of nature of report                             | Responsible Officer           | Executive Board Member | Date to Scrutiny      | Date to Executive Board  | Date to County Council |
|--|-------------------------------|------------------------|-----------------------|--------------------------|------------------------|
| ORIEL MYRDDIN  | Ian Jones -                   | Cllr. M. Gravell       |                       | 7/11/16 TBC              |                        |
| ALTERNATIVE SERVICE DELIVERY MODELS IN ASC – PROJECT UPDATE                        | Robin Staines (Gareth Miller) | Cllr. Jane Tremlett    |                       |                          |                        |
| GWENDRAETH SPORTS HALL   | Ian Jones                     | Cllr. M. Gravell       |                       | TBC                      |                        |
| CARMS CYCLING STRATEGY   | Ian Jones                     | Cllr. M. Gravell       |                       | 21/11/16 or 19/12/16 TBC |                        |
| REVIEW OF ACCESS TO SOCIAL HOUSING POLICY (POST CONSULTATION) (ALLOCATIONS POLICY) | Jonathan Willis               | Cllr. Linda Evans      | 03/11/16<br>Community | 21/11/16                 | 14/12/16               |
| PREVENTION STRATEGY  | Communities                   | Cllr. Jane Tremlett    |                       | 21/11/16                 |                        |
| REVISED CHARGING POLICY (pre consultation)   | Lyn Walters/<br>Rhys Page     | Cllr. Jane Tremlett    |                       | TBC                      |                        |
| CHILD MEASUREMENT PROGRAMME  |                               |                        |                       |                          |                        |

**EXECUTIVE BOARD FORWARD WORK PROGRAMME 2016/17  
as at 19<sup>th</sup> October 2016**

**COMMUNITY SERVICES**

| Subject area and brief description of nature of report                            | Responsible Officer           | Executive Board Member | Date to Scrutiny or other Cttee                    | Date to Executive Board | Date to County Council |
|---|-------------------------------|------------------------|--|-------------------------|------------------------|
| MENTAL HEALTH TRANSFORMATION  | Avril Bracey                  | Cllr. Jane Tremlett    |  |                         |                        |
| CHS+ DELIVERING WHAT MATTERS (Previously known as HRA BUSINESS PLAN)              | Jonathan Morgan               | Cllr. Linda Evans      | 20/01/17<br>Communities                            | 06/02/17                | 22/02/17               |
| REVISED CHARGING POLICY (post consultation)                                       | Lyn Walters / Rhys Page       | Cllr. Jane Tremlett    | SC&H<br>06/03/17<br>TBC                            | 27/03/17<br>TBC         | 26/04/17<br>TBC        |
| TENANT VISION ENGAGEMENT PLAN (PRE CONSULTATION)                                  | Robin Staines (Les James)     | Cllr. Linda Evans      | 30/03/17<br>Community<br>(as part of consultation) | 27/02/17                |                        |
| MEETING THE REQUIREMENTS OF THE GYPSY & TRAVELLERS ACCOMMODATION NEEDS ASSESSMENT | Robin Staines (Rachel Davies) | Cllr. Linda Evans      |  |                         |                        |
| TENANT VISION ENGAGEMENT PLAN (POST CONSULTATION)                                 | Robin Staines (Les James)     | Cllr. Linda Evans      |  | Autumn 2017             |                        |
| ANNUAL REPORT OF THE DIRECTOR OF SOCIAL SERVICES 2016-17                          | Jake Morgan                   | Cllr. Jane Tremlett    | Joint E&CS & SC&H 22/05/17<br>TBC                  | 26/06/17                | 19/07/16               |

**EXECUTIVE BOARD FORWARD WORK PROGRAMME 2016/17  
as at 19<sup>th</sup> October 2016**

**CORPORATE SERVICES**

| Subject area and brief description of nature of report        | Responsible Officer                           | Executive Board Member | Date to Scrutiny | Date to Executive Board                      | Date to County Council |
|---|---|------------------------|------------------|--|------------------------|
| RESERVES STRATEGY   | Chris Moore<br>Director of Corporate Services | Cllr. D. Jenkins       |                  | OCT 2016                                     | N/A                    |
| BI-MONTHLY REVENUE AND CAPITAL BUDGET MONITORING REPORTS      | Chris Moore<br>Director of Corporate Services | Cllr. D. Jenkins       | N/A              | APRIL<br>JUNE<br>SEPT<br>NOV<br>JAN<br>MARCH | N/A                    |
| QUARTERLY TREASURY MANAGEMENT AND PRUDENTIAL INDICATOR REPORT | Chris Moore<br>Director of Corporate Services | Cllr D. Jenkins        | N/A              | JULY<br>OCT<br>JAN                           | N/A                    |
| ANNUAL TREASURY MANAGEMENT & PRUDENTIAL INDICATOR REPORT      | Chris Moore<br>Director of Corporate Services | Cllr D. Jenkins        | N/A              | JULY   | FEB                    |
| 5 YEAR CAPITAL PROGRAMME                                      | Chris Moore<br>Director of Corporate Services | Cllr D. Jenkins        | ALL<br>DEC/ JAN  | NOV  | N/A                    |

WORKING DRAFT

**EXECUTIVE BOARD FORWARD WORK PROGRAMME 2016/17  
as at 19<sup>th</sup> October 2016**

Page 14

**CORPORATE SERVICES**

| Subject area and brief description of nature of report            | Responsible Officer                                      | Executive Board Member | Date to Scrutiny                   | Date to Executive Board | Date to County Council  |
|---|--|------------------------|------------------------------------|-------------------------|-------------------------|
| <b>PROCUREMENT STRATEGY 2016 – 2020 (Including update on NPS)</b> | <b>Phil Sexton, Head of Audit, Procurement &amp; ICT</b> | <b>Cllr D Jenkins</b>  | <b>Draft to Scrutiny Jan / Feb</b> | <b>FEB</b>              | <b>N/A</b>              |
| <b>5-YEAR CAPITAL RECEIPT STRATEGY</b>                            | <b>Wendy Walters, Assistant Chief Executive</b>          | <b>Cllr D Jenkins</b>  | <b>n/a</b>                         | <b>n/a</b>              | <b>n/a</b>              |
| <b>COUNCIL TAX SETTING REPORT</b>                                 | <b>Chris Moore Director of Corporate Services</b>        | <b>Cllr D Jenkins</b>  | <b>n/a</b>                         | <b>n/a</b>              | <b>march</b>            |
| <b>COUNCIL TAX BASE</b>   | <b>Chris Moore / John Gravelle</b>                       | <b>Cllr D Jenkins</b>  | <b>N/A</b>                         | <b>NOV</b>              | <b>MARCH</b>            |
| <b>COUNCIL TAX PREMIUMS</b>                                       | <b>Chris Moore / John Gravelle</b>                       | <b>Cllr. D Jenkins</b> |                                    | <b>√ (date unclear)</b> | <b>√ (date unclear)</b> |
| <b>Council Tax Reduction Scheme</b>                               | <b>Chris Moore / John Gravelle</b>                       | <b>Cllr D Jenkins</b>  | <b>N/A</b>                         | <b>N/A</b>              | <b>JAN</b>              |
| <b>BUDGET STRATEGY (Revenue and Capital)</b>                      | <b>Chris Moore Director of Corporate Services</b>        | <b>Cllr D. Jenkins</b> | <b>ALL DEC/ JAN</b>                | <b>NOV</b>              | <b>N/A</b>              |

**EXECUTIVE BOARD FORWARD WORK PROGRAMME 2016/17  
as at 19<sup>th</sup> October 2016**

**CORPORATE SERVICES**

| Subject area and brief description of nature of report | Responsible Officer                           | Executive Board Member | Date to Scrutiny | Date to Executive Board | Date to County Council |
|--|---|------------------------|------------------|-------------------------|------------------------|
| BUDGET OUTLOOK (Revenue and Capital)                   | Chris Moore<br>Director of Corporate Services | Cllr D. Jenkins        | ALL<br>DEC/ JAN  | NOV                     | N/A                    |
| TREASURY MANAGEMENT POLICY AND STRATEGY                | Chris Moore<br>Director of Corporate Services | Cllr D. Jenkins        | N/A              | FEB                     | FEB                    |
| FINAL BUDGET   | Chris Moore<br>Director of Corporate Services | Cllr D Jenkins         | N/A              | FEB                     | FEB                    |
| HOUSING REVENUE ACCOUNT BUDGET AND RENT SETTING REPORT | Chris Moore<br>Director of Corporate Services | Cllr D Jenkins         | HOUSING          | FEB                     | FEB                    |
| BUDGET OUTLOOK 2017/20                                 | Chris Moore<br>Director of Corporate Services | Cllr D Jenkins         | N/A              | JULY/SEPT               | N/A                    |
| CORPORATE ASSET MANAGEMENT PLAN 2016 - 2019            | Jonathan Fearn, Head of Corporate Prop        | Cllr D Jenkins         | APRIL            | MAY                     | N/A                    |

**EXECUTIVE BOARD FORWARD WORK PROGRAMME 2016/17  
as at 19<sup>th</sup> October 2016**

Page 16

**EDUCATION & CHILDREN**

| Subject area and brief description of nature of report  | Responsible Officer                           | Executive Board Member | Date to Scrutiny | Date to Executive Board | Date to County Council |
|---|---|------------------------|------------------|-------------------------|------------------------|
| <b>MODERNISING EDUCATION PROGRAMME - QUARTERLY PROGRESS REPORTS</b>   | Simon Davies, Schools Modernisation Manager   | Cllr Gareth Jones      | N/A              | N/A                     | N/A                    |
| <b>PROPOSAL TO DISCONTINUE LLANGENNECH INFANTS AND LLANGENNECH JUNIOR SCHOOL AND CREATE ONE WELSH MEDIUM 3-11 PRIMARY SCHOOL.</b> | Simon Davies, Schools Modernisation Manager   | Cllr Gareth Jones      | 21/11/2016       | 19/12/2016              | 18/01/2017             |
| <b>ACCOMMODATING LOOKED AFTER CHILDREN – COMMISSIONING &amp; COSTS</b>  | Stefan Smith<br>Head of Children's Services   | Cllr. G.O. Jones       |                  |                         |                        |
| <b>CSSIW INSPECTION, EVALUATION &amp; REVIEW OF LOCAL AUTHORITY SERVICES</b>  | Stefan Smith –<br>Head of Children's Services | Cllr. G.O. Jones       |                  |                         |                        |



**EXECUTIVE BOARD FORWARD WORK PROGRAMME 2016/17  
as at 19<sup>th</sup> October 2016**

**EDUCATION & CHILDREN**

| Subject area and brief description of nature of report | Responsible Officer                | Executive Board Member | Date to Scrutiny        | Date to Executive Board | Date to County Council |
|--|------------------------------------|------------------------|-------------------------|-------------------------|------------------------|
| SCHOOL IMPROVEMENT PANEL ANNUAL REPORT                 | Gareth Morgans – Head of Education | Cllr. G.O. Jones       |                         |                         |                        |
| ESTYN REPORT – QUARTERLY SYNOPSIS                      | Gareth Morgan                      | Cllr G.O. Jones        |                         |                         |                        |
| REVIEW OF BEHAVIOUR MANAGEMENT SERVICES                | Gareth Morgan                      | Cllr G.O. Jones        | TBC                     | TBC                     | TBC                    |
| WELSH IN EDUCATION STRATEGIC PLAN                      | Gareth Morgans                     | Cllr G.O. Jones        | 10/10/2016 & 22/12/2016 | 23/01/2017              |                        |

WORKING DRAFT

**EXECUTIVE BOARD FORWARD WORK PROGRAMME 2016/17  
as at 19<sup>th</sup> October 2016**

Page 18

**ENVIRONMENT**

| Subject area and brief description of nature of report | Responsible Officer   | Executive Board Member | Date to Scrutiny | Date to Executive Board | Date to County Council |
|--|---|------------------------|------------------|-------------------------|------------------------|
| FLOOD RISK MANAGEMENT PLANS                            | Ruth Mullen<br>Director of Environment /Head of Street Scene                    | Cllr Hazel Evans       |                  | 19 <sup>th</sup> Dec 16 |                        |
| ROAD SAFETY PRIORITISATION MODEL                       | Ruth Mullen<br>Director of Environment / Steve Pilliner<br>Highways & Transport | Cllr Hazel Evans       | TBC              | December 16             |                        |
| INTEGRATED PARKING STRATEGY                            | Ruth Mullen<br>Director of Environment / Steve Pilliner<br>Highways & Transport | Cllr Hazel Evans       |                  | 6th February 17         |                        |
| LTF Bids 2017/18                                       | Ruth Mullen<br>Director of Environment / Steve Pilliner<br>Highways & Transport | Cllr Hazel Evans       |                  | 19 <sup>th</sup> Dec    |                        |

**EXECUTIVE BOARD FORWARD WORK PROGRAMME 2016/17  
as at 19<sup>th</sup> October 2016**

**ENVIRONMENT**

| Subject area and brief description of nature of report | Responsible Officer   | Executive Board Member | Date to Scrutiny | Date to Executive Board | Date to County Council |
|--|---|------------------------|------------------|-------------------------|------------------------|
| WALKING & CYCLING STRATEGY                             | Ruth Mullen<br>Director of Environment / Steve Pilliner<br>Highways & Transport | Cllr Hazel Evans       |                  | 19 <sup>TH</sup> Dec    |                        |
| ANNUAL PERFORMANCE REPORT (PLANNING SERVICES)          | Ruth Mullen<br>Director of Environment / Llinos Quelch<br>Planning Services     | Cllr Mair Stephens     | November 2016    | N/A                     | N/A                    |
| LOCAL DEVELOPMENT PLAN ANNUAL MONITORING REPORT        | Ruth Mullen<br>Director of Environment / Llinos Quelch<br>Planning Services     | Cllr Mair Stephens     | November 2016    | N/A                     | N/A                    |
| COMMUNITY INFRASTRUCTURE LEVY                          | Ruth Mullen<br>Director of Environment / Llinos Quelch<br>Planning Services     | Cllr Mair Stephens     | TBC              | January 2017            | February 2017          |

WORKING DRAFT

**EXECUTIVE BOARD FORWARD WORK PROGRAMME 2016/17  
as at 19<sup>th</sup> October 2016**

Page 20

**ENVIRONMENT**

| Subject area and brief description of nature of report                               | Responsible Officer  | Executive Board Member | Date to Scrutiny | Date to Executive Board | Date to County Council |
|--|--|------------------------|------------------|-------------------------|------------------------|
| SPGS (INCL. RENEWABLE ENERGY AND EDUCATION CONTRIBUTIONS)                            | Ruth Mullen<br>Director of Environment / Llinos Quelch<br>Planning Services          | Cllr Mair Stephens     |                  | February 2017           | March 2017             |
| LOCAL DEVELOPMENT ORDER  | Ruth Mullen<br>Director of Environment / Llinos Quelch<br>Planning Services          | Cllr Mair Stephens     |                  | December 2016           | January 2017           |
| CHARGING SCHEDULE FOR PLANNING INPUT REGARDING DEVELOPMENTS OF NATIONAL SIGNIFICANCE | Ruth Mullen<br>Director of Environment / Llinos Quelch<br>Planning Services          | Cllr Mair Stephens     | TBC              | TBC                     | TBC                    |
| WASTE TREATMENT CONTRACT – PROCUREMENT STRATEGY RECOMMENDATION                       | Ruth Mullen<br>Director of Environment / A Williams<br>Head of Waste & Env. Services | Cllr H Evans           |                  | TBC                     |                        |

**POLICY & RESOURCES SCRUTINY COMMITTEE**  
**8<sup>th</sup> FEBRUARY 2017**

**Treasury Management Policy and Strategy**  
**2017-18**

**To consider and comment on the following issues:**

- To consider the content of the report, as this information will form the basis of this Committee's role in scrutinising the activity and function during the year.

**Reasons:**

- To comply with the revised CIPFA Treasury Management Code of Practice and CIPFA Prudential Code 2011.
- To formally approve the Treasury Management Strategy for 2017-18 including the Treasury Management Indicators, Prudential Indicators, the MRP Statement and recommendations therein.

**To be referred to the Executive Board / Council for decision: YES**

Referred to Executive Board on the 6<sup>th</sup> February 2017

Referred to Full Council on the 22<sup>nd</sup> February 2017

**Executive Board Member Portfolio Holder:**

- Cllr. David Jenkins (Resources)

|   |   |  |
|---|---|--|
| <p><b>Directorate:</b><br/>Corporate Services</p> <p><b>Name of Head of Service:</b><br/>Chris Moore</p> <p><b>Report Author:</b><br/>Anthony Parnell</p> | <p><b>Designations:</b></p> <p>Director of Corporate Services</p> <p>Treasury and Pension<br/>Investments Manager</p> | <p><b>Tel Nos. / E-Mail Addresses:</b></p> <p>Tel No. 01267 224160; E Mail:<br/><a href="mailto:CMoore@carmarthenshire.gov.uk">CMoore@carmarthenshire.gov.uk</a></p> <p>Tel No. 01267 224180; E Mail:<br/><a href="mailto:AParnell@carmarthenshire.gov.uk">AParnell@carmarthenshire.gov.uk</a></p> |
|---|---|--|

**EXECUTIVE SUMMARY**  
**POLICY & RESOURCES SCRUTINY COMMITTEE**  
**8<sup>TH</sup> FEBRUARY 2017**

**Treasury Management Policy and Strategy**  
**2017-18**

**BRIEF SUMMARY OF PURPOSE OF REPORT.**

The attached report provides members with a copy of the proposed Treasury Management Policy and Strategy 2017-18.

As per the revised CIPFA Code of Practice on Treasury Management 2011, the Council is required to maintain a Treasury Management Policy which states the policies and objectives of the Authority's treasury management activities and to have its Treasury Management Policy & Strategy approved annually before the start of the financial year.

Section B (1.1 (Clause 4)) in the attached Treasury Management Policy and Strategy 2017-2018 nominates the Policy and Resources Scrutiny Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Section D (9) of the strategy includes a section on member and officer training. This Council has addressed this important issue by:

- Reviewing the treasury management function and ensuring officers are suitably qualified
- Arranging external training for officers
- Arranging on-going training for those members charged with governance of the treasury management function

This strategy will be considered by the Executive Board on 6<sup>th</sup> February 2017 and is brought to this Committee before consideration at County Council on 22<sup>nd</sup> February 2017.

The Treasury Management Policy and Strategy 2017-18 and the appendices are attached.

**DETAILED REPORT ATTACHED?**

**YES**

**IMPLICATIONS**

**I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report.**

**Signed:** C Moore      **Title** Director of Corporate Services

|   |            |            |             |                        |                       |                 |
|---|------------|------------|-------------|------------------------|-----------------------|-----------------|
| Policy, Crime & Disorder and Equalities | Legal      | Finance    | ICT         | Risk Management Issues | Staffing Implications | Physical Assets |
| <b>YES</b>                              | <b>YES</b> | <b>YES</b> | <b>NONE</b> | <b>NONE</b>            | <b>NONE</b>           | <b>NONE</b>     |

### 1. Policy, Crime & Disorder and Equalities

Council has adopted the revised CIPFA Code of Practice on Treasury Management 2011, one of the requirements is that an annual Treasury Management Policy and Strategy be approved by Council before the commencement of the year to which it relates.

### 2. Legal

Under the Local Government Act 2003 and the revised CIPFA Code of Practice on Treasury Management 2011, local authorities must set out their Treasury Management Indicators that relate to the Authority's capital spending and its borrowing.

### 3. Finance

The Treasury Management Policy and Strategy details the procedures that the Authority adheres to in managing its treasury management function.

Interest paid and earned has a direct impact on the Authority's Revenue Budget. The estimated projections are included in the Budget which is to be presented to Council on 22<sup>nd</sup> February 2017.

## CONSULTATIONS

**I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:**

**Signed:** C Moore      **Title** Director of Corporate Services

**1. Local Member(s) – N/A**

**2. Community / Town Council – N/A**

**3. Relevant Partners – N/A**

**4. Staff Side Representatives and other Organisations – N/A**

**Section 100D Local Government Act, 1972 – Access to Information  
List of Background Papers used in the preparation of this report:**

**THESE ARE DETAILED BELOW**

| <b>Title of Document</b>  | <b>File Ref No. / Locations that the papers are available for public inspection</b>                                     |
|---|---|
| CIPFA – Treasury Management in the Public Services – Code of Practice – Revised | Corporate Services Department, County Hall, Carmarthen  |
| The Local Government Act 2003   | <a href="http://www.legislation.gov.uk/ukpga/2003/26/contents">http://www.legislation.gov.uk/ukpga/2003/26/contents</a> |
| Guidance issued by the Welsh Assembly   | Corporate Services Department, County Hall, Carmarthen  |
| CIPFA – Prudential Code for Capital Finance in Local Authorities – Revised      | Corporate Services Department, County Hall, Carmarthen  |

This page is intentionally left blank



## **POLICY AND RESOURCES SCRUTINY COMMITTEE**

**DATE: 8<sup>th</sup> FEBRUARY 2017**

### **REPORT OF THE DIRECTOR OF CORPORATE SERVICES**

#### **TREASURY MANAGEMENT POLICY AND STRATEGY 2017-2018**

##### **A. INTRODUCTION**

This Council carries out its treasury management activities in accordance with the Prudential Code of Practice first developed for public services in 2002 by the Chartered Institute of Public Finance and Accountancy (CIPFA). This Code was last revised in 2013. The Council also carries out its treasury management activities in accordance with the CIPFA Treasury Management Code of Practice 2011.

The revised Code identifies three key principles:

1. The Council should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.
2. The Council's policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that responsibility for these lies clearly within their Council. The Council's appetite for risk should form part of its annual strategy and should ensure that priority is given to security and liquidity when investing funds.
3. The Council should acknowledge that the pursuit of value for money in treasury management, and the use of suitable performance measures, are valid and important tools for responsible Councils to employ in support of their business and service objectives; and that within the context of effective risk management, the Council's treasury management policies and practices should reflect this.

##### **B. CIPFA PRUDENTIAL CODE AND CIPFA TREASURY MANAGEMENT CODE OF PRACTICE**

1. This Council has adopted the Revised CIPFA Prudential Code 2013 and the Revised CIPFA Treasury Management Code of Practice 2011.

This Revised CIPFA Treasury Management Code of Practice 2011 stipulates that there should be Member scrutiny of the treasury policies, Member training and awareness and regular reporting.

The Council has adopted the four clauses shown in 1.1 as part of its financial procedure rules and the Policy and Resources Scrutiny Committee is responsible for ensuring effective scrutiny of the treasury management strategy and policies, before making recommendations to Council.

The policies and parameters within this report provide an approved framework within which the officers undertake the day to day treasury activities.

- 1.1 The four clauses adopted are:

- (1) This Council will create and maintain, as the cornerstones for effective treasury management:
  - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
  - Suitable Treasury Management Practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities
- (2) The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

This Council will therefore receive reports on its treasury management policies, practices and activities, including an annual strategy in advance of the year, a mid year review report and a year end annual report, in the form prescribed in its TMPs. This treasury management policy and strategy report includes the prudential indicators (Appendix D) and the minimum revenue provision (MRP) policy (Appendix E).
- (3) This Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices, and the quarter 1 and quarter 3 monitoring reports to the Executive Board, and for the execution and administration of treasury management decisions to the Director of Corporate Services, who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.
- (4) The Council nominates the Policy and Resources Scrutiny Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

## 1.2 **Treasury Management Practices (TMPs)**

The Schedule of TMPs is shown in Appendix A.

## **C. TREASURY MANAGEMENT POLICY**

1. This Council defines its Treasury Management activities as:

The management of the Council's investments and cash flows, its banking, money market and capital market transactions and the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks.

2. This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.
3. This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury

management and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

This policy holds indefinitely until circumstances dictate that a change is necessary. Any changes must be done before the beginning of the financial year to which it relates, or in exceptional circumstances within the year if approved by Council.

It is the Director of Corporate Services responsibility to implement and monitor the Treasury Management Policy, revising and re-submitting the Policy for consideration to the Executive Board and the Council if changes are required.

## **D. TREASURY MANAGEMENT STRATEGY 2017-18**

### **1. INTRODUCTION**

1.1 The Treasury Management Strategy provides details of the expected activities of the Treasury Management function in the financial year 2017-18.

1.2 The Council's financial procedure rules require an annual strategy to be reported to Council outlining the expected treasury activity for the forthcoming year. A key requirement of this report is to explain both the risks, and the management of the risks, associated with the treasury service. Further treasury reports will be produced during the year if the strategy needs updating and a year-end annual report on actual activity for the year.

1.3 The strategy covers:

- Treasury Indicators and Limits on Activity
- Prospects for interest rates
- Borrowing Strategy
- Investment Strategy
- Debt Rescheduling and Premature Repayment of Debt
- Performance Indicators
- Treasury Management Advisers
- Member and Officer Training

### **2. TREASURY INDICATORS AND LIMITS ON ACTIVITY**

2.1 Under the Local Government Act 2003 and the Prudential Code for Capital Finance in Local Authorities (revised in 2013), local authority capital spending and its borrowing to fund that spending is limited by what is affordable, prudent and sustainable. The Prudential Code sets out a number of indicators that enables the authority to assess affordability and prudence. The Prudential Indicators that related to Treasury Management were reclassified as Treasury Indicators in recent revisions of the Codes and are:

- Upper Limit for Fixed Rate Exposure
- Upper Limit for Variable Rate Exposure
- Limits on the Maturity Structure of Borrowing
- Limits on Total Principal Sums Invested Long Term

In addition the Prudential Code requires that the total external debt does not exceed the Authorised Limit for external debt and only exceeds the Operational Boundary for external debt temporarily on occasions due to variation in cash flow.

Full Council when approving the Budget sets the Authorised Limit and the Operational Boundary.

2.2 The Treasury Management Indicators for 2017-18 are:

2.2.1 Interest rate exposure limits for 2017-18 are estimated as follows:

| Estimated Average Position for 2017-18 |                     |                        |              |
|--|---------------------|------------------------|--------------|
|  | Fixed Interest Rate | Variable Interest Rate | Total        |
|  | £m                  | £m                     | £m           |
| Borrowed                               | +401                | +3                     | +404         |
| Invested                               | (20)                | (30)                   | (50)         |
| <b>Net Debt</b>                        | <b>+381</b>         | <b>(27)</b>            | <b>+354</b>  |
| <b>Proportion of Total Net Debt</b>    | <b>+108%</b>        | <b>(8%)</b>            | <b>+100%</b> |

It is recommended that the following exposure limits are adopted:

|                                     | Fixed Interest Rate | Variable Interest Rate |
|-------------------------------------|---------------------|------------------------|
| <b>Proportion of Total Net Debt</b> | <b>125%</b>         | <b>5%</b>              |

2.2.2 It is recommended that the following exposure limits for 2017-18, 2018-19 and 2019-20 are adopted:

| Interest Rate Exposures                                    | 2017-18    | 2018-19    | 2019-20    |
|--|------------|------------|------------|
|  | Upper      | Upper      | Upper      |
|  | £m         | £m         | £m         |
| <b>Limits on fixed interest rates based on net debt</b>    | <b>444</b> | <b>445</b> | <b>445</b> |
| <b>Limits on variable interest rates based on net debt</b> | <b>20</b>  | <b>20</b>  | <b>20</b>  |

2.2.3 It is recommended that the Council sets upper and lower limits for the maturity structure of its borrowing as follows:

|                             | Upper Limit | Lower Limit |
|-----------------------------|-------------|-------------|
| <b>Under 12 months</b>      | <b>15%</b>  | <b>0%</b>   |
| <b>12 months to 2 years</b> | <b>25%</b>  | <b>0%</b>   |
| <b>2 years to 5 years</b>   | <b>50%</b>  | <b>0%</b>   |
| <b>5 years to 10 years</b>  | <b>50%</b>  | <b>0%</b>   |
| <b>10 years to 20 years</b> | <b>50%</b>  | <b>0%</b>   |
| <b>20 years to 30 years</b> | <b>50%</b>  | <b>0%</b>   |
| <b>30 years to 40 years</b> | <b>50%</b>  | <b>0%</b>   |
| <b>40 years and above</b>   | <b>50%</b>  | <b>0%</b>   |

## 2.2.4 Maximum principal sums invested longer than 364 days:

|   | 2017-18   | 2018-19   | 2019-20   |
|---|-----------|-----------|-----------|
|   | £m        | £m        | £m        |
| <b>Maximum principal sums invested longer than 364 days</b> | <b>10</b> | <b>10</b> | <b>10</b> |

## 3. PROSPECTS FOR INTEREST RATES

Based on the average projection from a number of sources we can expect the trend in the Bank Rate, set by the Monetary Policy Committee, over the next three years to be as follows:

|                   | Current | 2017-18 | 2018-19 | 2019-20 |
|-------------------|---------|---------|---------|---------|
|                   | %       | %       | %       | %       |
| Average Bank Rate | 0.25    | 0.25    | 0.25    | 0.63    |

## 4. BORROWING STRATEGY 2017-18 – 2019-20

4.1 The uncertainty over future interest rates increases the risks associated with treasury activity. As a result the Council will continue to take a cautious approach to its treasury management strategy.

Borrowing interest rates were on a downward trend, falling sharply to historically low levels after the EU membership referendum and the MPC meeting of 4<sup>th</sup> August when a new package of quantitative easing purchasing of gilts was announced. Rates rose during the Oct-Dec 2016 quarter but are still at lower levels than they were at the start of the year.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. Forecasts, and MPC decisions, will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact.

The Director of Corporate Services, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above. It is likely that shorter term fixed rates may provide lower cost opportunities in the short/medium term.

The option of delaying borrowing and running down investment balances is likely to continue for the time being. However, this will be carefully reviewed to avoid incurring higher borrowing costs in later years due to an overall current trend of falling rates. This strategy reduces counterparty risk and hedges against any expected fall in investment returns.

The Council continues to maintain an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

The timing of any action is important and the Director of Corporate Services and treasury advisers will monitor prevailing rates for any opportunities during the year.

#### 4.2 **The Council's agreed policy is to raise funding only from the following:**

Public Works Loan Board (PWLB)  
Market Long-Term including European Investment Bank (EIB)  
Market Temporary  
Local Authorities  
Overdraft  
Internal Capital Receipts and Revenue Balances  
Leasing  
Welsh Government and Central Government

#### 4.3 **Borrowing in advance of need**

The Council has some flexibility to borrow funds in advance of future years.

The Director of Corporate Services may do this under delegated power where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints. Whilst the Director of Corporate Services will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities.

Borrowing in advance will be made within the constraints that:

- It will be limited to no more than 50% of the expected increase in borrowing needed (CFR) over the three year planning period; and
- Not to borrow more than 12 months in advance of need.

Risks associated with any advance borrowing activity will be appraised in advance and subsequently reported through the quarterly reporting mechanism.

## 5. **INVESTMENT STRATEGY 2017-18 – 2019-20**

### 5.1 **INTRODUCTION**

5.1.1 The Investment Strategy has been prepared with due regard to:

The Local Government Act 2003

Regulations made under the Local Government Act 2003 (as amended)

2013 Revised Prudential Code for Capital Finance in Local Authorities

The Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008

### 5.1.2 **Key Objectives**

The Council's investment strategy primary objectives are:

- safeguarding the repayment of the principal and interest of its investments on time
- ensuring adequate liquidity
- the investment return being the final objective

Following the interest rate views above, the current investment climate has counterparty security risk as the over-riding risk consideration. As a result of concerns over Eurozone sovereign debt and the potential negative impact on the banking industry, officers have implemented detailed operational procedures which are included in the treasury management procedure manual. These procedures tighten the controls already in place in the approved investment strategy.

### 5.1.3 **Risk Benchmarking**

A development in the revised Codes and the WG Investment Guidance is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance. Discrete security and liquidity benchmarks are new requirements to the Member reporting, although the application of these is more subjective in nature. The approach taken is attached at Appendix B.

## 5.2 **DEFINITIONS**

5.2.1 A credit rating agency is one of the following three companies: Fitch Ratings Limited (Fitch), Moody's Investors Service Limited (Moody's) and Standard and Poors (S&P).

5.2.2 An investment is a transaction that relies upon the power in section 12 of the Local Government Act 2003 and is recorded in the balance sheet under the heading of investments within current assets or long-term investments.

## 5.3 **INVESTMENT COUNTERPARTIES**

The Director of Corporate Services maintains a counterparty list in compliance with the following criteria and revises the criteria and submits them to Council for approval as necessary. This criteria is separate to that which approves Specified and Non-Specified investments as it selects which counterparties the Council will approve rather than defining what its investments are. The rating criteria use the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by all three agencies, one meets the Council's criteria, the others do not, the institution will fall outside the lending criteria.

### 5.3.1 **Investment Counterparty Selection Criteria**

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. To meet this main principle the Council will ensure:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections.
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

5.3.2 **UK Banks 1 (Upper Limit)** – This Council will use banks which have at least the following Fitch, Moody's and Standard & Poors ratings:

Short Term – F1, P-1, A-1

Long Term – AA-, Aa3, AA-

**UK Banks 2 & UK Building Societies (Middle Limit)** – This Council will use all UK Banks and Building Societies which have at least the following Fitch, Moody's and Standard & Poors ratings:

Short Term – F1, P-1, A-1

Long Term – A, A2, A

**UK Banks Part Nationalised** – Royal Bank of Scotland Group plc (Royal Bank of Scotland and National Westminster Bank). These banks will be included if they continue to be part nationalised or they meet the ratings above.

The UK Government (HM Treasury) holds 72.9% stake within Royal Bank of Scotland Group.

UK part nationalised banks which are significantly owned by the UK Government will be included as investment counterparties, as long as they continue to have appropriate UK Government support. UK Government backing provides a credit quality overlay above that provided by the credit rating agencies. The Royal Bank of Scotland Group plc will be monitored for any material reduction in state ownership or deterioration of the credit rating which suggests a reduction of its use or suspension from the counterparty list.

**UK Banks 3** – The Council's banker for transactional purposes if it falls below the above criteria. Balances will be minimised in both monetary size and time.

**Money Market Funds** – The Council will use AAA rated money market funds (MMFs) that are credit rated by at least two of the three credit rating agencies. These are pooled investment funds whose primary aims are liquidity and security and allow daily access to funds when required. Their operations are strictly regulated by the credit rating agencies and are operated by a financial institution but do not form part of that institutions assets, should the sponsoring institution fail the MMF is entirely separate, effectively owned by the investors. These types of funds invest in a range of instruments and institutions and therefore provide a low risk spread of investments.

**Enhanced Cash Funds** – The Council will use AAA rated enhanced cash funds that are credit rated by at least two of the three credit rating agencies. Enhanced cash funds are bond funds similar to money market funds, in that they aim to provide liquidity and principal preservation, but which invest in a wider variety of



assets. Enhanced cash funds aim for higher returns but have less liquidity than a money market funds. These types of funds are accessible via an application to a Fund Manager.

## UK Government (including gilts and the DMADF)

### Local Authorities (including Police & Fire Authorities)

#### 5.3.3 Use of additional information other than credit ratings

Additional requirements under the Revised CIPFA Treasury Management Code of Practice 2011 require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example, negative rating watches/outlooks, individual/viability and support ratings) will be applied to compare the relative security of differing investment counterparties.

The UK Government, like other Western governments, are initiating market regulations which will mean they may not bail out financial institutions in the future. This will not be initiated until corresponding rules and regulations are in place so that institutions are much stronger and less likely to fail. Whilst not an immediate concern, officers will continue to monitor the situation and changes to future investment strategies are likely.

#### 5.3.4 The time and monetary limits for institutions on the Council's Counterparty List are shown below: (Specified and Non-Specified Investments)

|  | Fitch     | Moody's    | Standard & Poors | Money Limit | Time Limit         |
|--|-----------|------------|------------------|-------------|--------------------|
| Upper Limit Category -<br>Short Term<br>and<br>Long Term           | F1<br>AA- | P-1<br>Aa3 | A-1<br>AA-       | £10m        | 3 years            |
| Middle Limit Category -<br>Short Term<br>and<br>Long Term          | F1<br>A   | P-1<br>A2  | A-1<br>A         | £7m         | 1 year             |
| Part Nationalised  | -         | -          | -                | £7m         | 1 year             |
| Council's Banker<br>(not meeting criteria above)                   | -         | -          | -                | £3m         | 1 day              |
| Other Institution Limits:  |           |            |                  |             |                    |
| - Any One Local Authority<br>(including Police & Fire authorities) | -         | -          | -                | £10m        | 3 years            |
| - Any AAA Rated Money Market Fund                                  | -         | -          | -                | £5m         | Daily<br>Liquidity |
| - Any AAA Rated Enhanced Cash Fund                                 | -         | -          | -                | £5m         | 1 year             |
| - Debt Management Account Deposit<br>Facility                      | -         | -          | -                | £40m        | 6 months           |

## 5.3.5 There are two types of investments – Specified and Non Specified

### 5.3.5.1 Specified Investments

These investments are sterling investments of not more than one-year maturity. These are low risk assets where the possibility of loss of principal or investment income is small. These would include investments with:

- (1) The UK Government (such as the Debt Management Office, UK Treasury Bills or a Gilt with less than one year to maturity).
- (2) A local authority, police authority and fire authority.
- (3) Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency.
- (4) A body that has high credit quality (which may include a high credit rating by a credit rating agency) such as a bank or building society. For this purpose a body with a short term rating of F1, P-1 or A-1 will be considered high quality.

### 5.3.5.2 Non Specified Investments

These investments are any other type of investment (i.e. not defined as Specified in 5.3.5.1 above).

The maximum sum and time limit for non specified investments is £5m per counterparty with a limit of 3 years.

Non specified investments will only be made in local authorities, bodies with a minimum long-term credit rating of AA– and in AAA rated money market funds.

**Note:** Barclays Bank plc are the Council's current bankers. The bank's credit ratings have fallen below the criteria for a specified investment; therefore no deposits will be made with the exception of the bank's overnight (Moneymaster) account. Barclays Bank plc will be monitored for any credit rating increase which could lead to a reintroduction to the counterparty list.

The average day to day operational balance on the account will not exceed £3m in these circumstances. See 5.3.4 above.

In the normal course of the council's cash flow operations it is expected that both Specified and Non-specified investments will be utilised for the control of liquidity as both categories allow for short term investments.

The use of longer term instruments (greater than one year from inception to repayment) will fall in the non-specified investment category. These instruments will only be used where the Council's liquidity requirements are safeguarded.

### 5.3.6 The Monitoring of Investment Counterparties

The credit ratings of counterparties are monitored regularly. The officers receive credit rating information (changes, rating watches and rating outlooks) from the treasury management advisers as and when ratings change, and counterparties are checked promptly. Occasionally ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately

by the Director of Corporate Services, and if required new counterparties which meet the criteria will be added to the list.

The criteria for choosing counterparties set out above provide a sound approach to investment in “normal” market circumstances. Whilst Members are asked to approve this base criteria above, under exceptional current market conditions the Director of Corporate Services will temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval. These restrictions will remain in place until the banking system returns to “normal” conditions. Similarly the time periods for investments will be restricted.

Further restrictions would be the greater use of the Debt Management Account Deposit Facility (DMADF – an account within the Government Debt Management Office which accepts local authority deposits), Money Market Funds, guaranteed deposit facilities and strongly rated institutions offered support by the UK Government. The credit criteria have been amended to reflect these facilities.

The present Schedule of Approved Counterparties for Lending 2017-18 is shown in Appendix C.

#### 5.4 **LIQUIDITY OF INVESTMENTS**

Investments are made for periods which coincide with the Council’s cash flow requirements.

When investing (within the risk criteria mentioned above), the aim is to achieve a level of return greater than would be secured by internal investments. The “7 day LIBID rate” is the recognised rate which the Council aims to improve on when lending money.

#### 5.5 **SERVICE INVESTMENTS**

In addition to the regular treasury management lending, the Council undertakes service investments. These are distinctly different from the treasury investments, as the allocation of resources generally supports a service strategy or policy decision and consequently the investments will have variable time limits. These type of investments usually provide either cash flow support or capital support to an outside organisation.

Prior to making these investments, appropriate financial review procedures will be undertaken, including Profit and Loss, Balance Sheet and cash flow monitoring, as appropriate.

### 6. **DEBT RESCHEDULING AND PREMATURE REPAYMENT OF DEBT**

As short term borrowing rates are likely to be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings
- helping to fulfil the treasury strategy
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to the Council at the earliest meeting following its action.

## 7. **PERFORMANCE INDICATORS**

The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. Examples of performance indicators used for the treasury function are:

- Debt (Borrowing) – New borrowing rate to outperform the average PWLB rate for the year
- Debt – Average weighted debt rate movement year on year
- Investments – Return on Investments to outperform the average “7 day LIBID rate”

The results of these indicators will be reported in the Treasury Management Annual Report for 2017-18.

## 8. **TREASURY MANAGEMENT ADVISERS**

The Council uses Capita Asset Services, Treasury solutions as its external treasury management advisors.

Capita provides a range of services which include:

- Technical support on treasury matters, capital finance issues and the drafting of Member reports
- Economic and interest rate analysis
- Debt services which includes advice on the timing of borrowing
- Debt rescheduling advice surrounding the existing portfolio
- Generic investment advice on interest rates, timing and investment instruments
- Credit ratings/market information service comprising the three main credit rating agencies

During 2016, following a tendering exercise, Capita Asset Services were awarded a new contract by Carmarthenshire County Council for three years until 31<sup>st</sup> October 2019. There is scope to extend this contract by a further three years at the end of this initial period.

Under current market rules and the Revised CIPFA Treasury Management Code of Practice 2011 the responsibility for treasury management decisions remains with the Council at all times ensuring that undue reliance is not placed upon the external service providers.

The Council also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

9. **MEMBER & OFFICER TRAINING**

The increased member consideration of treasury management matters and the need to ensure officers dealing with treasury management are trained and kept up to date requires a suitable training process for members and officers. This Council has addressed this important issue by:

- Reviewing the treasury management function and ensuring officers are suitably qualified
- Arranging external training for officers
- Arranging training for those members charged with governance of the treasury management function

**RECOMMENDATIONS**

1. That the Policy & Resources Scrutiny Committee considers the Treasury Management Policy and Strategy for 2017-18 and recommendations therein.
2. That the Policy & Resources Scrutiny Committee considers the Treasury Management Indicators, Prudential Indicators, the MRP Statement and recommendations therein.

This page is intentionally left blank

**TREASURY MANAGEMENT PRACTICES (TMPs)**

**TMP1 RISK MANAGEMENT**

**General Statement**

The Director of Corporate Services or those persons to which delegation has been made will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP 6 Reporting requirements and management information arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out below.

**1.1 Credit and Counterparty Risk Management**

**Explanation**

The risk of failure by a third party to meet its contractual obligations to the Council under an investment, borrowing, capital, project or partnership financing, particularly as a result of the third party's diminished creditworthiness, and the resulting detrimental effect on the Council's capital or current (revenue) resources.

**Council Action**

This Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved instruments, methods and techniques and listed in the Annual Treasury Management Policy and Strategy Statement. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

A detailed list of counterparties to which the Council will lend is appended to the Annual Treasury Management Policy and Strategy Statement.

**1.2 Liquidity Risk Management**

**Explanation**

The risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional budgeted costs, and that the organisation's business/service objectives will therefore be compromised.

### **Council Action**

The Council through its Treasury Management officers will ensure that at all times there will be a surplus of cash available which can be called upon at a moment's notice. Through its investments the Council holds cash on call account(s) which is available at any time. By the use of an effective projected cash flow exercise the likelihood of cash being not readily available when required would be rare.

Robust daily, weekly, monthly and annual cash flow forecasting is in place. Call accounts and fixed term investments are utilised to their full potential.

This Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

1.3

### **Interest Rate Risk Management**

#### **Explanation**

The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

#### **Council Action**

This Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting requirements and management information arrangements.

It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be the subject to the consideration and, if required, approval of any policy or budgetary implications.

1.4

### **Exchange Rate Risk Management**

#### **Explanation**

The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

#### **Council Action**

Currently the Council only invests in sterling products. Hence, there is no exchange rate risk.

1.5

### **Refinancing Risk Management**

#### **Explanation**

The risk that maturing borrowings, capital project or partnership financing cannot be refinanced on terms that reflect the provisions made by the organisation or those refinancings, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.



### **Council Action**

This Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the Council as can reasonably be achieved in the light of market conditions prevailing at the time. It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.

1.6

### **Legal and Regulatory Risk Management**

#### **Explanation**

The risk that an organisation itself, or a third party with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.

#### **Council Action**

This Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP 1 credit and counterparty risk management it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

This Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimize the risk of these impacting adversely on the Council.

1.7

### **Fraud, Error and Corruption, and Contingency Management**

#### **Explanation**

The risk that an organisation fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.

#### **Council Action**

This Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

1.8

## **Market Risk Management**

### **Explanation**

The risk that, through adverse market fluctuations in the value of the principal sums the organisation invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.

### **Council Action**

This Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

TMP2

## **PERFORMANCE MEASUREMENT**

### **Explanation**

Performance measurement is a process designed to calculate the effectiveness of a portfolio's or manager's investment returns or borrowing costs and the application of the resulting data for the purposes of comparison with the performance of other portfolios or managers, or with recognised industry standards or market indices.

### **Council Action**

This Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope of other potential improvements.

TMP3

## **DECISION MAKING AND ANALYSIS**

### **Explanation**

It is vital that the treasury management decisions of organisations in the public service should be subjected to prior scrutiny. In addition all records should be kept of the processes and the rationale behind those decisions. In respect of each decision made the Council should:

- 3.1 ensure that its results are within the limits set in the Prudential Indicators.
- 3.2 be clear about the nature and extent of the risks to which the Council may become exposed.

- 3.3 be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained.
- 3.4 be content that the documentation is adequate both to deliver the Council's objectives and protect the Council's interest, and to deliver good housekeeping.
- 3.5 ensure that third parties are judged satisfactorily in the context of the Council's credit worthiness policies, and that limits have not been exceeded.
- 3.6 be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive.
- 3.7 in respect of borrowing the Council should evaluate the economic and market factors that influence the manner and timing of any decision to fund.
- 3.8 consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships.
- 3.9 consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use and, if relevant, the opportunities for foreign currency funding.
- 3.10 consider the ongoing revenue liabilities created, and the implications for the Council's future plans and budgets.
- 3.11 in respect of investment decisions, the Council should consider the optimum period, in the light of cash flow availability and prevailing market conditions.
- 3.12 consider the alternative investment products and techniques available, especially the implications of any which may expose the Council to changes in the value of its capital.

### **Council Action**

This Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.

## **TMP4**

### **APPROVED INSTRUMENTS, METHODS AND TECHNIQUES**

#### **Explanation**

It is important that the Council is clear about the treasury management instruments, methods and techniques used as one of the main issues to be taken into account when reaching decisions in the need to protect public funds. This treasury management practice requires that the Council is equipped with the skills and experience to evaluate and control the risks and advantages associated with using the instruments available to it before including them in the approved list. This principle applies to investment, borrowing and other means of raising capital and

project finance, and to the use of one off-market or financial derivative instruments such as interest rate swaps.

### **Council Action**

This Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the policy, and within the limits and parameters defined in Treasury Management Practice 1 Risk Management.

**TMP5**

## **ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS**

### **Explanation**

It is considered vital that there should be a clear division of responsibilities, included in a written statement of the duties of each post engaged in Treasury Management. It is especially important that staff responsible for negotiating and closing deals are not responsible for recording them, or for maintaining the cash book. This is in order to create a framework for internal check, and reflects both the variety of activities in treasury management and the very often large sums involved.

### **Council Action**

This Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when this Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the responsible officer will ensure that the reasons are properly reported in accordance with Treasury Management Practice 6 Reporting requirements and management information arrangements, and the implications properly considered and evaluated.

The Director of Corporate Services will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover.

The Director of Corporate Services will ensure there is a proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

## **REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS**

### **Explanation**

It is recommended that the Council's treasury management policy statement should specify formal reporting arrangements by the Director of Corporate Services to full Council.

### **Council Action**

This Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies, on the effects of decisions taken and transactions executed in pursuit of those policies, on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities and on the performance of the treasury management function.

The following reporting process has been agreed by the Council:

#### 6.1 Annual Reporting Requirements before the start of the year:

- Review of the Council's approved clauses, treasury management policy statement and practices
- Strategy report on proposed treasury management activities for the year
- Proposed Treasury Management and Prudential Indicators

#### 6.2 Quarter 1 and Quarter 3 Reporting Requirements during the year which will be presented to both Executive Board and Policy and Resources Scrutiny Committee:

- Activities undertaken
- Variations (if any) from agreed policies/practices
- Performance report
- Performance against Treasury Management and Prudential Indicators

#### 6.3 Mid Year Reporting Requirements during the year which will be presented to Council, Executive Board and Policy and Resources Scrutiny Committee:

- Activities undertaken
- Variations (if any) from agreed policies/practices
- Performance report
- Performance against Treasury Management and Prudential Indicators

### 6.3 Annual Reporting Requirements after the year end

- Transactions executed and their revenue (current) effects
- Report on risk implications of decisions taken and transactions executed
- Compliance report on agreed policies/practices, and on statutory/regulatory requirements
- Performance report
- Report on compliance with Revised CIPFA Treasury Management Code of Practice 2011 recommendations
- Performance against Treasury Management and Prudential Indicators

By undertaking the above it will ensure, as a minimum, that those with ultimate responsibility for the treasury management function appreciate fully the implications of treasury management policies and activities, and that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.

## **TMP7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS**

### **Explanation**

It is recommended that the Council brings together for budgeting and management control purposes, all of the costs and revenues associated with the Council's treasury management activities, regardless of how the Council has actually organised the treasury management function. In this context the Council's treasury management budgets and accounts should clearly identify.

- Manpower numbers and related costs
- Premises and other administrative costs
- Interest and other investment income
- Debt and other financing costs (or charges for the use of assets)
- Bank and overdraft charges
- Brokerages, commissions and other transaction-related costs
- External advisers' and consultants' charges

It is normal practice for the external auditor to have access to all papers supporting and explaining the operation and activities of the treasury management function. The auditor will be expected to enquire as to whether the Revised CIPFA Treasury Management Code of Practice 2011 has been adopted, and whether its principles and recommendations have been implemented and adhered to. Any serious breach of the recommendations of the Revised CIPFA Treasury Management Code of Practice 2011 should be brought to the external auditor's attention.

### **Council Action**

The Director of Corporate Services will prepare, and this Council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 Risk management, TMP2 Performance Measurement, and TMP4 Approved instruments, methods and techniques. The Director of Corporate Services will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with TMP6 Reporting requirements and management information arrangements.

The calculation and compliance of Treasury Management and Prudential Indicators will be examined by the Wales Audit Office.

This Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being. This Council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfillment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

## **TMP8 CASH AND CASH FLOW MANAGEMENT**

### **Explanation**

The preparation of cash flow projections on a regular and timely basis provides a sound framework for effective cash management. Procedures for their preparation and review/modification, the periods to be covered, sources of data etc. should be an integral part of the schedules to the Council's approved treasury management practices.

### **Council Action**

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the Director of Corporate Services and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Director of Corporate Services will ensure that these are adequate for the purposes of monitoring compliance with Treasury Management Practice 1 liquidity risk management and Prudential Indicators.

## **TMP9**      **MONEY LAUNDERING**

### **Explanation**

Money Laundering has the objective of concealing the origin of money generated through criminal activity. Legislation has given a higher profile to the need to report suspicions of money laundering. Also, organisations such as Councils that undertake business under the Financial Services Act, or engage in certain specified activities, are required to set up procedures to comply with Money Laundering Regulations 2007. These require Councils:

- To set up procedures for verifying the identity of clients
- To set up record-keeping procedures for evidence of identity and transactions
- To set up internal reporting procedures for suspicions, including the appointment of a money laundering reporting officer
- To train relevant employees in their legal obligations
- To train those employees in the procedures for recognising and reporting suspicions of money laundering

The Council should establish whether the Money Laundering Regulations 2007 apply to them. And it is for individual organisations to evaluate the prospect of laundered monies being handled by them, and to determine the appropriate safeguards to be put in place. It is the legal responsibility of every person engaged in treasury management to make themselves aware of their personal responsibilities, but the Revised CIPFA Treasury Management Code of Practice 2011 recommends that Councils bring them to their staff's attention and consider the appointment of a member of staff to whom they can report any suspicions.

### **Council's Action**

This Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained.



## **TMP10    TRAINING AND QUALIFICATIONS**

### **Explanation**

All Councils should be aware of the growing complexity of treasury management. Modern treasury management demands appropriate skills, including a knowledge of money and capital market operations, an awareness of available sources of funds and investment opportunities, an ability to assess and control risk, and an appreciation of the implications of legal and regulatory requirements.

Every Council should provide the necessary training, having assessed the professional competence of both those involved in the treasury management function, and those with a policy, management or supervisory role. If necessary, they should ensure that access exists to the necessary expertise and skills from external sources. Arrangements to ensure the availability of suitable skills and resources should recognize the prospect that staff absences may, at times, demand that others step in who do not normally have involvement on a day-to-day basis with the treasury management function.

When feasible in the context of the size of a particular organisation and its treasury management function, career progression opportunities should be provided and succession issues should be properly addressed. Secondments of senior management to the treasury management function for appropriate periods may benefit the effectiveness of the function as a whole.

### **Council Action**

This Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Director of Corporate Services will recommend and implement the necessary arrangements.

The Director of Corporate Services will ensure that council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

## **TMP11    USE OF EXTERNAL SERVICE PROVIDERS**

There are a number of service providers available to support the treasury management activities of public service organisations.

Perhaps the most active and long-standing of these have been the money-broking companies, whose role it is to act as intermediaries, making introductions between the prospective parties to transactions.

It is not the role of brokers to provide advice on the creditworthiness of those organisations to which public service organisations may lend. They may provide information already in the public domain, but may not interpret it. The use of brokers is a matter for local decision. But it is considered good practice, if their services are used, to ensure that business is spread between a reasonable number of them, and certainly no fewer than two. And it is not uncommon for their services to be the subject of a competitive tendering process every few years.

Direct dealing with principals is a not uncommon feature of treasury management in the public services which, if nothing else, can provide a useful check on brokers' performance.

An issue that causes some debate is whether it is necessary or desirable for public service organisations to tape conversations with brokers and principals. This is a matter for local discretion, particularly in the context of the costs involved, but is generally to be recommended.

Most public service organisations require the services of clearing bankers, and a growing number make use of the services of a wider group of banks, particularly to meet their need for private finance and partnership funding. The principles of competition need to be recognised here, too. Certainly, it is highly desirable to subject clearing banking services to competition, perhaps as frequently as every three or four years.

There has also been a growing tendency for public service organisations to employ external advisers and consultants, often for the purposes of a general treasury management advisory service, but also for specific purposes, such as the securing and structuring of funding and for partnership arrangements. These, too, should be the subject of regular competitive tendering.

Further, many public service organisations employ the services of external investment managers to help manage their surplus cash and, where relevant, their pension fund, trust fund or endowment fund assets.

CIPFA advises all organisations using the services of external service providers to document comprehensively the arrangements made with them.

### **Council Action**

The Council recognises that responsibility for treasury management decisions remain with the Council at all times. It recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which will have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid overreliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Director of Corporate Services.

## **TMP12**    **CORPORATE GOVERNANCE**

The Revised CIPFA Treasury Management Code of Practice 2011 recommends that public service organisations state their commitment to embracing the principles of corporate governance in their treasury management activities, notably openness and transparency.

It is CIPFA's view that:

- adoption of the principles and policies promoted in the Revised CIPFA Treasury Management Code of Practice 2011 and in these guidance notes will in itself deliver the framework for demonstrating openness and transparency in an organisation's treasury management function
- publication of and free access to information about an organisation's treasury management transactions and other public documents connected with its treasury management activities will further assist in achieving this end
- establishing clear treasury management policies, the separation of roles in treasury management and the proper management of relationships both within and outside the organisation will establish the integrity of the function
- robust treasury management organisational structures, together with well-defined treasury management responsibilities and job specifications, will enhance accountability
- equality in treasury management dealings, absence of business favouritism and the creation of keen competition in treasury management will lay the groundwork for fairness.

The following paragraphs further emphasise the practices that CIPFA believes an organisation should employ to ensure the principles of corporate governance are successfully implemented.

### **Procedural responses**

The policies, strategies of treasury management should link clearly to the organisation's other key policies and strategies. In the management of risk, in particular, treasury risk management should be an integral part of its overall risk management processes, culminating in a well-defined, organisation-wide strategy for the control of risk and contingency planning.

The management and administration of treasury management should be robust, rigorous and disciplined. Over the years, some of the most significant examples of treasury mismanagement, in both the public services and the private sector, have resulted from procedural indiscipline. This has frequently been as a result of a failure to apply otherwise well-documented management and administration systems, or through failures in transmission, documentation or deal recording processes.

Reporting arrangements should be applied so as to ensure that those charged with responsibility for the treasury management policy have all the information necessary to enable them to fulfil openly their obligations; and that all stakeholders are fully

appraised of and consulted on the organisation's treasury management activities on a regular basis.

The procedures for monitoring treasury management activities through audit, scrutiny and inspection should be sound and rigorously applied, with an openness of access to information and well-defined arrangements for the review and implementation of recommendations for change.

The application and interpretation of performance data should be clear, concise and relevant to the organisation's treasury management activities.

### **Stewardship responsibilities**

The Director of Corporate Services should ensure that systems exist to deliver proper financial administration and control, and a framework for overseeing and reviewing the treasury management function.

As regards a control framework, an organisation's formal policy documents should define clearly procedures for monitoring, control and internal check.

With regard to delegation it is vitally important that those involved in the implementation of treasury management policies and the execution of transactions are unambiguously empowered to undertake their tasks, and that reporting lines are well-defined.

An organisation's adoption of and adherence to the Revised CIPFA Treasury Management Code of Practice 2011 should be widely broadcast, as should the principles of the Revised CIPFA Treasury Management Code of Practice 2011 and the method of its application in the organisation.

The organisation's procedures for reviewing the value of the treasury management function, and the implementation of opportunities for improvement, should be both continuous and open to examination.

### **The governance of others**

In respect of the organisation's dealings with counterparties, external service providers and other interested parties, clear procedures should exist to enable the organisation, as far as is practicable, to monitor their adherence to the legal or regulatory regimes under which they operate.

### **Council Action**

This Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

In respect of external service providers appropriate financial review procedures will be undertaken, including Profit and Loss, Balance Sheet and cash flow monitoring, as appropriate.

This Council has adopted and has implemented the key recommendations of the Revised CIPFA Treasury Management Code of Practice 2011. This is considered vital to the achievement of proper corporate governance in treasury management,

and the Director of Corporate Services will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

This page is intentionally left blank

**SECURITY, LIQUIDITY AND YIELD BENCHMARKING**

Member reporting on the consideration and approval of security and liquidity benchmarks will continue. These benchmarks are targets and so may be breached from time to time. Any breach will be reported, with supporting reasons in the Annual Treasury Management Report.

1. **Security**

In context of benchmarking, assessing security is a subjective area to assess. Security is currently evidenced by the application of minimum credit quality criteria to investment counterparties, primarily through the use of credit ratings supplied by the three main credit rating agencies (Fitch, Moody's and Standard and Poor's). Whilst this approach embodies security considerations, benchmarking levels of risk is more problematic. One method to benchmark security risk is to assess the historic level of default against the minimum criteria used in the Council's investment strategy.

The table below shows average defaults for differing periods of investment grade products for each Fitch/Moody's and Standard & Poor's long term rating category.

| <b>Long term rating</b>              | <b>1 year</b> | <b>2 years</b> | <b>3 years</b> |
|--------------------------------------|---------------|----------------|----------------|
| <b>AAA</b>                           | <b>0.04%</b>  | <b>0.10%</b>   | <b>0.18%</b>   |
| <b>AA<br/>(includes AA- and AA+)</b> | <b>0.01%</b>  | <b>0.02%</b>   | <b>0.08%</b>   |
| <b>A</b>                             | <b>0.07%</b>  | <b>0.19%</b>   | <b>0.36%</b>   |
| <b>BBB</b>                           | <b>0.15%</b>  | <b>0.46%</b>   | <b>0.82%</b>   |
| <b>BB</b>                            | <b>0.70%</b>  | <b>2.04%</b>   | <b>3.48%</b>   |
| <b>B</b>                             | <b>3.04%</b>  | <b>7.14%</b>   | <b>11.06%</b>  |
| <b>CCC</b>                           | <b>19.73%</b> | <b>28.03%</b>  | <b>33.43%</b>  |

The Council's minimum long term rating criteria is currently "AA-" for any investment greater than one year and "A" for any investment up to one year. The average expectation of default for a one, two or three year investment in a counterparty with a "AA-" long term rating would be 0.04% of the total investment and the average expectation of default for a one year investment in a counterparty with a "A" long term rating would be 0.07% of the total investment. This is only an average, any specific counterparty loss is likely to be higher, but these figures do act as a proxy benchmark for risk across the portfolio.

The Council's maximum security risk benchmark for the whole portfolio, when compared to these historic default tables, is:

- **0.18% historic risk of default when compared to the whole portfolio.**

In addition, the security benchmark for each individual year is:

|                | <b>1 year</b> | <b>2 years</b> | <b>3 years</b> |
|----------------|---------------|----------------|----------------|
| <b>Maximum</b> | <b>0.07%</b>  | <b>0.10%</b>   | <b>0.18%</b>   |

These benchmarks are embodied in the criteria for selecting cash investment counterparties and these will be monitored and reported to Members in the Annual Treasury Management Report. As this data is collated, trends and analysis will be collected and reported. Where a counterparty is not credit rated a proxy rating will be applied.

## 2. **Liquidity**

This is defined as “having adequate, though not excessive cash resources, borrowing arrangements, overdrafts or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives” (Revised CIPFA Treasury Management Code of Practice). In respect of this area the Council seeks to maintain:

- Bank overdraft facility - £0.5m
- Liquid short term deposits of at least £10m available immediately on call

The availability of liquidity and the term risk in the portfolio can be benchmarked by the monitoring of the Weighted Average Life (WAL) of the portfolio – shorter WAL would generally embody less risk. In this respect the proposed benchmark is to be used:

- **WAL benchmark is expected to be 0.5 years, with a maximum of 1 year.**

## 3. **Yield**

Benchmarks are currently widely used to assess investment performance. The local measure of the yield benchmark is:

- Investments – Return on Investments to outperform the average 7 day LIBID rate

Security and liquidity benchmarks are intrinsic to the approved treasury strategy through the counterparty selection criteria and some of the prudential indicators. Proposed benchmarks for the cash type investments are shown above and form the basis of reporting in this area.



**Schedule of Approved Counterparties for Lending 2017-2018  
(as at 17th January 2017)**

|   | <u>Fitch</u>      |                   | <u>Moody's</u>    |                   | <u>Standard and Poors</u> |                   | <u>Money</u>     | <u>Time</u>        |
|---|-------------------|-------------------|-------------------|-------------------|---------------------------|-------------------|------------------|--------------------|
|   | <u>Short Term</u> | <u>Long Term</u>  | <u>Short Term</u> | <u>Long Term</u>  | <u>Short Term</u>         | <u>Long Term</u>  | <u>Limit £'m</u> | <u>Limit years</u> |
| <b><u>Upper Limit</u></b>   | <b><u>F1</u></b>  | <b><u>AA-</u></b> | <b><u>P-1</u></b> | <b><u>Aa3</u></b> | <b><u>A-1</u></b>         | <b><u>AA-</u></b> | <b><u>10</u></b> | <b><u>3</u></b>    |
| <b>UK Banks</b>   |                   |                   |                   |                   |                           |                   |                  |                    |
| HSBC Bank Plc   | F1+               | AA-               | P-1               | Aa2               | A-1+                      | AA-               | 10               | 3                  |
| <b><u>Middle Limit</u></b>  | <b><u>F1</u></b>  | <b><u>A</u></b>   | <b><u>P-1</u></b> | <b><u>A2</u></b>  | <b><u>A-1</u></b>         | <b><u>A</u></b>   | <b><u>7</u></b>  | <b><u>1</u></b>    |
| <b>UK Banks</b>   |                   |                   |                   |                   |                           |                   |                  |                    |
| Banco Santander Central Hispano Group<br>- Santander UK Plc                                     | F1                | A                 | P-1               | Aa3               | A-1                       | A                 | 7                | 1                  |
| Lloyds Banking Group<br>- Bank of Scotland Plc<br>- Lloyds Bank                                 | F1<br>F1          | A+<br>A+          | P-1<br>P-1        | A1<br>A1          | A-1<br>A-1                | A<br>A            | 7<br>7           | 1<br>1             |
| <b>UK Building Societies</b>  |                   |                   |                   |                   |                           |                   |                  |                    |
| Nationwide  | F1                | A                 | P-1               | Aa3               | A-1                       | A                 | 7                | 1                  |
| <b><u>UK Banks Part Nationalised</u></b>  |                   |                   |                   |                   |                           |                   |                  |                    |
| Royal Bank of Scotland Group<br>- National Westminster Bank Plc<br>- Royal Bank of Scotland Plc |                   |                   |                   |                   |                           |                   | 7<br>7           | 1<br>1             |
| <b><u>Council's Banker - Barclays</u></b>   |                   |                   |                   |                   |                           |                   | 3                | 1 day              |
| <b><u>Other Institution Limits</u></b>  |                   |                   |                   |                   |                           |                   |                  |                    |
| <b>Local Authorities</b>  |                   |                   |                   |                   |                           |                   |                  |                    |
| Any One Local Authority (including police and fire authority)                                   |                   |                   |                   |                   |                           |                   | 10               | 3                  |
| <b>Money Market Funds</b>   |                   |                   |                   |                   |                           |                   |                  |                    |
| Any AAA Rated Money Market Fund   |                   |                   |                   |                   |                           |                   | 5                | 1                  |
| <b>Enhanced Cash Funds</b>  |                   |                   |                   |                   |                           |                   |                  |                    |
| Any AAA Rated Enhanced Cash Fund  |                   |                   |                   |                   |                           |                   | 5                | 1                  |
| <b>Debt Management Office</b>   |                   |                   |                   |                   |                           |                   | 40               | 6 months           |

This page is intentionally left blank

**1. THE PRUDENTIAL INDICATORS**

The following indicators are based on the figures put forward within the Capital and Revenue Plans set out in this report.

**1.1. Affordability**

**1.1.1. Estimates of ratio of financing costs to net revenue stream**

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

|                                      | 2017/18<br>Estimate | 2018/19<br>Estimate | 2019/20<br>Estimate |
|--------------------------------------|---------------------|---------------------|---------------------|
| Non-HRA                              | 5.98%               | 6.14%               | 6.28%               |
| HRA (inclusive of settlement figure) | 34.98%              | 33.76%              | 32.34%              |

The estimates of financing costs include current commitments and the proposals in this budget report.

The indicators show the proportion of income taken up by capital financing costs. Indicative Aggregate External Finance (AEF) for 2018/2019 is a 1% decrease on 2017/2018 and for 2019/20 a 1% estimated decrease on 2018/2019.

**1.1.2. Estimates of the incremental impact of capital investment decisions on the Council Tax**

A fundamental measure of affordability.

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council’s existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

All capital projects that would have had revenue implications have been removed from the capital programme. This will reduce the call on council tax payers since less revenue is needed to fund new projects.

| Incremental Impact on Council Tax |         |         |         |
|-----------------------------------|---------|---------|---------|
| £                                 | 2017/18 | 2018/19 | 2019/20 |
| Increase in Band D Council Tax    | 2.07    | 2.43    | 2.96    |

These figures show the likely effect on Council Tax of the proposals; they are **not** Council Tax estimates.

### 1.1.3. Estimates of the incremental impact of capital investment decisions on housing rent levels

A fundamental measure of affordability.

Similar to the Council tax calculation this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

The proposed changes are shown as the total revenue impact on Housing Rents. Items in the capital programme where there is already a commitment to carry out that scheme are excluded from this Indicator.

| Incremental Impact on Weekly Housing Rent |         |         |         |
|---|---------|---------|---------|
|   | 2017/18 | 2018/19 | 2019/20 |
| Increase in Housing Rent                  | 0.00    | 0.00    | 0.00    |

The final affect on the housing rent will be constrained by the Welsh Government Social Housing Rents Policy.

## 1.2. Prudence

### 1.2.1. The Capital Financing Requirement (CFR)

This prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is 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. The capital expenditure above, which has not immediately been paid for, will increase the CFR.

The Council is asked to approve the CFR projections below:

| £m           | 2017/18 Estimate | 2018/19 Estimate | 2019/20 Estimate |
|--------------|------------------|------------------|------------------|
| Non-HRA      | 265              | 263              | 261              |
| HRA          | 143              | 148              | 151              |
| HRAS         | 76               | 74               | 73               |
| <b>TOTAL</b> | <b>484</b>       | <b>485</b>       | <b>485</b>       |

### 1.2.2. The Gross Borrowing and Capital Financing Requirement indicator

The control mechanism to limit external debt.

Estimated gross borrowing for the four years starting with the last full year (2015/16) must not exceed the CFR in the medium term, but can in the short term due to cash flows.

Ensures borrowing is only for approved capital purposes.

The Director of Corporate Services reports that the authority complied with this requirement in 2015/16 and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in the budget report.

Details of Gross Borrowing:

| £m   | 2015/16<br>Actual | 2016/17<br>Estimate | 2017/18<br>Estimate | 2018/19<br>Estimate | 2019/20<br>Estimate |
|--|-------------------|---------------------|---------------------|---------------------|---------------------|
| Debt at 1 <sup>st</sup> April                  | 280               | 376                 | 390                 | 416                 | 434                 |
| Expected Change<br>in Debt                     | 17                | 14                  | 26                  | 18                  | 25                  |
| HRAS   | 79                | -                   | -                   | -                   | -                   |
| <b>Gross debt at 31<sup>st</sup><br/>March</b> | <b>376</b>        | <b>390</b>          | <b>416</b>          | <b>434</b>          | <b>459</b>          |
| <b>CFR</b>                                     | <b>454</b>        | <b>473</b>          | <b>484</b>          | <b>485</b>          | <b>485</b>          |
| <b>Under / (Over)<br/>borrowing</b>            | <b>78</b>         | <b>83</b>           | <b>68</b>           | <b>51</b>           | <b>26</b>           |

### 1.2.3. External Debt

The Authorised Limit and the Operational Boundary:

The Authorised Limit prudential indicator represents a control on the overall level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit determined under section 3(1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although no control has yet been exercised.

| £m                              | 2017/18<br>Estimate | 2018/19<br>Estimate | 2019/20<br>Estimate |
|---------------------------------|---------------------|---------------------|---------------------|
| Borrowing                       | 531.5               | 532.5               | 532.5               |
| Other Long-<br>Term Liabilities | 0.5                 | 0.5                 | 0.5                 |
| Total                           | 532.0               | 533.0               | 533.0               |

The Operational Boundary for external debt is based on the same estimates as the authorised limit, but without the additional headroom for unusual and unexpected cash movements, and equates to the level of projected external debt. This is clearly subject to the timing of borrowing decisions.

| £m                          | 2017/18<br>Estimate | 2018/19<br>Estimate | 2019/20<br>Estimate |
|-----------------------------|---------------------|---------------------|---------------------|
| Borrowing                   | 483.9               | 484.9               | 484.9               |
| Other Long-Term Liabilities | 0.1                 | 0.1                 | 0.1                 |
| Total                       | 484.0               | 485.0               | 485.0               |

The Council is asked to approve both the Authorised Limit and the Operational Boundary shown above.

#### 1.2.4. Actual External Debt

The Council's actual external debt at 31<sup>st</sup> March 2016 was £376m. The actual external debt is not directly comparable to the authorised limit and operational boundary because the actual external debt reflects the position at a point in time.

**It is recommended that the above Prudential Indicators are adopted and that the Director of Corporate Services is given delegated authority by Council to change the balance between borrowing and other long-term liabilities.**

**Other long-term liabilities are other credit arrangements, which are, in the main, finance leases.**

**MINIMUM REVENUE PROVISION (MRP) STATEMENT**

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision – MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision – VRP).

Welsh Government regulations were issued with effect from 1<sup>st</sup> April 2010 which require the full Council to approve a Minimum Revenue Provision (MRP) Statement in advance each year. A variety of options were provided to councils to replace the existing Regulations, as long as there is a prudent provision.

Council has already approved the following approaches for calculating MRP:

**Supported Borrowing and Capital Expenditure incurred before 1<sup>st</sup> April 2008**

**Based on CFR**

The calculation is based on 4% of the opening Capital Financing Requirement (CFR) each year.

However officers are currently working with Treasury Management Consultants to review the basis of the Minimum Revenue Provision (MRP) within the annual budget, taking account of the discretion allowed within the regulations. It is for the Authority to determine what it considers to be a prudent provision, and whilst it is not the role of our external auditors to determine what is prudent, they will need to be engaged in this process so that they are satisfied with the procedural aspects of the review. They have also indicated in a letter from the Auditor General that they will be giving consideration to the Wellbeing of Future Generations (Wales) Act 2015 as part of their review.

Whilst there is no direct requirement to link the charge to specific asset lives, to justify a change in methodology, and a reduction in the percentage applied for the repayment of debt, we must be satisfied that the approach is prudent and there is a clear link to the assets that were originally funded. If a straight line 2.5% methodology was applied this would provide repayment over 40 years similar to the Authority's estimated asset lives. A report outlining the options and implications of any potential changes that can be made to the MRP calculation for borrowing will be presented to a future County Council meeting in the coming months.

**Unsupported Borrowing**

**Asset Life Method**

Under this method the borrowing value is divided by the estimated life of the asset.

Capital Expenditure on the Modernising Education Programme (MEP) and Local Government Borrowing Initiative (LGBI) 21<sup>st</sup> Century Schools is classed as Unsupported Borrowing. It is estimated that asset lives within these programmes are 30 years and this is the period that will be used to determine the MRP.

Asset lives within the Fleet Programme range from 1 to 10 years, these are the periods that will be used to determine the MRP.

Local Government Borrowing Initiative (LGBI) Highways. It is estimated that asset lives within this programme are 20 years and this is the period that will be used to determine the MRP.

**Housing Revenue Account**

The calculation is based on 2% of the opening Capital Financing Requirement (CFR) each year.

**Council is recommended to approve the following MRP Statement for 2017/2018:**

**For Supported and Unsupported Capital Expenditure, the MRP policy will continue to follow the approaches above.**

This page is intentionally left blank



## POLICY & RESOURCES SCRUTINY COMMITTEE 8<sup>th</sup> FEBRUARY 2017

### Quarterly Treasury Management and Prudential Indicator Report 1<sup>st</sup> April 2016 to 31<sup>st</sup> December 2016

#### To consider and comment on the following issues:

- Members are requested to satisfy themselves that the activities undertaken in the attached report are consistent with the requirements of the Treasury Management Policy and Strategy approved by Full Council on the 23<sup>rd</sup> February 2016.

#### Reasons:

- Scrutiny Committee has a key role to play in scrutinising the Treasury Management function within the Authority.

#### To be referred to the Executive Board / Council for decision: YES

Referred to Executive Board 6<sup>th</sup> February 2017.

#### Executive Board Member Portfolio Holder:

- Cllr. David Jenkins (Resources)

|   |   |  |
|---|---|--|
| <p><b>Directorate:</b><br/>Corporate Services</p> <p><b>Name of Head of Service:</b><br/>Chris Moore</p> <p><b>Report Author:</b><br/>Anthony Parnell</p> | <p><b>Designations:</b></p> <p>Director of Corporate Services</p> <p>Treasury and Pensions<br/>Investment Manager</p> | <p><b>Tel Nos. / E-Mail Addresses:</b></p> <p>Tel No. 01267 224160; E Mail:<br/><a href="mailto:CMoore@carmarthenshire.gov.uk">CMoore@carmarthenshire.gov.uk</a></p> <p>Tel No. 01267 224180; E Mail:<br/><a href="mailto:AParnell@carmarthenshire.gov.uk">AParnell@carmarthenshire.gov.uk</a></p> |
|---|---|--|

# EXECUTIVE SUMMARY

## POLICY & RESOURCES SCRUTINY COMMITTEE

### 8<sup>TH</sup> FEBRUARY 2017

#### Quarterly Treasury Management and Prudential Indicator Report 1<sup>st</sup> April 2016 to 31<sup>st</sup> December 2016

#### BRIEF SUMMARY OF PURPOSE OF REPORT.

To inform Members of the activities within the Treasury Management Function for the period 1<sup>st</sup> April 2016 to 31<sup>st</sup> December 2016.

**DETAILED REPORT ATTACHED?**

**YES**

### IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report.

**Signed:** C Moore                      **Title** Director of Corporate Services

| Policy, Crime & Disorder and Equalities | Legal       | Finance    | ICT         | Risk Management Issues | Staffing Implications | Physical Assets |
|---|-------------|------------|-------------|------------------------|-----------------------|-----------------|
| <b>YES</b>                              | <b>NONE</b> | <b>YES</b> | <b>NONE</b> | <b>NONE</b>            | <b>NONE</b>           | <b>NONE</b>     |

#### 1. Policy, Crime & Disorder and Equalities

Policy: Within the requirements of the Treasury Management Policy and Strategy report 2016-2017.

#### 3 Finance

The authority's investments during the period returned an average return of 0.45%, exceeding the 7 day LIBID rate.

Gross interest earned on investments for the period amounted to £0.232m and interest paid on loans was £10.03m.

The Authority did not breach any of its Prudential Indicators during the period.

At the period end the investments included £0.63m of KSF investments.

84.25% of the claim submitted has now been received.

The administration of KSF is expected to continue for some time again and further updates will be provided in future reports.

### CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:

**Signed:** C Moore                      **Title** Director of Corporate Services

1. Local Member(s) – N/A
2. Community / Town Council – N/A
3. Relevant Partners – N/A
4. Staff Side Representatives and other Organisations – N/A

**Section 100D Local Government Act, 1972 – Access to Information  
List of Background Papers used in the preparation of this report:**

**THESE ARE DETAILED BELOW**

| Title of Document   | File Ref No. / Locations that the papers are available for public inspection |
|---|--|
| CIPFA – Treasury Management in the Public Services – Code of Practice – Revised | Corporate Services Department, County Hall, Carmarthen                       |

This page is intentionally left blank

# **POLICY & RESOURCES SCRUTINY COMMITTEE**

**DATE: 8<sup>TH</sup> FEBRUARY 2017**

## **QUARTERLY TREASURY MANAGEMENT AND PRUDENTIAL INDICATOR REPORT**

**1<sup>st</sup> April 2016 – 31<sup>st</sup> December 2016**

### **A QUARTERLY TREASURY MANAGEMENT REPORT**

#### **1. Introduction**

The Treasury Management Policy and Strategy for 2016-2017 was approved by Council on 23<sup>rd</sup> February 2016. Section B 1.1(2) stated that Treasury Management activity reports would be made during the year. This report outlines the Treasury Management activities in the period 1<sup>st</sup> April 2016 to 31<sup>st</sup> December 2016 and satisfies the reporting requirement stated above.

#### **2. Investments**

One of the primary activities of the Treasury Management operation is the investment of surplus cash for which the Authority is responsible. As well as the Authority's own cash the County Council invests School Trust Funds and other Funds, with any interest derived from these investments being passed over to the relevant Fund.

All surplus money is invested daily on the London Money Markets. The security of the investments is the main priority. Appropriate liquidity should be maintained and return on investments the final consideration. It continues to be difficult to invest these funds as the market continues to be insecure and as a consequence appropriate counterparties are limited.

The total investments at 1<sup>st</sup> April 2016 to 31<sup>st</sup> December 2016 analysed between Banks, Building Societies, Local Authorities and Money Market Funds, are shown in the following table:

| Investments                              | 1.4.16          |              |              |            | 31.12.16        |              |              |            |
|--|-----------------|--------------|--------------|------------|-----------------|--------------|--------------|------------|
|  | Call and notice | Fixed Term   | Total        |            | Call and notice | Fixed Term   | Total        |            |
|  | £m              | £m           | £m           | %          | £m              | £m           | £m           | %          |
| Banks and 100% wholly owned Subsidiaries | 13.00           | 0.65         | 13.65        | 30         | 14.00           | 0.63         | 14.63        | 31         |
| Building Societies                       | 0.00            | 7.00         | 7.00         | 15         | 0.00            | 7.00         | 7.00         | 15         |
| Local Authorities                        | 0.00            | 10.00        | 10.00        | 22         | 0.00            | 10.00        | 10.00        | 21         |
| Money Market Funds                       | 15.00           | 0.00         | 15.00        | 33         | 15.00           | 0.00         | 15.00        | 32         |
| <b>TOTAL</b>                             | <b>28.00</b>    | <b>17.65</b> | <b>45.65</b> | <b>100</b> | <b>29.00</b>    | <b>17.63</b> | <b>46.63</b> | <b>100</b> |

Investments on call are available immediately on demand.  
Fixed term investments are fixed to a maturity date.

The £46.63m includes £0.63m (15.75% of original claim) invested in Kaupthing Singer and Friedlander which has been reduced from the original £4.0m by distributions.

During the period the total investments made by the Council and repaid to the Council (the turnover) amounted to £846.07m. This averaged approximately £21.54m per week or £3.08m per day. A summary of turnover is shown below:

|  | £m           |
|--|--------------|
| Total Investments 1st April 2016               | 45.65        |
| Investments made during the period             | 423.50       |
| Sub Total                                      | 469.15       |
| Investments Repaid during the period           | (422.52)     |
| <b>Total Investments at 31st December 2016</b> | <b>46.63</b> |

The main aims of the Treasury Management Strategy is to appropriately manage the cash flows of the Council, the required short term and longer term market transactions and the risks associated with this activity. Lending on the money market secures an optimum rate of return and also allows for diversification of investments and hence reduction of risk, which is of paramount importance in today's financial markets.

The benchmark return for the London money market is the "7 day LIBID rate". For 2016-2017 the Council has compared its performance against this "7 day LIBID rate". For the period under review the average "7 day LIBID rate" was 0.23% whereas the actual rate the Council earned was 0.45%, an out performance of 0.22%.

This outperformance can be quantified to £110k additional interest earned compared to the “7 day LIBID rate”.

The gross interest earned on investments for the period amounted to £0.232m.

The income from investments is used by the Authority to reduce the net overall costs to the Council taxpayer.

### **3. Update on the investments with Kaupthing Singer & Friedlander (KSF)**

In October 2016 the Council received notification that it would receive a fourteenth dividend from the Administrators. This equated to 0.5p in the £ and amounted to £20k principal.

As at 31<sup>st</sup> December 2016 the sum of £3.37m principal and £207k interest had been received from the Administrators, which equates to 84.25% of the claim submitted. A further dividend is expected to be paid in 2017-2018. The Administrators have upgraded their estimate of total dividends to non-preferential creditors to a minimum of 86%.

### **4. Security, Liquidity and Yield (SLY)**

Within the Treasury Management Strategy Statement for 2016-2017, the Council's investment priorities are:

- Security of Capital
- Liquidity and
- Yield

The Council aims to achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term to cover short term cash flow needs but also to seek out value available in significantly higher rates in periods up to 12 months with highly credit rated financial institutions.

Attached in Appendix 1 is the Investment Summary and Top 10 Counterparty Holdings (excluding the £0.63m in KSF) as at 31<sup>st</sup> December 2016.

### **5. Borrowing**

One of the methods used to fund capital expenditure is long term borrowing. The principal lender for Local Authorities is the Public Works Loan Board (PWLb).

Under the Treasury Management Strategy it was agreed to borrow when interest rates are at their most advantageous.

The total loans at 1<sup>st</sup> April 2016 and 31<sup>st</sup> December 2016 are shown in the following table:

| <b>Loans</b>                      | <b>Balance at<br/>01.04.16<br/>£m</b> | <b>Balance at<br/>31.12.16<br/>£m</b> | <b>Net Increase/<br/>(Net Decrease)<br/>£m</b> |
|-----------------------------------|---------------------------------------|---------------------------------------|--|
| Public Works Loan Board (PWLB)    | 369.59                                | 374.12                                | 4.53   |
| Market Loan                       | 3.00                                  | 3.00                                  | 0.00   |
| Salix, Invest to Save, HILS & TCL | 3.44                                  | 3.24                                  | (0.20)   |
| <b>TOTAL</b>                      | <b>376.03</b>                         | <b>380.36</b>                         | <b>4.33</b>                                    |

The Salix interest free loans have been provided by an independent publicly funded company dedicated to providing the public sector with loans for energy efficiency projects.

The interest free Invest-2-Save funding is to assist in the conversion of traditional street lighting to LED, which will help deliver a legacy of reduced energy costs and associated carbon taxes.

The Home Improvement Loan Scheme (HILS) repayable funding is provided by the Welsh Government to help individual home owners, small portfolio landlords, developers and charities to improve homes and increase housing supply.

The Town Centre Loan (TCL) repayable funding is provided by the Welsh Government to provide loans to reduce the number of vacant, underutilised and redundant sites and premises in town centres and to support the diversification of the town centres by encouraging more sustainable uses for empty sites and premises, such as residential, leisure and for key services.

### **5.1 New Borrowing**

The following loans were borrowed during the period to fund the capital programme:

| <b>Loan Reference</b> | <b>Amount (£m)</b> | <b>Interest Rate</b> | <b>Start Date</b> | <b>Period</b> | <b>Maturity Date</b> |
|-----------------------|--------------------|----------------------|-------------------|---------------|----------------------|
| 505287                | 5.00               | 1.93%                | 12th August 2016  | 48yrs         | 28th September 2064  |
| 505288                | 5.00               | 1.94%                | 12th August 2016  | 49yrs         | 28th September 2065  |
| <b>Total</b>          | <b>10.00</b>       |                      |                   |               |                      |

### **5.2 Interest Paid**

Interest paid on loans in the period was:

| <b>PWLB Interest Paid<br/>£m</b> | <b>Market Loan Interest Paid<br/>£m</b> | <b>Total Interest Paid<br/>£m</b> |
|----------------------------------|---|-----------------------------------|
| 9.89                             | 0.14                                    | 10.03                             |



## **6. Rescheduling and Premature Loan Repayments**

No rescheduling opportunities arose during the period and there were no premature repayments of debt.

## **7. Leasing**

No leases were negotiated in the period ended 31<sup>st</sup> December 2016.

## **8. Conclusion**

The Treasury Management function for the period ended 31<sup>st</sup> December 2016 has been carried out within the policy and guidelines set in the Treasury Management Policy and Strategy 2016-2017.

## **B. QUARTERLY PRUDENTIAL INDICATOR REPORT**

### **1. Introduction**

As part of the 2016-2017 Budget and the Treasury Management Policy and Strategy 2016-2017 Council adopted a number of Prudential Indicators. These Indicators are designed to ensure that any borrowing or other long-term liabilities entered into for capital purposes were affordable, sustainable and prudent.

The Indicators are required by the Local Government Act 2003 and the Revised Prudential Code of Practice in order to control Capital Finance. The Prudential Code also required that those Prudential Indicators that were forward looking should be monitored and reported. Some of the indicators are monitored by officers monthly, and are only reported if they are likely to be breached, others are to be monitored quarterly by the Executive Board.

### **2. The Monitored Prudential Indicators**

#### **2.1 Affordability Prudential Indicator**

##### **2.1.1 Ratio of Financing Costs to Net Revenue Stream**

The indicator set for 2016-2017 in the Budget was:

|          | <b>2016-2017<br/>%</b> |
|----------|------------------------|
| Non –HRA | 5.77                   |
| HRA      | 37.46                  |

An examination of the assumptions made in calculating this indicator concluded that there have been no changes in the period.

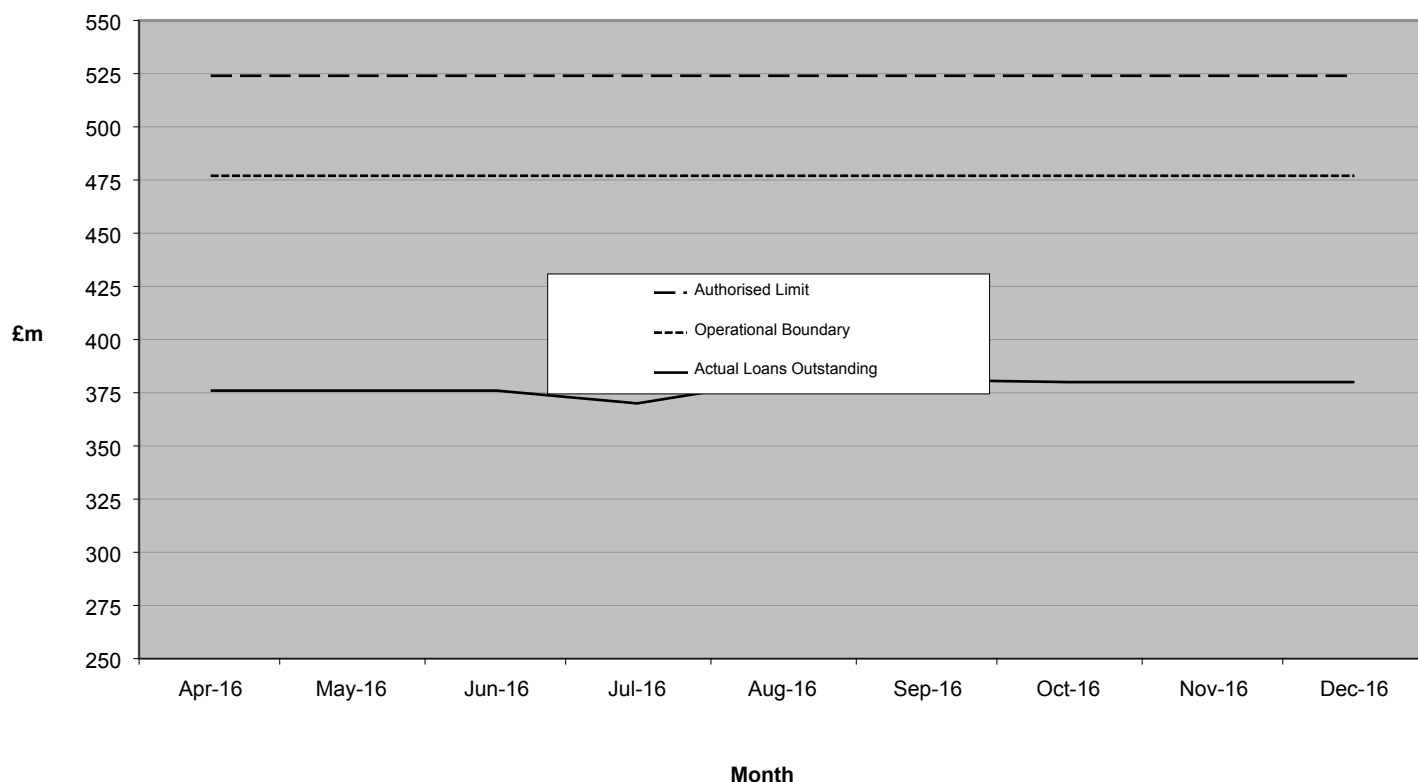
## **2.2 Prudence Prudential Indicators**

### **2.2.1 The Gross Borrowing and Capital Finance Requirement (CFR) indicator**

The indicator set by the Budget for Gross Borrowing and CFR was that the Director of Corporate Services envisaged no difficulty in meeting the requirement of the Gross Borrowing being less than the accumulated CFR for 2016-2017. An examination of assumptions made when calculating the Prudential Indicator show that there have been no material changes.

### **2.2.2 Authorised Limit and Operational Boundary**

The actual value of loans outstanding must not exceed the Authorised Limit. In normal activity actual loans outstanding should be close but less than the Operational Boundary. The Operational Boundary can be breached in the short term due to adverse cash flows.



|                      | <b>Apr-16</b> | <b>Jun-16</b> | <b>Sep-16</b> | <b>Dec-16</b> |
|----------------------|---------------|---------------|---------------|---------------|
|                      | <b>£m</b>     | <b>£m</b>     | <b>£m</b>     | <b>£m</b>     |
| Authorised Limit     | 524           | 524           | 524           | 524           |
| Operational Boundary | 477           | 477           | 477           | 477           |
| Loans Outstanding    | 376           | 376           | 381           | 380           |

## **2.3 Treasury Management Prudential Indicators**

### **2.3.1 Interest Rate Exposure**

Position as at 31<sup>st</sup> December 2016:

|   | <b>Fixed Interest Rate<br/>£m</b> | <b>Variable Interest Rate<br/>£m</b> | <b>TOTAL<br/>£m</b> |
|---|-----------------------------------|--------------------------------------|---------------------|
| Borrowed                                  | 377.36                            | 3.00                                 | 380.36              |
| Invested                                  | (17.63)                           | (29.00)                              | (46.63)             |
| <b>Net</b>                                | <b>359.73</b>                     | <b>(26.00)</b>                       | <b>333.73</b>       |
| Limit                                     | 445.00                            | 20.00                                |                     |
|   |                                   |                                      |                     |
| <b>Proportion of Net Borrowing Actual</b> | <b>107.79%</b>                    | <b>(7.79)%</b>                       | <b>100.00%</b>      |
| Limit                                     | 150.00%                           | 10.00%                               |                     |

The authority is within limits set by the 2016-2017 indicators.

### **2.3.2 Maturity Structure Of Borrowing**

|                      | <b>Structure at<br/>31.12.16<br/>%</b> | <b>Upper<br/>Limit<br/>%</b> | <b>Lower<br/>Limit<br/>%</b> |
|----------------------|--|------------------------------|------------------------------|
| Under 12 months      | 1.01                                   | 15                           | 0                            |
| 12 months to 2 years | 3.39                                   | 25                           | 0                            |
| 2 years to 5 years   | 6.23                                   | 50                           | 0                            |
| 5 years to 10 years  | 10.77                                  | 50                           | 0                            |
| 10 years to 20 years | 18.58                                  | 50                           | 0                            |
| 20 years to 30 years | 20.77                                  | 50                           | 0                            |
| 30 years to 40 years | 22.43                                  | 50                           | 0                            |
| 40 years and above   | 16.82                                  | 50                           | 0                            |

The authority is within the limits set by the 2016-2017 indicators.

### **2.3.3 Maximum principal sums invested longer than 364 days**

|   | <b>2016-2017<br/>£m</b> |
|---|-------------------------|
| Limit                                       | 10                      |
| Actual as at 31 <sup>st</sup> December 2015 | NIL                     |

### **3. Conclusion**

For the period 1<sup>st</sup> April 2016 to 31<sup>st</sup> December 2016 the actual Prudential Indicators to be monitored by the Executive Board are within the limits set by the Budget 2016-2017 and the Treasury Management Policy and Strategy 2016-2017. This is also true for the indicators being monitored by officers.

## Investment Summary as at 31st December 2016

Carmarthenshire County Council

| Totals                  |                    |      |
|-------------------------|--------------------|------|
| <b>Total</b>            | <b>£46,000,000</b> |      |
| <b>Calls &amp; MMFs</b> | £29,000,000        | 63%  |
| <b>Fixed Deposits</b>   | £17,000,000        | 37%  |
| <b>Specified</b>        | £46,000,000        | 100% |

| Weighted Average       |                 |       |
|------------------------|-----------------|-------|
| <b>Yield</b>           |                 | 0.36% |
| <b>Maturity (Days)</b> |                 |       |
| Total Portfolio        | Total Portfolio | 23.46 |
| <b>Long Term</b>       |                 |       |
| <b>Short Term</b>      |                 |       |
| AAA                    | -               | 1.00  |
| AA                     | F1              | 74.00 |
| A                      | F1              | 15.43 |
| BBB                    | F2              | 0.00  |
| CCC                    | C               | 0.00  |

| Risk Factors           |        |        |
|------------------------|--------|--------|
| <b>&lt; 1 year</b>     | £1,172 | 0.003% |
| <b>1 - 2 years</b>     | £0     | 0.000% |
| <b>2 - 3 years</b>     | £0     | 0.000% |
| <b>3 - 4 years</b>     | £0     | 0.000% |
| <b>4 - 5 years</b>     | £0     | 0.000% |
| <b>Total Portfolio</b> | £1,172 | 0.003% |

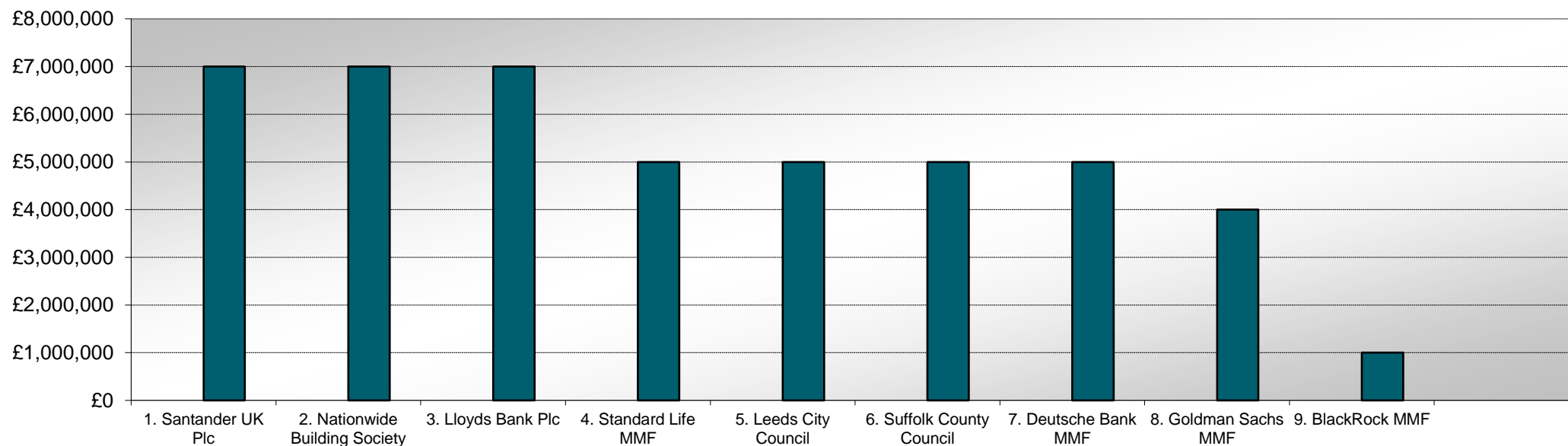
| Maturity Structure   |                    |             |
|----------------------|--------------------|-------------|
| <b>&lt; 1 Week</b>   | £29,000,000        | 63%         |
| <b>&lt; 1 Month</b>  | £4,000,000         | 9%          |
| <b>2 - 3 Months</b>  | £8,000,000         | 17%         |
| <b>3 - 6 Months</b>  | £5,000,000         | 11%         |
| <b>6 - 9 Months</b>  | £0                 | 0%          |
| <b>9 - 12 Months</b> | £0                 | 0%          |
| <b>12 Months+</b>    | £0                 | 0%          |
| <b>Total</b>         | <b>£46,000,000</b> | <b>100%</b> |

This page is intentionally left blank

## Top 10 Counterparty Holdings

Carmarthenshire County Council

| Counterparty                   | Principal  | % of Total Holding | WAM (Days) | WAYield | WADefault |
|--------------------------------|------------|--------------------|------------|---------|-----------|
| 1. Santander UK Plc            | £7,000,000 | 15.22%             | 1          | 0.61%   | 0.000%    |
| 2. Nationwide Building Society | £7,000,000 | 15.22%             | 44         | 0.46%   | 0.011%    |
| 3. Lloyds Bank Plc             | £7,000,000 | 15.22%             | 1          | 0.37%   | 0.000%    |
| 4. Standard Life MMF           | £5,000,000 | 10.87%             | 1          | 0.31%   | 0.000%    |
| 5. Leeds City Council          | £5,000,000 | 10.87%             | 51         | 0.25%   | 0.002%    |
| 6. Suffolk County Council      | £5,000,000 | 10.87%             | 97         | 0.30%   | 0.004%    |
| 7. Deutsche Bank MMF           | £5,000,000 | 10.87%             | 1          | 0.26%   | 0.000%    |
| 8. Goldman Sachs MMF           | £4,000,000 | 8.70%              | 1          | 0.24%   | 0.000%    |
| 9. BlackRock MMF               | £1,000,000 | 2.17%              | 1          | 0.11%   | 0.000%    |



This page is intentionally left blank



## POLICY AND RESOURCES SCRUTINY COMMITTEE

8<sup>TH</sup> FEBRUARY 2017

### CARMARTHENSHIRE WELL-BEING ASSESSMENT 2016/17

**Purpose:**

To receive a copy of the Carmarthenshire Well-Being Assessment 2016/17 which has been prepared and approved by Carmarthenshire Public Services Board (PSB) under requirements of the Well-Being of Future Generations Act (Wales) 2015.

To receive invitation to contribute feedback on the Assessment through the statutory consultation process.

**To consider and comment on the following issues:**

The accuracy of the Carmarthenshire Well-Being Assessment 2016/17 by responding to the statutory consultation which can be accessed via [www.thecarmarthenshirewewant.wales/get-involved/](http://www.thecarmarthenshirewewant.wales/get-involved/)

**Reasons:**

For the committee's Information

**To be referred to the Executive Board / Council for decision: NO**

**EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:- Cllr Emlyn Dole: Leader**

**Directorate**

Chief Executives Department

**Name of Head of Service:**

Wendy Walters

**Report Author:**

Rebecca Llewellyn

**Designations:**

Assistant Chief Executive  
(Regeneration & Policy)

Performance, Governance and Policy  
Officer

**Tel Nos.**

01267 224112 / 01267 224164

**E Mail Addresses:**

WSWalters@sirgar.gov.uk /  
RSLlewellyn@sirgar.gov.uk

**EXECUTIVE SUMMARY**  
**POLICY AND RESOURCES SCRUTINY COMMITTEE**  
**8<sup>TH</sup> FEBRUARY 2017**

**CARMARTHENSHIRE WELL-BEING ASSESSMENT 2016/17**

To receive a copy of the Carmarthenshire Well-Being Assessment 2016/17 which has been prepared and approved by Carmarthenshire Public Services Board (PSB) under requirements of the Well-Being of Future Generations Act (Wales) 2015.

To receive invitation to contribute feedback on the Assessment through the statutory consultation process.

Part of the Well-Being of Future Generations Act (Wales) 2015 (WCFG) was to establish Public Services Board's (PSB's) in each local authority area in Wales. These Boards are a partnership of key service providers who are charged under the Act with improving social, economic, environmental and cultural well-being. In order to achieve this duty the Board is required to carry out an assessment of well-being in the area to better understand what well-being currently looks like and therefore how the partnership can influence and improve well-being now and in the future.

The Carmarthenshire Well-Being Assessment provides an overview of the nature and state of well-being in Carmarthenshire. It explores positive and negative influences of well-being and highlights potential trigger points or areas for concern. The report is structured by life-stages however it is important to be mindful that the examples given within a particular life stage are not necessarily exclusive to a particular age group as well-being is subjective to each individual and is determined by individual circumstances. Therefore how we understand, assess, measure and improve well-being in Carmarthenshire must be a fluid process and the well-being assessment provides a foundation for building a clearer perspective of well-being now and in the future.

Summary of findings:- please see executive summary of report for summary of well-being at each life stage

|                |  |
|----------------|--|
| Rurality       | The largely rural nature of Carmarthenshire provides a wealth of ecosystem services which form the foundations on which life, and quality of life depend including drinking water, recreational opportunities and income generation. However rurality can also pose challenges to well-being in terms of connectivity and access to services for example.  |
| Climate Change | Action is required to harness the positive and mitigate the negative and longer-term effects of climate change; improving physical, community and psychological resilience. With some of the worst CO2 emissions in Wales, new technologies and models of service delivery offer potential to mitigate and reduce these effects in Carmarthenshire.  |
| Poverty        | 35% of households and 20% of Carmarthenshire's children are living in poverty, 62% of these children are under 10 years old. Poverty and deprivation limits opportunities and prospects, damages the quality of life and harms the health and life expectancy of far too many. Carmarthenshire's income levels are the 7th lowest in Wales and there are significant disparities across community areas. |
|                |  |



**EICH CYNGOR arleinamdani**  
[www.sirgar.llyw.cymru](http://www.sirgar.llyw.cymru)

**YOUR COUNCIL doitonline**  
[www.carmarthenshire.gov.wales](http://www.carmarthenshire.gov.wales)

|               |  |
|---------------|--|
| Connectivity  | Fewer people in Carmarthenshire feel they belong to their community however engagement activity identified community togetherness and cohesion as important for positive well-being in Carmarthenshire. For young people tolerance, respect and being heard were considered important to well-being and for older people remaining embedded within the community enhances social, emotional and physical well-being.   |
| Health        | Health was found to be the single most important factor for positive well-being through engagement activity. Carmarthenshire has one of the highest rates of childhood obesity in Wales and young people are at risk of health harming behaviours including alcohol, drugs and smoking as well as psychologically damaging risks such as cybercrime and cyber bullying. In addition Carmarthenshire has an ageing population and there is a significant gap of 18 years between the life expectancy of those from the least and most deprived communities. |
| Opportunities | Opportunities to keep physically and psychologically active; and to nurture self-esteem and a sense of empowerment are crucial to supporting current and future well-being across the life stages. For example children in Carmarthenshire want opportunities to play outdoors and young people want a diverse mix of employment opportunities available to them.  |

**Detailed report attached? Yes**

## IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: **Wendy Walters**

**Assistant Chief Executive (Regeneration and Policy)**

|   |       |         |      |                        |                       |                 |
|---|-------|---------|------|------------------------|-----------------------|-----------------|
| Policy, Crime & Disorder and Equalities | Legal | Finance | ICT  | Risk Management Issues | Staffing Implications | Physical Assets |
| None                                    | None  | None    | None | None                   | None                  | None            |

# CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Wendy Walters

Assistant Chief Executive (Regeneration and Policy)

1. Local Member(s) N/A

2. Community / Town Council N/A

3. Relevant Partners

The report was supported by Carmarthenshire Public Services Board on 10th January 2017

4. Staff Side Representatives and other Organisations N/A

Section 100D Local Government Act, 1972 – Access to Information  
List of Background Papers used in the preparation of this report:

**THESE ARE DETAILED BELOW**

| Title of Document                     | File Ref No. | Locations that the papers are available for public inspection  |
|---------------------------------------|--------------|--|
| Carmarthenshire Well-Being Assessment |              | Will be live on PSB website from 6 <sup>th</sup> February<br>Currently available from<br><a href="mailto:rsllewhellin@carmarthenshire.gov.uk">rsllewhellin@carmarthenshire.gov.uk</a>  |
| Community Area Map                    |              | Will be live on PSB website from 6 <sup>th</sup> February<br>Currently available from<br><a href="mailto:rsllewhellin@carmarthenshire.gov.uk">rsllewhellin@carmarthenshire.gov.uk</a>  |
| Joint Methodology Framework           |              | Will be live on PSB website from 6 <sup>th</sup> February.<br>Currently available from<br><a href="mailto:rsllewhellin@carmarthenshire.gov.uk">rsllewhellin@carmarthenshire.gov.uk</a> |

# Carmarthenshire Well-Being Assessment 2016





# Contents

|                              |    |
|------------------------------|----|
| Introduction.....            | 9  |
| Carmarthenshire Context..... | 11 |
| New Beginnings.....          | 15 |
| Childhood.....               | 19 |
| Youth.....                   | 23 |
| Adulthood.....               | 27 |
| Older persons.....           | 31 |
| Conclusions.....             | 34 |
| What next..?.....            | 35 |
| Bibliography.....            | 36 |
| Additional information.....  | 37 |
| Glossry of terms.....        | 39 |

## The ABC of the Well-being of Future Generations (Wales) Act 2015

- A. The law states that we must improve the economic, social, environmental and cultural well-being of Carmarthenshire using the sustainable development principle:- “acting in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs”.
- B. To show that we have applied the sustainable development principle we must demonstrate the following 5 ways of working :-

Looking at the **long term** so that we do not compromise the ability of future generations to meet their own needs

Understanding the root causes of the issues to **prevent** them reoccurring

Taking an **integrated** approach so that we look at all well- being goals and objectives of other services and partners

**Collaboration** - Working with others in a collaborative way to find shared sustainable solutions

**Involving** a diversity of population in decisions that affect them

- C. In order to work towards seven national well-being goals.

|                    |                   |                   |                    |                                 |  |                            |
|--------------------|-------------------|-------------------|--------------------|---------------------------------|--|----------------------------|
| A Prosperous Wales | A Resilient Wales | A Healthier Wales | A More Equal Wales | A Wales of Cohesive Communities | A Wales of Vibrant Culture and Thriving Welsh Language | Globally Responsible Wales |
| 1                  | 2                 | 3                 | 4                  | 5                               | 6  | 7                          |



## “Executive Summary

### Carmarthenshire Context

|                |   |
|----------------|---|
| Rurality       | The largely rural nature of Carmarthenshire provides a wealth of ecosystem services which form the foundations on which life, and quality of life depend including drinking water, recreational opportunities and income generation. However, rurality, and the significant distances to cover in Carmarthenshire, poses challenges to well-being in terms of connectivity and access to services for example. The recent rise in alternative technologies such as telehealth may provide a potential resource for accessing some services and support. |
| Climate Change | Action is required to harness the positive and mitigate the negative and longer-term effects of climate change; improving physical, community and psychological resilience. With some of the worst CO2 emissions in Wales, new technologies and models of service delivery offer potential to mitigate and reduce these effects.  |
| Poverty        | 35% of households and 20% of Carmarthenshire’s children are living in poverty, 62% of these children are under 10 years old. Poverty and deprivation limits opportunities and prospects, damages the quality of life and harms the health and life expectancy of far too many. Action to tackle poverty is therefore crucial to improving overall well-being in Carmarthenshire   |

### New beginnings

|                                |  |
|--------------------------------|--|
| Prevention is better than cure | Poor maternal and infant health can have significant long term impacts for children and families. Although still comparatively low, instances of low-birthweight have risen slightly in Carmarthenshire and uptake of childhood immunisations continue to reduce as children get older. In order to prevent future risks to well-being it is important to work with parents to improve pre and post-natal health of both mother and child. |
| Nurturing networks             | Families are the founding environment for us all and helping parents to prepare is important to ensuring positive well-being of the family unit and the individuals within it. Building community networks can act as a support to parents and families and build a sense of belonging and resilience.   |
| Levelling the playing field    | Not all children have the same start in life and too many are born into circumstances that make it harder for them to thrive. Increasing opportunities for bilingualism or removing barriers to attendance at quality pre-school and childcare settings such as cost, for example can help all children to have an equal and ambitious start in life.  |

## Childhood

|   |   |
|---|---|
| <p>Learning Environments</p> <p>Page 90</p> | <p>Carmarthenshire's learning environments offer opportunities to nurture children's educational, social and personal development. Consideration needs to be given as to how to facilitate these aspects of well-being for those who cannot or chose not to attend formal school settings.</p>                              |
| <p>A Good Start</p>                         | <p>Adverse childhood experiences are hugely detrimental, and have effects that can last through life. Social, emotional and behavioural support across the county can counteract the worst effects and long-term damage.</p>  |
| <p>Healthy Habits</p>                       | <p>Healthy habits learned early can last a lifetime. With one of the highest rates of overweight or obese children in Wales, learning about healthy eating and providing opportunities for active play may have big roles in changing behaviour and outcomes for future generations.</p>                                    |
| <p>Play</p>                                 | <p>Carmarthenshire's children want to play, particularly in outdoor settings which would have a range of benefits including for psychological, physical and social well-being. However opportunities and access to play outdoors and therefore to interact with nature can be limited by parental concerns over safety.</p> |

## Youth

|                           |  |
|---------------------------|--|
| <p>Making connections</p> | <p>Young people in Carmarthenshire feel strongly that tolerance and respect is key to positive well-being. Having an influence over decisions that affect them and being heard is also important as is having opportunities to interact with peers and others. It is important that we facilitate such opportunities wherever possible both to improve individual well-being and interconnectedness within our communities.</p>                              |
| <p>Virtual World</p>      | <p>Socialising, communicating and playing in the 'virtual world' are important to young people. However, some young people have very negative experiences online; cyberbullying and cybercrime are very real risks to young people in Carmarthenshire.</p>   |
| <p>Staying on track</p>   | <p>Adolescence presents a range of opportunities to develop a sense of identity and independence, some of which have negative implications for well-being. Risks include smoking, alcohol and drugs and efforts to support young people to make informed decisions are important to helping maintain positive well-being during youth and into adulthood.</p>  |
| <p>Forging futures</p>    | <p>Gaps in attainment levels of young people from the least and most deprived backgrounds in Carmarthenshire demonstrates the impact poor socio-economic circumstances can have through-out the life course. Young people are ambitious and so ensuring exciting and diverse opportunities are available and promoted to young people will help them fulfil their potential and could help improve the rates of retention of young people in the County.</p> |

## Adulthood

|                                 |   |
|---------------------------------|---|
| <b>The right time and place</b> | Celebrating the heritage, history, traditions and language of Carmarthenshire is important to residents and in the main opportunities to do so are well-used and enjoyed. However, 1 in 3 cannot access cultural activities and this is particularly pronounced in some areas (e.g. rural) and within some groups (e.g. disabled). Likewise time is a rare commodity and one that could have significant positive impacts across the spectrum of well-being by enabling individuals to balance various responsibilities or pursue economic, social, environmental or culture opportunities and interests.                                 |
| <b>Making ends meet</b>         | Carmarthenshire's income levels are the 7th lowest in Wales and there are significant disparities across community areas. In addition residents in rural areas are at increased risk of fuel poverty. Employment rates are relatively high although people with disabilities are twice as likely to be unemployed than those without a disability. Primary occupations are professional occupations however leading industries of agriculture, forestry and fishing mean that supporting sustainability and development of business, as well as protecting our natural environment are crucial for the economic well-being of the County. |
| <b>Nature Connectedness</b>     | A connection to nature has a positive effect on well-being, physical & psychological health and cooperative behaviour. It also encourages environmentally sustainable attitudes and behaviours. People in Carmarthenshire appreciate the natural environment both local and global and want to do more to protect it for the future.  |
| <b>Strong communities</b>       | Fewer people in Carmarthenshire feel they belong to their community however engagement activity identified community togetherness and cohesion as important for positive well-being in Carmarthenshire. Respondents expressed a desire to work together within communities to create and maintain a positive environment and consideration should be given to how we can help communities to become empowered and develop their resilience.   |

## Older persons

|   |  |
|---|--|
| <p>Staying<br/>Connected<br/>Age 92</p> | <p>Older age is a time to enjoy pursuits and past-times that may have eluded you during your working life. Employment, volunteering and socialising in community groups can give older people opportunities to pass on knowledge, wisdom and traditions as well as to keep physically and psychologically active; and to nurture self-esteem and a sense of empowerment. Older people want to remain independent for as long as possible and remaining embedded within one's community enhances social, emotional and physical well-being, whilst also helping to build and enhance community resilience. It is therefore crucial that we work to facilitate opportunities for older people to pursue hobbies and ambitions and to remain valued, integral members of our communities.</p> |
| <p>Caring</p>                           | <p>Caring for others at any age can be challenging but the implications for individual well-being are particularly marked for young carers and older people. 99% of unpaid care provided by adults in Carmarthenshire is by carers aged 50+, and 26% by those aged 65 and over. In addition older people often provide unpaid childcare for family or friends. Carers improve the well-being of those they care for and also support economic well-being of wider society however their own needs are often misunderstood so it is important we listen and respond to carers in our communities.</p>   |
| <p>Ageing well</p>                      | <p>Carmarthenshire has an ageing population and as health generally deteriorates with age the demand for and dependence on medical support increases. Services therefore need to be sustainable and robust particularly if current trends in diagnosis for conditions such as dementia continue which will place additional demands on care and support in future. Life expectancy in Carmarthenshire is in line with Welsh average although there is a significant gap of 18 years between the life expectancy of those from the least and most deprived communities demonstrating the negative impact of poor socio-economic circumstances on health and well-being.</p>   |

## Introduction

Collins English Dictionary defines well-being as; “the state of being comfortable, healthy, or happy”. As this definition suggests Well-Being is a complex concept which means different things to different people and which is influenced by various different factors.

This makes measuring well-being challenging and there are a number of different approaches which can be adopted such as; life evaluation, hedonic and eudaimonic well-being measures.

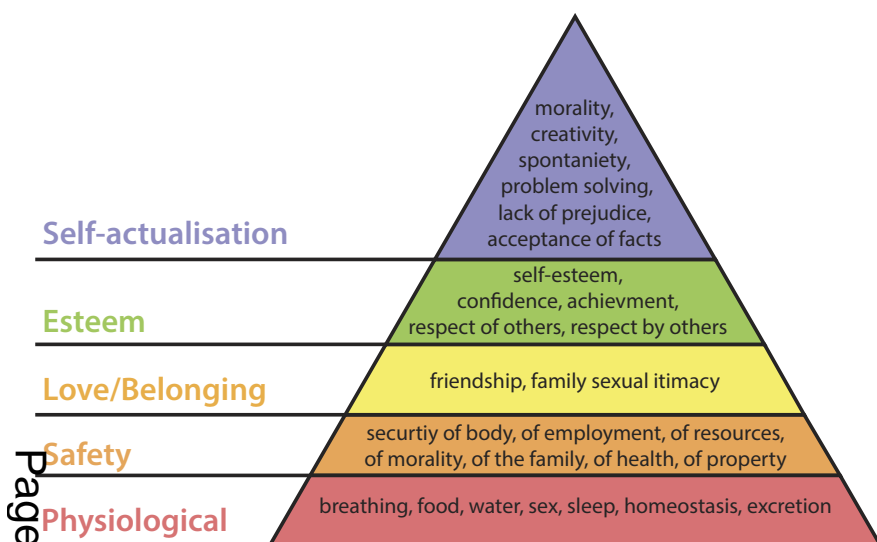
For the purposes of this report, well-being encompasses a number of elements taking a holistic approach similar to Maslow’s Hierarchy of Need. In acknowledging the layers of human need and how they fit together to affect overall well-being, this assessment will take account of more than simply issue resolution and attend to a more complex understanding of well-being, whilst simultaneously taking the different types of well-being into account.

In order to achieve this holistic understanding of well-being the assessment includes two key elements;

1. **Situation Analysis** – collection of data and information from a range of sources including the 2011 Census, National Surveys, Natural Resources Wales, Public Health Observatory and Local Authority Data to build a statistical overview of well-being in Carmarthenshire. A **factsheet** has been developed to provide a summary of the situation analysis for Carmarthenshire.
2. **Engagement** – Public Services Board (PSB) partners developed a well-being survey and primary engagement tools to gain qualitative information from the subjective perceptions, beliefs and views of Carmarthenshire residents and communities. A total of 2582 survey responses were received and 27 events, focus groups, drop in clinics and workshops were held across the County. Although feedback from the engagement period, which ran from July to October 2016, is limited it’s findings forms a fundamental part of this **report**. as we the report begins to explore more qualitative understandings of well-being. Full, detailed findings from all engagement activities can be found in the Carmarthenshire engagement and consultation report and work to gather greater input from Carmarthenshire citizens should form a fundamental part of the future work of PSB.

Please see **Joint Methodology Framework** for more information on the approach.

This Well-Being Assessment outlines what well-being looks like in Carmarthenshire and what Carmarthenshire’s residents and communities want well-being to look like in the future through exploring key issues which positively and/or negatively impact well-being. Following a contextual overview of the demographics of Carmarthenshire the assessment looks at well-being through different life stages, highlighting differences and similarities in experiences of well-being throughout a person’s life. It is important to recognise however that issues discussed during a particular life stage aren’t necessarily exclusive to that particular



Maslow's Heirarchy of Need

stage of life and that issues affecting well-being can occur throughout the life cycle depending on individual circumstances.

Where appropriate the report will also discuss cross cutting themes, highlight key pressure points which positively or negatively impact well-being and draw upon Pareto's 80:20 principle in an attempt to better understand the ratio of responsibility between ourselves as individuals and external influences for maximising positive well-being.

In doing so the report will enrich understanding of the factors which affect well-being to help members of the PSB develop a Well-Being Plan for maintaining and maximising social, economic, cultural and environmental well-being across our county, both now and for future generations.

In addition to the findings of this assessment report there are a number of existing reports, assessments and policies which will be useful to the PSB in developing the Carmarthenshire Well-Being Plan. These include;

- **assessment** of the risks for the United Kingdom of the current and predicted impact of climate change sent to the Welsh Ministers under section 56(6) of the Climate Change Act 2008 (c.27);
- **review** of the sufficiency of nursery education provision for the local authority area carried out under section 119(5)(a) of the School Standards and Frameworks Act 1998 (c.31);
- **assessment** of the sufficiency of the provision of childcare in the local authority area carried out in accordance with regulations made under section 26(1) of the Childcare Act 2006 (c.21);
- **assessment** of the sufficiency of play opportunities in the local authority area carried out under section 11(1) of the Children and Families (Wales) Measure 2010;
- **assessment** carried out by the local authority in conjunction with a Local Health Board under section 14 of the Social Services and Well-being (Wales) Act 2014 (the "population assessment" of needs for care and support, support for carers and preventative services);
- strategic **assessment** prepared in accordance with regulations under section 6 of the Crime and Disorder Act 1998 (c.37) relating to reducing crime and disorder in the local authority area;

- strategic **assessment** prepared in accordance with regulations under that section relating to combating substance misuse in the local authority area;
- each **area statement** under section 11 of the Environment (Wales) Bill 2016, once enacted, which relates to any part of the local authority's area;
- State of Natural Resources Report produced by NRW on behalf of Welsh Government outlining environmental trends
- strategic **assessment** prepared in accordance with regulations under that section relating to the reduction of reoffending in the local authority area;

Where relevant these are referenced in the body of this assessment report. However, to avoid duplication links to these and other relevant existing information are available in the bibliography and additional document list.



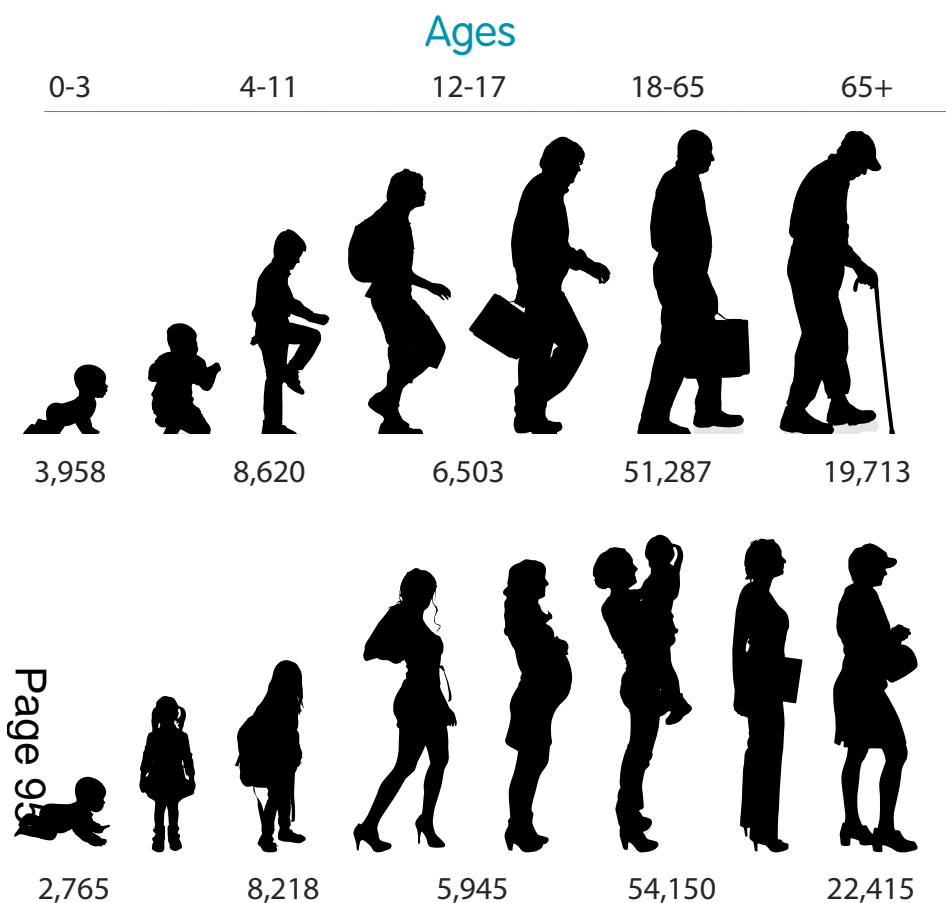
*Responses to the well-being survey question...*

**"Tell us in key words what well-being means to you..."**

## Carmarthenshire Context

Around 185,100 people currently live in Carmarthenshire making it the county with the 4th highest population in Wales. 76% of the population of Carmarthenshire were born in Wales and just 1.9% are from non-white ethnic backgrounds. In line with trends across Wales, Carmarthenshire has an ageing population with over 40's accounting for 56% of the population and over 65's for 23%.

This trend is set to continue with projections suggesting that increases in overall Carmarthenshire population to 2021 will be primarily in the 65+



age group. This will impact understandings of well-being within the county and impact how we work to maximise positive experiences.

The Carmarthenshire population is one of the sparsest in Wales at just 78 people per km<sup>2</sup> who live across a diverse County of both urban and rural communities. There are three major towns of Llanelli, Carmarthen and Ammanford which are home to 25% of the population.

60% of the population live in rural areas which form 53% of the County geographically according to the Rural Development Programme definition. The remaining 40% of the total County population all live within 400m of natural or semi-natural green space. Carmarthenshire has a diverse range of scenic and historic attractive landscapes, from open uplands to rolling lowland farmland. These local landscapes contribute to a sense of pride, culture and local identity. People's experience and interaction with the environment can also positively affect health and well-being. Carmarthenshire's natural beauty, cultural heritage and tranquillity provide opportunities and benefits for healthy communities, recreation, tourism and economic activity.

The county has many varied natural environments, including rivers, lakes, estuaries, beaches and woodlands which provide vitally important benefits for the well-being of local communities and the wider population. These include access to drinking water, spaces for recreation and relaxation, income generation from business, industry and tourism, biodiversity, ecological connectivity, climate regulation, improvement of air quality, carbon storage and opportunities for green energy production.

Both the afon Teifi and afon Tywi provides drinking water for almost a quarter of the population of Wales, we have one of only 3 National Parks in Wales, Brechfa and Tywi forest produce a significant percentage of Wales annual timber supply. Dinefwr Park is recognised not only for its Capability Brown designed landscape but also as being the second most important place in England and Wales because of the assemblage of lichens and mosses found there – a natural indicator of good air quality.

The county has over 6,200 registered agricultural holdings managing some

210,500 ha of land, with 1400 of these being over 50ha (125 acres) in size emphasizing the importance of agriculture within the county. If these environments are not healthy and resilient, they may not be able to deliver the services that we rely on for our wellbeing in future. In Carmarthenshire, ecosystem pressures range from climate change and continuing development, to agriculture and afforestation. Conversely, there are over 3800 low energy generation projects and increasingly high levels of recycling across the county demonstrating a commitment to protect and enhance the natural environment.

The survey identified a strong relationship between residents' well-being and their surrounding environment although the exact nature of the relationship varies across age groups and community areas from providing recreational opportunities, to psychological positivity, health benefits and a connection to heritage and culture, all of which will be explored throughout this report. However, rurality can also pose challenges to well-being such as access to services and digital access which can impact both social and economic well-being.

As a largely rural county, Carmarthenshire may be disproportionately affected by both positive and negative impacts of climate change as explored in the [Climate Change Risk Assessment for Wales](#). By 2050 winter rainfall is predicted to increase by 14% and summer rainfall to decrease by 16% which may increase the likelihood of flooding in the county, particularly in inland rural areas already subject to flooding as a result of surface run off water. Even modest flooding events can significantly impact on the physical and mental wellbeing of the individuals affected for many years after the actual flooding event and the worst effects of flooding are often felt by the more vulnerable in society.

Rising sea levels are anticipated to impact not only the 5,587 properties in Carmarthenshire already at risk of tidal and rising river level flooding but additional properties along the county's coastal and river communities. Conversely potential impacts such as a rise in grassland productivity and extended tourist seasons are also likely to impact Carmarthenshire. It is important that we are able to harness the positive and mitigate the

negative consequences all of these issues for the economic, environmental, cultural and social well-being of individuals and communities affected (Wallingford, 2012).

Environmental issues such as quality and availability of water, productive land and air quality for example underpin current and future well-being and details of these levels in Carmarthenshire alongside environmental maps and other resources are available in the Natural Resources Wales (NRW) [Evidence Pack for Carmarthenshire](#). The physical environment is also significant for Carmarthenshire which has strong infrastructure to support tourism and increase access to employment opportunities.

For the purposes of this assessment, six community areas have been identified across Carmarthenshire based on Upper Super Output Areas (USOA's), a map of which can be found [here](#). Where relevant this assessment will highlight key issues affecting community areas and any significant differences between them. For example Carmarthenshire has the highest number of Welsh speakers in Wales with 78,000 people reporting they could speak Welsh in the 2011 Census, which increased to 80,700 people in the Welsh Language Use Survey 2015.

However there are differences between community areas within the county with over half the population of community area 3 being Welsh speakers compared to 25% of the population of community area 6. This is consistent with the findings of the Well-Being survey in which 47% of respondents stated that they can speak Welsh with 44% of respondents in community area 4 agreeing that the language gives them a sense of identity compared to 28% of respondents in community area 6. Full demographic and contextual information on each ward in Carmarthenshire is available [here](#).

36% of households across the county can be said to be living in poverty based on the Welsh Government definition of poverty as "households with less than 60% of the GB median income", making Carmarthenshire levels the 8th highest in Wales. In addition, measures of the Wales Index of Multiple Deprivation (WIMD) 2014 indicate significant variance in the level



of deprivation experienced across community areas. Community area 6 is the most deprived in Carmarthenshire featuring across all but two WIMD measures; namely housing and access to services.

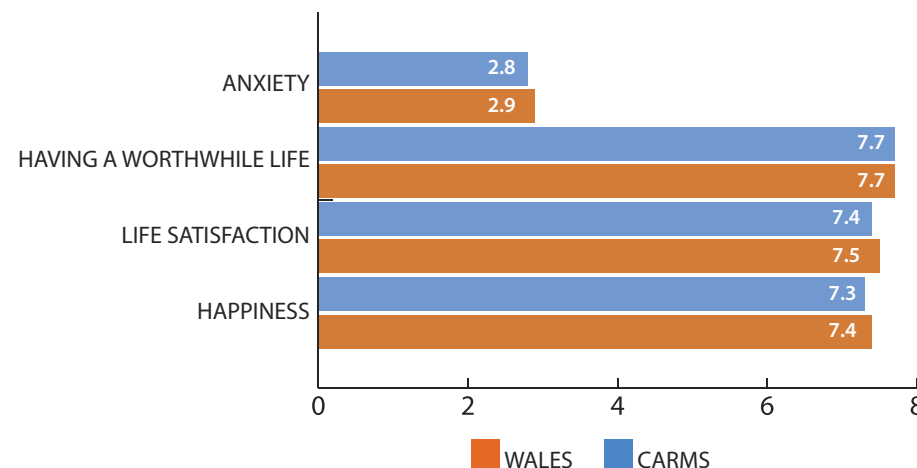
As a result 22% of the community area is listed in the top 10% most deprived areas in Wales and 72% within the top 50%. This is significantly above any of the other community areas with the exception of community area 2 which makes up 71% of the 10% most deprived areas in Wales under the access to services measure.

Poverty and deprivation have serious detrimental effects across all aspects of well-being. It limits the opportunities and prospects for children and young people, damages the quality of life for families and communities and harms the health and life expectancy of far too many. Poverty can be a barrier to full participation in society and is too often an intergenerational experience which poses a significant threat to experiencing positive well-being both now and in the future.

According to findings of the Office for National Statistics (ONS) the areas of well-being which have most significantly improved in recent years across the UK have been dominated by the improving economic picture and closely followed by improved use of renewable energy sources and its positive impacts on the environment.

Despite continued improvements to the number of years we can expect to live in good health, the indicators for satisfaction with health and the proportion reporting some evidence of psychological ill health have both worsened. Carmarthenshire is no exception, reporting average levels across psychological well-being indicators as illustrated in the following graph.

## ONS Well-Being Findings



In addition to reductions in positive psychological health ONS found that fewer people felt they belonged to their neighbourhood/community compared to one year earlier.

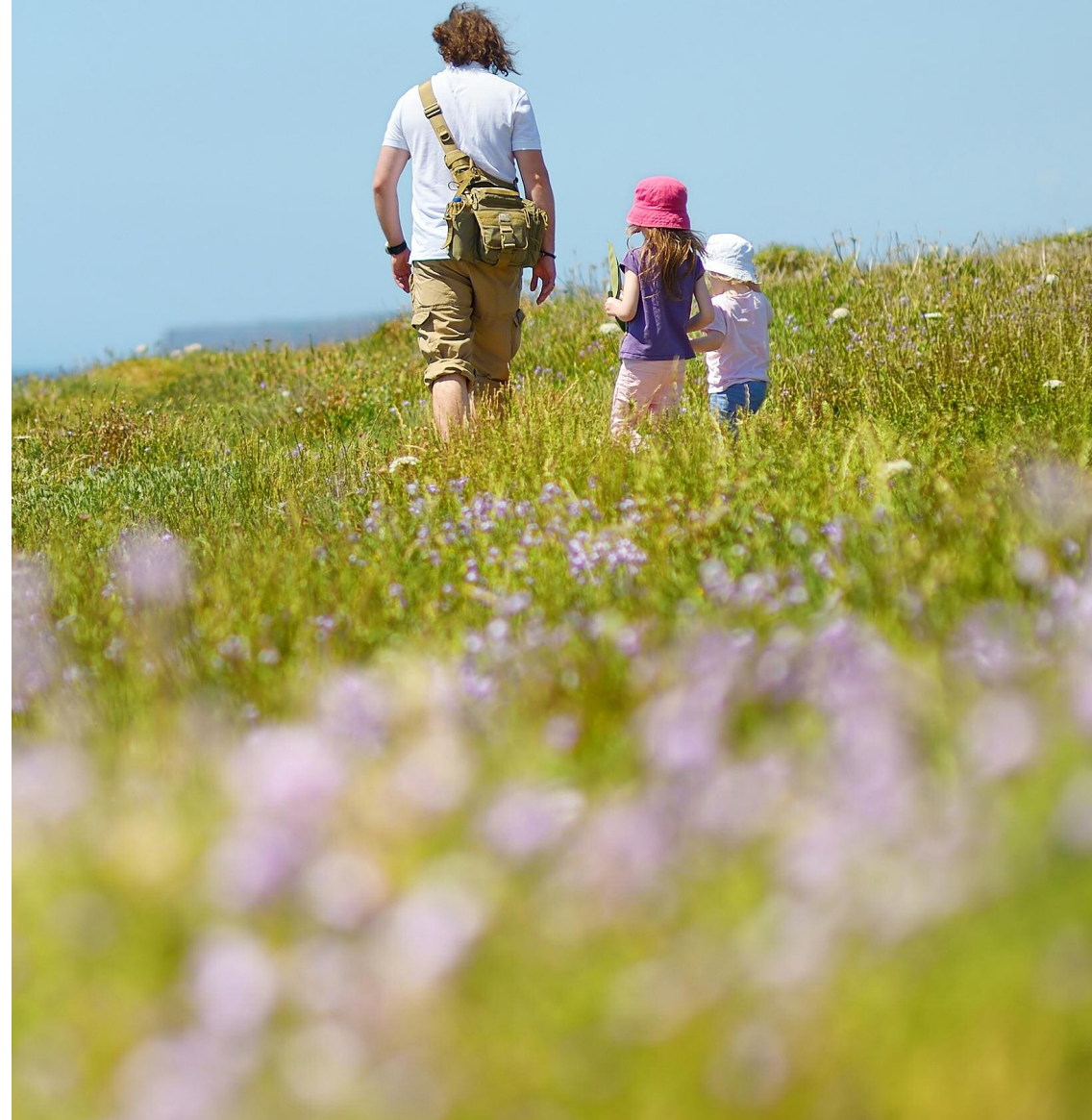
As part of the new Well-Being of Future Generations (Wales) Act 2015, Welsh Government have introduced a suite of 46 National Well-being Indicators to measure progress against the 7 national well-being goals. Although these are national measures intended to progress overall levels of well-being across Wales, Carmarthenshire PSB has undertaken an exercise to assess current performance against these well-being measures to provide clearer insight into levels of well-being in our county.

At November 2016, Carmarthenshire currently has four measures in the red zone (amongst the worst results in Wales) including 'transport CO2 emissions per capita' and '% of properties with a high or medium risk of flooding' as further explored in the NRW Pack for Carmarthenshire. There are twelve measures in the green zone (amongst the best results in Wales) including '% who feel their local area is well-maintained' and '% of dwellings

(those that are assessed by LA) which are free from hazards'. A number of measures have seen a significant change in year on year results, for example the difference in gender pay has increased from £16 in 2014 to £89 in 2015 therefore moving from the lowest in Wales (1st position) in 2014 to 13th in Wales in 2015.

A full matrix of Carmarthenshire's performance against the National Well-Being Indicators and explanatory notes are available on the [PSB website](#).

| National Wellbeing Indicators - Baseline data @ November 2016   |   |                       |  |        |                  |               |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |  |
|---|---|-----------------------|--|--------|------------------|---------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|--|
| Carmarthenshire's most recent performance ranked in relation to other Welsh Counties  |   |                       |  |        |                  |               |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |  |
| Arrows show the movement in ranking position (Improvement: Green) or (Decline: Red) from the previous year's available data |   |                       |  |        |                  |               |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |  |
| Ref No.   | PI Definition   | Year 10               | Information Source   | Bottom | Bottom to Middle | Middle to Top | Top  |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |  |
| 1   | % of low birth weight babies  | 2015 (2014)           | Public Health Wales (Healthcare Wales) (CPS)               | 6.6    | 6.3              | 6.1           | 6.0  | 5.4  | 5.5  | 5.3  | 5.3  | 5.2  | 5.0  | 5.0  | 5.0  | 4.9  | 4.7  | 4.7  | 4.6  | 4.5  | 4.5  | 4.4  | 4.4  | 4.2  | 4.0  |  |
| 2a  | Male Life expectancy at birth and at age 65   | 2012-14 (2011-13)     | Annual Health Statistics (CPS)                             | 78.2   | 77.0             | 77.2          | 77.2 | 77.3 | 77.8 | 78.0 | 78.0 | 78.0 | 78.1 | 78.2 | 78.5 | 78.7 | 78.9 | 79.0 | 79.1 | 79.6 | 79.7 | 80.0 | 80.5 | 80.6 | 80.7 |  |
| 2b  | Male inequality gap in life expectancy (95% Slope Index of Inequality in years)           | 2010-2014 (2008-2009) | Wales NHS  | 11.0   | 11.0             | 11.0          | 9.9  | 9.6  | 8.4  | 8.4  | 8.1  | 7.8  | 7.8  | 7.6  | 7.6  | 6.8  | 6.7  | 6.3  | 6.2  | 5.6  | 5.1  | 4.3  | 3.4  | 3.1  |      |  |
| 2c  | Female Life expectancy at birth and at age 65   | 2012-14 (2011-13)     | Annual Health Statistics (CPS)                             | 80.3   | 80.5             | 80.9          | 81.2 | 81.3 | 81.5 | 81.6 | 81.7 | 81.8 | 82.4 | 82.4 | 82.5 | 82.5 | 82.9 | 82.9 | 83.0 | 83.2 | 83.3 | 83.5 | 83.7 | 84.1 | 84.1 |  |
| 2d  | Female inequality gap in life expectancy (95% Slope Index of Inequality in years)         | 2010-2014 (2008-2009) | Wales NHS  | 9.5    | 9.2              | 8.4           | 8.3  | 7.4  | 7.2  | 7.1  | 7.0  | 7.0  | 6.7  | 6.6  | 6.4  | 6.3  | 4.8  | 4.7  | 4.2  | 3.7  | 3.7  | 3.6  | 3.5  | 2.3  | 1.2  |  |
| 2e  | Male Healthy Life expectancy at birth and at age 65                                       | 2010-2014 (2008-2009) | Wales Government - Data Wales                              | 59.6   | 61.1             | 61.2          | 61.5 | 61.9 | 63.1 | 63.4 | 65.4 | 65.5 | 66.6 | 66.8 | 66.9 | 67.2 | 67.5 | 67.7 | 67.7 | 67.9 | 68.2 | 68.2 | 68.2 | 69.8 |      |  |
| 2f  | Male inequality gap in Healthy Life expectancy (95% Slope Index of Inequality in years)   | 2010-2014 (2008-2009) | Wales Government - Data Wales                              | 24.4   | 21.9             | 21.5          | 20.9 | 18.2 | 16.9 | 16.0 | 15.5 | 15.1 | 15.0 | 14.8 | 14.6 | 13.0 | 12.7 | 11.9 | 11.8 | 11.6 | 10.4 | 10.4 | 10.1 | 9.3  | 9.2  |  |
| 2g  | Female Healthy Life expectancy at birth and at age 65                                     | 2010-2014 (2008-2009) | Wales Government - Data Wales                              | 59.3   | 61.5             | 62.4          | 62.9 | 63.7 | 64.3 | 64.4 | 66.8 | 66.8 | 67.1 | 67.2 | 67.7 | 67.8 | 68.7 | 68.7 | 68.9 | 69.0 | 69.1 | 69.7 | 70.7 | 70.9 | 71.1 |  |
| 2h  | Female inequality gap in Healthy Life expectancy (95% Slope Index of Inequality in years) | 2010-2014 (2008-2009) | Wales Government - Data Wales                              | 23.4   | 21.8             | 20.5          | 20.1 | 18.4 | 16.9 | 16.5 | 16.3 | 16.2 | 15.2 | 14.6 | 14.4 | 13.7 | 13.5 | 13.3 | 12.5 | 12.3 | 11.9 | 11.1 | 7.0  | 6.8  | 6.7  |  |
| 3a  | Percentage of adult smokers   | 2014 & 15 (2013 & 14) | Wales Health Survey 2014 & 2015                            | 26     | 25               | 24            | 24   | 22   | 22   | 22   | 21   | 21   | 21   | 20   | 20   | 20   | 19   | 19   | 18   | 18   | 18   | 17   | 16   | 16   |      |  |
| 3b  | Percentage of adults who are overweight or obese  | 2014 & 15 (2013 & 14) | Wales Health Survey 2014 & 2015                            | 67     | 64               | 63            | 62   | 62   | 62   | 61   | 61   | 61   | 60   | 60   | 58   | 58   | 58   | 57   | 56   | 55   | 54   | 53   | 53   | 52   |      |  |
| 3c  | Percentage of adults who reported exercise of physical activity for more than 150 mins    | 2015                  | Wales Health Survey 2015                                   | 51     | 51               | 52            | 52   | 52   | 53   | 55   | 55   | 57   | 57   | 59   | 60   | 60   | 61   | 62   | 62   | 63   | 63   | 63   | 65   | 66   |      |  |
| 3d  | Percentage of adults who drink more than the recommended guidelines                       | 2014 & 15 (2013 & 14) | Wales Health Survey 2014 & 2015                            | 46     | 45               | 42            | 42   | 41   | 41   | 41   | 40   | 40   | 39   | 39   | 39   | 39   | 38   | 38   | 38   | 38   | 38   | 37   | 37   | 36   | 35   |  |
| 3e  | Percentage of adults who eat the recommended guidelines of fruit and vegetables           | 2014 & 15 (2013 & 14) | Wales Health Survey 2014 & 2015                            | 26     | 26               | 27            | 28   | 28   | 30   | 30   | 30   | 30   | 32   | 32   | 33   | 33   | 33   | 35   | 35   | 35   | 36   | 36   | 36   | 37   | 39   |  |
| 5a  | Proportion of children aged 4 to 5 years who are overweight or obese                      | 2014/15 (2013/14)     | HM Government, using Child Measurement Programme data      | 31.7   | 30.7             | 30            | 30.2 | 29.6 | 28.7 | 28.6 | 28.5 | 27.4 | 27.3 | 27.2 | 26.9 | 26.6 | 26.3 | 25.9 | 25.5 | 25.2 | 24.8 | 23.6 | 22.4 | 21.1 | 17.0 |  |
| 5b  | Proportion of people aged 16 and over who are overweight or obese                         | 2015                  | Department for Health, using Health Survey for England     | 42.8   | 43.0             | 43.9          | 45.0 | 46.6 | 46.6 | 46.6 | 47.7 | 47.3 | 48.1 | 48.2 | 48.7 | 48.8 | 49.0 | 49.1 | 49.9 | 49.9 | 51.6 | 52.3 | 54.1 | 54.7 |      |  |
| 7   | Percentage of people achieved the Level 2 threshold in reading, writing or maths          | 2015/16 (2014/15)     | HM Government, using Adult Literacy and Life Skills Survey | 47.7   | 51.9             | 52.1          | 52.6 | 54.2 | 54.2 | 54.2 | 54.6 | 56.1 | 56.7 | 56.9 | 58.4 | 59.3 | 59.7 | 60.8 | 61.1 | 62.7 | 63.3 | 63.9 | 64.0 | 64.9 | 66.9 |  |
| 8a  | % Adults with no qualification  | 2015 (2014)           | Wales Government - Data Wales                              | 20.7   | 15.9             | 14.7          | 14.4 | 12.4 | 12.2 | 11.4 | 11.0 | 10.5 | 10.5 | 10.3 | 8.7  | 8.4  | 8.1  | 8.0  | 7.9  | 7.8  | 7.1  | 7.0  | 6.6  | 6.5  | 6.3  |  |
| 8b  | % Adults who are qualified to below NCF level 2 and no higher                             | 2015 (2014)           | Wales Government - Data Wales                              | 17.7   | 16.8             | 16.4          | 16.3 | 15.9 | 15.7 | 15.4 | 15.1 | 14.9 | 13.9 | 13.6 | 13.3 | 13.0 | 12.8 | 12.5 | 12.4 | 12.1 | 11.2 | 10.9 | 10.7 | 10.0 | 9.9  |  |
| 8c  | % Adults who are qualified to at least NCF level 2 and above                              | 2015 (2014)           | Wales Government - Data Wales                              | 63.9   | 67.9             | 70.3          | 70.4 | 72.7 | 72.7 | 73.1 | 73.7 | 74.6 | 75.3 | 75.4 | 76.2 | 77.7 | 78.4 | 79.4 | 79.9 | 80.4 | 80.9 | 81.4 | 82.1 | 82.9 | 83.6 |  |



# New Beginnings

## Welcome to the world

Adverse socio-economic circumstances have a cumulative effect throughout the life course (Scottish Government, 2008). A baby's earliest experiences will shape their brain development, and have a lifelong impact on their mental health and well-being. As such there is often strong correlation between a person's life course and factors at play before and shortly after they are born.

For example low birthweight can result in health and social disadvantages not only in childhood but also in adult life (Scottish Government, 2008). Although remaining relatively low the number of low birthweight babies in Carmarthenshire has risen in recent years alongside a similar increase in the number of adults who smoke in the county which is the largest modifiable risk factor for low birthweight; exposure to tobacco smoke.

Likewise research indicates the importance of a stress-free environment during pregnancy for mother and baby as high cortisol levels released in response to stressful experiences and trauma before birth can have a significant effect on the child's long term outcomes (Yehuda, 2005).

Infant mortality rates in Carmarthenshire have remained consistently below the Welsh average since 2008. However studies have shown that infant and perinatal mortality rates in general are comparatively higher for low income families where increased levels of deprivation, more manual occupations and poorer maternal health affect the physical well-being of the mother and therefore the child.

This trend is also evident when looking at comparisons of healthy life expectancy between the least and most deprived communities in Carmarthenshire. Where there is a 10.6 year difference in years of healthy life expectancy for males and 12.5 years difference for females depending on the socio-economic environment they live in.

According to the Public Health Wales Coverage of Vaccination Evaluation

Rapidly (COVER) annual **report**, 94% of Carmarthenshire's children were up to date for their 1st MMR and 91.3% for their 2nd in 2015-16, which is below the Welsh Government target of 95%. Vaccines have reduced and, in some cases, eliminated many diseases that killed or severely disabled people just a few generations ago therefore ensuring babies and children have the appropriate vaccinations is not only crucial for that individual child's well-being but is also vital for securing the well-being of future generations. For example, by vaccinating children against rubella, the risk that pregnant women will pass this virus on to their foetus or new-born has been dramatically decreased, and birth defects associated with that virus are rarely seen in the developed world.

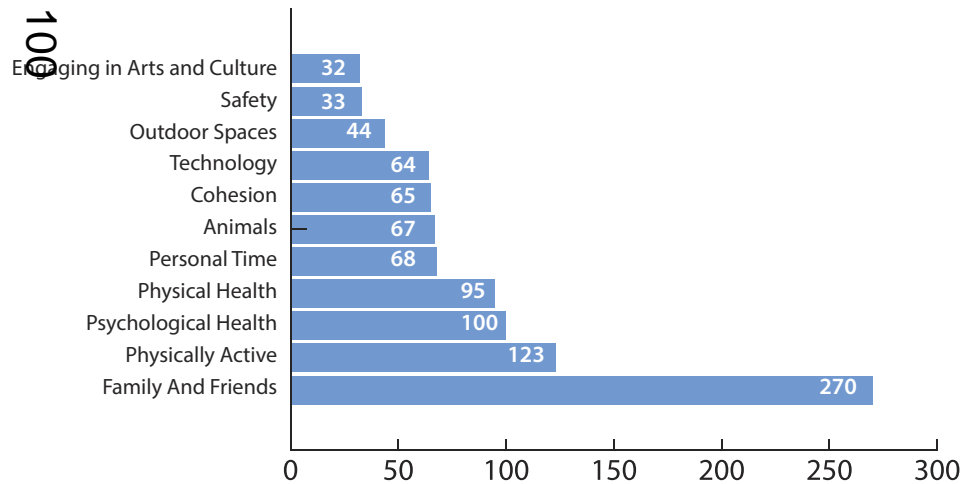
## The foundation of family

Families are the founding environment that we all experience as individuals and as such the well-being of the family as a unit has a huge influence on the well-being of the individuals within it.

Research has shown for example that antenatal classes which focus on preparing parents for the changes and challenges of parenthood as well as the birth itself have resulted in more positive outcomes for mother and baby, through improving maternal knowledge and confidence therefore having a positive impact on the families' psychological well-being (Spinelli, 2003). This demonstrates the importance of support networks, early intervention and education in fostering positive family relationships at this early stage.

The importance of family in positively influencing well-being is evident in findings from primary engagement activities delivered as part of this assessment. Family and friends were overwhelmingly identified as the most important factor in experiencing positive well-being by over 500 adults and children taking part in an exercise which asked "what does well-being look like for you" and "what do you want [well-being] to look like in future"

## Thematic Responses



### “What does well-being mean to you”

– responses from 6–11 year olds gathered during primary engagement exercise

Although under Pareto’s principle relationships with family and friends fall within the 80% responsibility of the self, we must recognise the role of the wider community in fostering a connectedness that will support the resilience of babies, young children and their families. This is particularly important in terms of supporting children who may not experience a traditional family environment.

“My well-being is making sure my family is okay and enjoying life with family and friends”

## Equal and ambitious start in life

The early years have recently been called the ‘foundation years’ because they create the foundations on which the rest of life is built and they remain the time when we have most opportunity to make a difference.

Not all children have the same start in life and too many are born into circumstances that make it harder for them to thrive. Interventions such as ‘Flying Start’ have been highly effective in communities of higher deprivation and currently offer parenting classes and courses as well as a network of support to 2054 children, parents and families in Carmarthenshire (Nov. 2016). For example the percentage of ‘Flying Start’ children reaching or exceeding their development milestones in Carmarthenshire at age 2 is 65% which is higher than the Wales average of 53%. Likewise the percentage of ‘Flying Start’ children aged 3 reaching their developmental milestones in the county is 80% compared to 51% average for Wales.

To ensure that all people in Wales are able to reach their full potential, they need to have equality of opportunity. This means addressing not only social and economic inequality but also environmental inequality. Environmental inequalities may be defined as the unequal impact of environmental influences on health and well-being or the unequal access to ecosystem services.

These environmental influences include early-years education or care settings, housing, public spaces, environmental planning, travel and transport, access to nature and environmental problems, such as poor air quality or climate change causing increased energy costs.

As well as ensuring children have an equal start in life it is also important that families, communities and services work to ensure each child has the best possible start in life, equipping them with the right tools to develop themselves into thriving children, young people and eventually adults.

For example research indicates that bilingualism has a significant effect on cognitive skills and creativity with bilingual individuals outperforming

monolingual counterparts in cognitive processes such as memory reasoning, problem-solving and planning (Bialystock, 2011). In addition according to assessment survey results language was the second highest influence of positive cultural well-being after heritage / history, and had the most influence on well-being for residents of community area 3.

Therefore introducing children to the Welsh Language at an early age in Carmarthenshire can not only improve the development of their cognitive and creative functions but also help to build connections to the local community, culture and heritage. In Carmarthenshire there are currently 116 registered childcare settings providing registered Welsh medium places to 2,246 children. This also helps to ensure children have equal opportunities to engage with their culture from an early age which has significant positive impact for cultural and social well-being.

Likewise research by UNICEF, NHS and others, has found that benefits of breast feeding include improved child immunity, better digestive health, lower incidents of obesity and type 2 diabetes; and there are even findings indicating advantages in IQ and cognitive ability. In addition there are also benefits for the mother, including the reduction of stress levels and postnatal depression and reduced risk of breast and ovarian cancer. In Carmarthenshire, 63% of mums currently breast feed their babies which is higher than the Welsh average of 55%.

Attendance at a quality pre-school (aged 0-3) is also shown to improve outcomes for children throughout their life course. A longitudinal study funded by the Department of Education found benefits of pre-school attendance included more positive attitudes towards education, improved social behaviour, higher attainment and a reduced risk of worried behaviour. The study found this was particularly significant for children from disadvantaged backgrounds, children with Special Educational Needs and boys aged 11 (Taggart, 2015).

Additional research by the Institute of Fiscal Studies (IFS) also identified that children who had attended pre-school are likely on average to earn around £27,000 more over their working life than children who do not

experience pre-school environments (Cattan, 2014). This demonstrates a positive influence over social and economic well-being not only now but in the future emphasising the important contribution to well-being of pre-school settings.



# Childhood

## Strong foundations

Research by The Institute of Education suggests that attending a good pre-school and primary school can have more impact on children's academic progress than their gender or family background (Taggart, 2015). Three quarters (76%) of Carmarthenshire's primary schools are classed as "green" (best performing in Wales) or "yellow" (effective) schools under the Welsh Government's School Categorisation with none in the red (in need of improvement) category. 87% of children achieved expected outcomes at Foundation phase and 89% at Key Stage Two. Studies have shown that emotional well-being and good attention skills are important factors in academic progression at primary school level and into the future.

Experiences and engagement at primary school level set the tone for future academic development and progression and formulate our conceptions of social interaction (Gutman, 2012). It is therefore paramount that we create school environments that nurture children's behavioural and educational attributes from early on as this can impact well-being across the spectrum for children as they grow. In addition we must consider how we can help to replicate the positive elements of the school environment for well-being for the 240 children who are currently home schooled in Carmarthenshire (Nov.2016).

This is particularly important for children who experience **Adverse Childhood Experiences** (ACE's) which are stressful experiences occurring during childhood that directly hurt a child or affect them through the environment in which they live including abuse and neglect, parental separation, exposure to domestic violence, substance misuse and childhood illness/bereavement for example. We need to seek to build healthy relationships, families and communities. During school years, children experiencing ACEs may display a heightened emotional state of anxiety and consequently be distracted from educational pursuits, resulting in poor educational attainments.

In these circumstances schools can have a key role to play in supporting pupils through traumatic experiences. Findings from 2013/14 Pupil Voice survey in Carmarthenshire show that 99% of primary school children involved in the survey felt safe in their school environment and 97% knew who to talk to if they were worried or upset. This support can help address and reduce the effect of ACE's which can have serious long term effects for an individual including increased risks of drug abuse, imprisonment, violence and poor overall adult health.

There are 215 Looked After Children (LAC) in Carmarthenshire. These children are more likely to have been exposed to multiple risks associated with poor long term outcomes before entering care (Jones, 2011). Entering care is strongly associated with poverty and deprivation including low income, parental unemployment and relationship breakdown, with over 60% of children being in care because of abuse or neglect (Department of Children, 2008).

Consequently LAC are more likely to experience educational, behavioural, physical and psychological problems (Meltzer, 2003) which have negative impacts for short and long term well-being. Additional intervention and support may be necessary to ensuring positive outcomes for LAC, likewise for those 24 children on the Child Protection Register (Stats Wales) and 250 Children in Need in Carmarthenshire.

Bullying also affects young people's mental health, emotional well-being, sense of self and their ability to connect to society which, if extreme and sustained enough can have lifelong consequences. In addition the complicated bi-directional nature of mental health and bullying, i.e. some young people are bullied as a result of their mental health issues and some young people develop mental health issues as a consequence of being bullied, means that some of the most vulnerable children are at increased risk of long term impacts. According to the Pupil Voice survey 93% of pupils felt the school deals well with bullying.

20% of children in Carmarthenshire are living in poverty which is 2% below the Welsh average. 62% of these children are aged 0 -10, falling to 25% aged 11 – 15 and further to 13% aged 16 - 19. This suggests that parents with young families need more support to make ends meet and may find having a young family presents additional barriers to improving economic

well-being for example financing childcare which enables them to work. The latest **childcare sufficiency assessment** for Carmarthenshire identified that cost was the most important factor identified by those not accessing childcare and that 44% of childcare is provided by friends and family during term time dropping slightly to 43% during school holidays, which is an increase of 7% from the previous assessment. Given the recognised social development gained through interaction with other children a lack of exposure to childcare settings may also have a negative impact on children's short and long term social well-being and levels of cohesion within communities.

At 14.8% the number of children living in workless households is slightly higher than the Welsh average of 14.6%. Research shows that children growing up in workless households experience consistently poorer outcomes than their counterparts whose parents are always working in relation to educational attainment and cognitive ability. Those whose parents had been out of work for two or three years while they were growing up spent more time not in education, employment or training between ages 15 to 18 than children from households of different employment compositions (Schoon, 2012).

However longitudinal evidence indicates that there are often a number of risk factors at play which create negative outcomes and well-being for children from workless households. It is therefore important that we view these issues in context to gain a holistic understanding and therefore develop accurate responses and preventative measures to challenges posed to the well-being of children now and in future.

## Growing up healthy

Carmarthenshire is the third worst county in Wales for levels of childhood obesity with 30.7% of 4-5 year olds being overweight or obese, almost 5 percentage points higher than the Welsh average of 26.2%. **Daffodil** projections suggest an increase in trends for childhood obesity going forward with figures showing males between the ages of 2 – 15 being at greatest risk. There is a strong link between childhood and adulthood obesity and many of the associated chronic health problems such as Type 2 diabetes and coronary heart disease are likely to continue to also increase in the future therefore posing threats to the well-being of children now and in later life (PHW, 2015).

Obesity is more prevalent in disadvantaged communities and European research suggests increased prevalence in rural areas, although research in the UK has found no significant association. However there is some evidence that people who do engage in the natural environment are less likely to be overweight (Lovell, 2016). Given Carmarthenshire's extensive natural assets and the additional positive effects on psychological and cultural well-being the environment offers, the promotion of opportunities to engage in the natural environment may be an area which can help improve well-being.

A fundamental means of tackling levels of obesity is engaging children in physical activity. Assessment engagement activity with primary school children showed being physically active to be the second most

**"I like to play rugby and I play for a team. It makes me feel like I'm fit and healthy."**

important factor for positive well-being of children aged 6 – 11, after connections with family and friends. The **Carmarthenshire school sports survey** 2015 identified similarly high levels of engagement in sport suggesting a positive relationship with physical activity.



The **Carmarthenshire Play Sufficiency Assessment** reported that 90% of children stated that playing makes them feel happy and 49% reported that play made them feel active. This shows that physical activity not only has positive impacts for physical well-being but also for psychological health. This is particularly the case for play and physical activity in outdoor environments. In addition competitive and/or team sports can help to build cohesive social behaviours and emotional resilience.

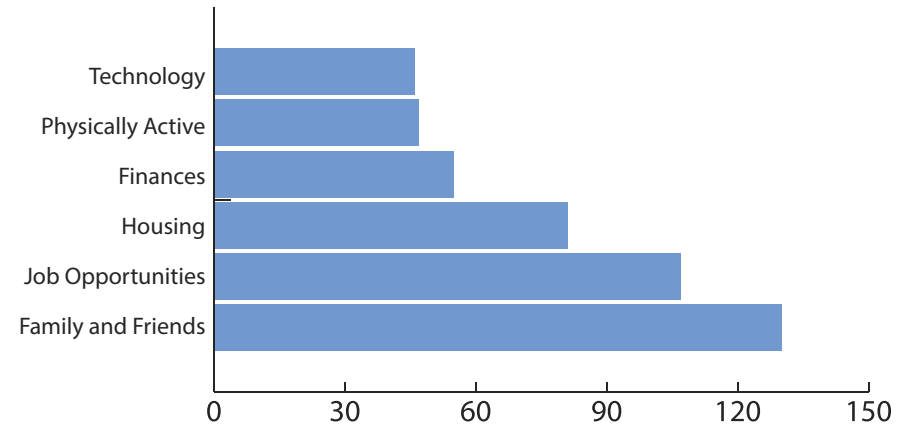
Engagement with primary schools identified a strong link between physical activity and opportunities to play in outside spaces, and to feel safe in that environment. This resonates with the findings of the Play Sufficiency Assessment which identified playing outside as the most popular setting for children but also found that 32% of parents worried so much about their child’s safety that it affected their children’s opportunity to play.

Opportunities to play outside are crucial not only for physical well-being but also mental well-being (Lester, 2010), cognitive development (Johnson, 2013) and a stronger sense of belonging (Alparone, 2012), as well as improved nature relatedness which in turn can reduce the mortality risks associated with income inequalities (Mitchell, 2008). Although Carmarthenshire has a wealth of natural green and blue spaces, accessibility can be limited and there is untapped potential for improving active travel networks, for example to allow safe walking and cycling between home, school and play.

At June 2016 only 82% of children aged 4 were up to date with their immunisation schedule and given the number of recent cases of Meningococcal within Carmarthenshire this reinforces the need to increase uptake to continue to provide protection to the individual as well as community immunity.

## When I grow up...

When asked what was important for maintaining positive well-being in the future the majority of responses given by 6-11 year olds were primarily concerned with having a family, a job and a home.



**“What do you want well-being to look like in future”** – responses from 6–11 year olds gathered during primary engagement exercise

Finances were also identified as a priority for the future in terms of having enough money to support themselves, likewise maintaining physical activity was important for young people. Young people also felt that technology had an important role to play in maintaining positive well-being particularly in relation to securing job opportunities with various respondents referencing careers relating to information technology such as you-tubers, game developers and internet companies. This is not surprising when children aged 5 – 16 spend an average of six and a half hours a day in front of a screen compared with just three hours in 1995 (Childwise, 2015).

**“I want to be a doctor. Have my own home. I want a good job that earns a lot of money. I want a happy family.”**



## Growing independent adults

The transition from childhood to adolescence is a challenging one which brings a number of changes and fluctuations in our experiences and understandings of well-being and its influences. A key part of adolescence is forging our identity and individuality which is influenced by a multitude of relationships, external factors, hormones, hobbies and interests. Having plenty of opportunities to gain new experiences and learn new things throughout adolescence was identified as an important aspect of positive well-being for young people participating in the Carmarthenshire Youth Council Annual Forum 2016.

**“Having good representatives who actually listen to what young people want to say”.**

In addition, opportunities to be involved and to be heard and listened to were deemed important to young people who expressed a strong desire to have some control and influence over decisions which affect them. Interestingly findings from the assessment survey found that most respondents did not prioritise having ‘opportunities to influence local decisions’ with the exception of those with caring responsibilities.

This may suggest that opportunities to influence decisions is important to well-being where there are specific needs at play which would be consistent with engagement findings that people are primarily concerned with access to and quality of services only when they are needed. However this contradiction could also be indicative of disenfranchisement of young people as they develop into adults as a result of feeling unheard or adequately represented during adolescence.

Findings from the School Health Research Network (SHRN) survey in Carmarthenshire, which collects primary data on health and well-being behaviours of secondary school children, showed that over 82% of boys and 85% of girls in years 7 and 9 were satisfied with their life. Just over 10%

of Carmarthenshire’s children have mental health issues such as stress, anxiety and depression, which is similar to the national average. The Good Childhood Inquiry by the Children’s Society (2008) found that 70% of children and adolescents who experience mental health problems have not had appropriate interventions at a sufficiently early age. However young people attending the Carmarthenshire Youth Council Annual Forum 2016 identified exam stress as the major cause of poor mental health, with young people expressing a desire for more support in dealing with this stressor. Results of the SHRN survey showed stress to peak at year 10 with a third of pupils on that year group feeling ‘a lot of pressure’ from school work.

Young people also identified a lack of sufficient support for both individuals experiencing poor mental health and for their peers which limits their ability to recognise and support young sufferers. Young people suggested increased “talking therapies” as opposed to medication would have a positive effect on social, psychological and emotional well-being of sufferers and those around them.

Recent research argues that it is the prevalence of social media that has likely led to a spike in mental health issues particularly in teenage girls and young women (DFES, 2016). This is consistent with findings of the SHRN survey which found girls consistently experiencing greater instances of cyber bullying than boys and at increasing rates from years 7 through to year 11. Instances of cyber related crimes involving persons under the age of 18 in Carmarthenshire have significantly increased in recent years with 331 instances to November 2016 compared to 225 to year end of the previous year.

The majority of young victims suffered sexual offences (47) or harassment (22) with the highest number of young offenders committing crimes relating to obscene publications. It is important that the potentially harmful impacts of the increasingly digitalised social environment are mitigated for young people whilst maximising the positive opportunities technology brings for well-being, learning and future prospects.

## Avoiding temptation and staying on track

Throughout adolescence, as curiosity meets opportunity, there are various experiences on offer to young people, not all of which can have positive outcomes or effects on well-being.

According to the SHRN survey, the highest reports of young people currently smoking at least weekly in Carmarthenshire were 8% of boys in year 9 and 19% of girls in year 11. Smoking amongst boys was more persistent throughout secondary school. In addition the highest number of students reporting having tried electronic cigarettes was over a third of girls aged 14 - 16. Smoking and the use of e-cigarettes were notably higher in responses from schools with a catchment area across Community Areas 4 and 6.

The SHRN also found that, at its highest, over a third of young people aged 11 – 16 reported drinking alcohol, increasing to over 80% during sixth form. The majority of 16 year olds stated that they got drunk for the first time at aged 15 which is also the age at which the majority of 16 year olds reported drinking for the first time.

Although there has been national concern about levels of alcohol related crimes and incidents involving young people, Carmarthenshire has seen a steady decline in the number of such reported incidents from 87 in 2014 to 49 in 2016. Both smoking and alcohol consumption can have serious impacts for health and well-being now and in the future and research suggests that the earlier onset of their use is often a predictor of increased use and even dependence later in life.

From January to November 2016, 16% of drug offences in Carmarthenshire involved an offender under the age of 18 with the majority of offences (102 crimes) relating to possession of cannabis. Furthermore 8% of year 7 boys reported being offered cannabis in the SHRN survey 2016 increasing to 36% in year 11. In addition roughly a quarter of young people aged 11 – 16 reported trying laughing gas, mephedrone or “legal highs”. Drug abuse can affect well-being in a number of significant ways with definitive links between individuals using cannabis and poorer school performance,

behavioural difficulties and becoming involved in criminality such as shoplifting, criminal damage and incidents of anti-social behaviour.

Young people expressed a strong desire to be independent and to take responsibility for themselves and their future which under Pareto's principle could be seen to fall within 80% responsibility of the self. However society and services have a significant role to play in helping young people to stay safe and supporting them to make informed decisions in order to maintain positive well-being throughout adolescence and into adulthood. Under Pareto's 80:20 ratio of responsibility between self and external factors can easily alternate throughout the turbulent period of adolescence.

## Making connections

‘Hanging out’ is a significant factor in young people experiencing positive well-being with 79% of young people stating that ‘hanging out’ made them feel happy in the Carmarthenshire play sufficiency assessment 2016. As previously discussed, relationships are a crucial part of well-being with 45% of young people identifying chatting and being with friends as something they enjoyed best followed by playing games (38%) and spending time with family (32.%) (CCC, 2016).

Important to building connections and relationships with others is removing stigma for groups such as asylum seekers, refugees, those with learning difficulties and minority groups who often find it more difficult to connect with peers and wider society, often suffering discrimination or racism. For example a report by The National Federation of Gypsy Liaison Groups and Anglia Ruskin University found that nearly 9 in 10 children and young people from a Gypsy, Roma or Traveller background have suffered racial abuse and nearly two thirds have also been bullied or physically attacked. Young people in Carmarthenshire identified tolerance and respect as a significant aspect of well-being, strongly emphasising the importance of understanding people's differences in building a better society for everyone.

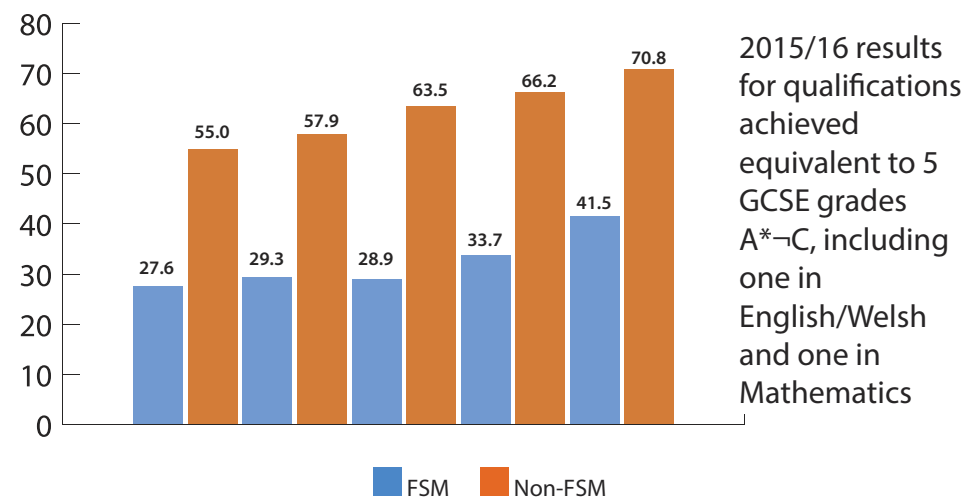
According to the 2011 Census, 1,803 young people (aged 0 – 24) were providing unpaid care in Carmarthenshire. In 2015/2016 75 young carers (under 18) were assessed by social services, of which 61 were provided with support (Stats Wales). Research has found that young carers can experience substantial physical, emotional or social problems, and encounter difficulties in school and elsewhere as their caring responsibilities often prevent them from engaging in traditional childhood experiences.

Social workers and teachers have been recognised as the people potentially most capable of identifying and supporting young carers, but young carers’ report that they consider themselves to be stigmatised by teachers and their peers, and feel that little support is forthcoming from schools. Research has shown that many young carers would like their problems and experiences to be valued, understood and recognised. They prefer support that is non-intrusive and provided by individuals and organisations other than statutory services.

**‘Work together to be more tolerant of difference in people and not be judgemental’**

## Broadening horizons

Carmarthenshire is the 7th highest performing authority in Wales for pupils achieving at least 5 GCSE’s A\*-C however there continues to be significance disparity between the performance of pupils eligible for Free School Meals (FSM) and the general cohort. Likewise just 46% of LAC attained the same qualifications. This highlights the potentially negative effect poor socio-economic and/or adverse childhood circumstances can have on young person’s outcomes.



At the 2016 Carmarthenshire Youth Council Annual Forum, pupils passionately highlighted education and opportunities as key factors for positive well-being now and in the future. In particular participants noted the importance of recognising that everyone learns differently and should be supported to do so, emphasising the importance of providing many options for learning to suit different learner styles. Young people also felt there was a lack of support and therefore knowledge around what choices were available to them at GCSE and A-Level which negatively impacted their well-being in terms of allowing them to “make informed decisions about [their] future”.

12.9% of Carmarthenshire's working age population currently have no qualifications however in the last three years no children have left compulsory education, training or work based learning without an approved external qualification in Carmarthenshire. Despite this 69 year 11 school leavers in 2016 were recorded as not in employment, education or training (NEET), which is an increase of 0.4% on the previous year. This demonstrates the importance of linking education to demands of the local labour market; details of which can be found in the [Regional Employment and Skills Plan 2016](#).

Retention of youth is a fundamental cornerstone of a sustainable economy and communities. However, more young people aged 15 – 29 left Carmarthenshire than entered in 2014-15, despite the County's university and further education campus's. This could be in part due to the sense of a lack of suitable job opportunities for young people in the County identified through the assessment survey. 50% of respondents aged 16 – 24 disagreed that there were suitable job opportunities for them in the local area.

Young people participating in the Youth Council Forum expressed a desire for more apprenticeships and companies taking on young people with a view to developing and training them. This stresses the significance of creating sustainable, quality and progressive jobs in Carmarthenshire to retain and attract young people to the County and which recognise that learning and development doesn't stop when you leave the school environment.



Things that are important to well-being. Responses from attendees of the Carmarthenshire Youth Council Annual Conference 2016

# Adulthood

## Making ends meet

The latest figures from CACI Paycheck 2016 show that the median income for Carmarthenshire is £23,825 which is the 7th lowest level in the whole of Wales. Income levels vary across community areas with the highest median income at £25,722 in community area 2, almost £5000 more than the median income for community area 6 which stands at £20,996. Unsurprisingly there is a similar disparity between levels of poverty across the community areas of Carmarthenshire with 31% of households in community area 2 living in poverty compared to 43% in community area 6.

Low income limits access to adequate housing, education and other services or facilities including essentials such as food, fuel and clothing. Poverty therefore has the ability to impact across areas of well-being.

Information from the Department of Energy and Climate Change shows that 21% of households in Carmarthenshire are not connected to a mains gas supply which is traditionally used as a measure of fuel poverty. This is particularly prevalent in rural areas of the county such as Community Area 2 where 44% of households are not connected to mains gas. In some smaller, more remote rural communities this increases to 98% of households (Carmarthenshire Rural Poverty Study, 2015).

As a result rural residents often have higher dependency on more expensive sources of fuel such as oil, which is still the main source of fuel for 20,194 homes across the county (Census, 2011) and can be particularly expensive in older homes with insufficient insulation. In addition 1821 households in Carmarthenshire are without any central heating system (Census, 2011). Living in fuel poverty can not only have detrimental impact on economic well-being but also on physical health with increasing numbers of excess winter deaths relating to cardiovascular and respiratory diseases being predominantly linked to the cold (Press, 2003).

Of the 110,300 working age population in Carmarthenshire 87,400 are economically active of which 70% (83,300) are in employment with primary

occupations being professional occupations (12,100), skilled trade (11,200) and caring, leisure and other service occupations (10,100). The majority of posts in Carmarthenshire

are full-time (65%) and the leading industries are agriculture, forestry and fishing, wholesale and retail trade repair of motor vehicles and motorcycles, human health and social work activities, manufacturing and construction. 15% of Carmarthenshire's residents work from home with 27% of the remaining workforce travelling less than 5km to work, 30% 10-30km and 4% over 60km with the majority of all commuters travelling by car.

Research has shown that shorter commutes have a positive effect for well-being, enabling workers to find greater balance between their work and home life (Dolan, 2008).

Survey respondents noted being valued, security of employment and feeling stimulated as very important to their well-being at work. Interestingly, responses suggest that levels of pay is considered to be much more important to those in the early stages of their career (25 – 35) than to those approaching retirement age. A similar trend is also evident in relation to security of employment, sense of achievement and socialising at work.

The divergence between the employment rate of disabled and non-disabled residents in Carmarthenshire is cause for concern with non-disabled persons almost twice as likely to be in employment than those considered as disabled under the Equality Act 2010. This poses a challenge to improving well-being as employment improves income and therefore economic well-being as well as social well-being through providing opportunities for socialisation, self-worth, improved health, development and social cohesion.

**“Working together to create and maintain a healthy environment. Lowering barriers in the community where we celebrate what we have in common rather than our differences”**

## Scaling down

Generally Carmarthenshire residents feel they live in cohesive communities with 83% agreeing that local people treat each other with respect and consideration and 87% that people from different backgrounds get on well together (NSW, 2015). This is important as cohesion was also identified as the primary factor for ensuring positive well-being in the future by adults participating in primary consultation with respondents identifying community resilience, togetherness and community ownership as important factors for improving well-being.

95% of respondents of the 2015 Citizen's Panel survey felt safe (56% very safe; 39% safe) in their local area during the day; contrastingly, 79% of respondents felt safe (27% very safe; 52% safe) after dark. The county remains one of the safest areas in the UK and Dyfed-Powys the safest Police Force area in England and Wales with the lowest crime rates.

Of the 22 local authority areas in Wales, Carmarthenshire continues to have one of the lowest number of crimes per 1,000 population, ranking 5th again with a rate of 43.78 crimes per 1,000 population. Just under 8000 crimes were reported in the county in 2015 which is a 12% increase on the previous year with the most significant increase being 60% increase in reported sexual offences (DPP, 2016). This change is a common experience across Wales and is predominantly a result of improvements in the way such issues are reported and dealt with. However it still raises concern particularly for the well-being of female residents not only in terms of social well-being but also the impact of such crimes on emotional, psychological and physical well-being. Feeling safe was considered a very important factor for social well-being by assessment survey respondents with 93% stating that feeling safe in their home was 'very important' to well-being and 89% that feeling safe in the community was likewise. Crime is changing; the emergence of more complex crimes is creating a shift in demand.

This combination of evidence suggests that there is a good basis in Carmarthenshire on which to build greater community cohesion, facilitate

citizen involvement in community safety and to support and empower communities to address their collective well-being and the well-being of those within the community.

Housing in Carmarthenshire generally consists of detached houses the majority of which are either owned outright or with a mortgage. In addition Carmarthenshire also has a large stock of social housing. Overall, assessment survey respondents felt that their home was in "a good state of repair" and "meets current needs". However fewer people felt that they "would be able to find suitable housing if they needed to move" with respondents of working age living in social or rented accommodation disagreeing outright with this statement.

This may reflect the insecurity of renting and potentially highlights inadaptability in the Carmarthenshire housing market in meeting the needs of modern life. Homelessness, and the risk of homelessness poses significant risk to a person's well-being, negatively impacting emotional, mental and physical health as well as indicating poor social and economic circumstances. How homelessness is measured has recently changed under new legislation which came into force in April 2015.

There are currently 191 people in Carmarthenshire with the highest level of homelessness need according to the new legislation however there are many more receiving assistance in the County with Housing Options Services providing early intervention to help those who are at risk of becoming homeless to consider the wide range of alternative options available to them.

## Time for yourself

Doing the things that make us happy is key to ensuring we have positive well-being, particularly in terms of our emotional and psychological state. According to survey responses, heritage and history, traditions and language are key factors in experiencing positive cultural well-being. There are plenty of opportunities for residents to engage in cultural activities in



Carmarthenshire and 60% of residents attend art events, 64% visit historical sites and 42% visit museums; all of which are above the Welsh average. However assessment survey findings show that 36% of respondents felt they were unable to engage in cultural activities as much as they would like to with reasons including lack of provision, affordability and personal circumstances such as ill health being cited. Most affected were respondents from community area 5 at 41% and disabled respondents at 56% highlighting a risk to the cultural well-being of these groups in Carmarthenshire.

Two thirds of Welsh speakers have the opportunity to speak Welsh everyday which is important given that 85% of survey respondents whose first language is Welsh felt that the language gave them a sense of identity and 67% a sense of inclusion.

28% of Carmarthenshire's adults suffer from mental health issues, slightly above the Welsh average of 26%. Poor psychological and emotional well-being can act as a barrier to full participation in society. Issues such as confidence, anxiety, fatigue and stigma can limit an individual's capacity to interact with others or to find work for example.

Studies have shown that connection to the natural environment can have positive outcomes for attention, sadness and psychological stress in adults, similar to the positive cognitive influences for children (Lovell, 2016). The county offers a huge range of recreational spaces and activities for all abilities and there is undoubted potential for much greater use of green and blue spaces for recreation, physical activity and mental health and well-being. While Carmarthenshire has a wealth of green and blue spaces, some of which are considered important on a national and international scale (including 88 sites of special scientific interest) accessibility can be limited for the wider population. There are plenty of opportunities to improve access and active travel. Equitable access to the countryside, water and green space close to where people live is increasingly important, providing health, economic and social benefits for communities and businesses.

Carmarthenshire also has relatively good air quality, with the exception of a few congestion hotspots around major towns, which can have positive impacts for those with pre-existing respiratory illnesses (WHO, 2013). People's appreciation of and connections with nature are fundamental to their health and well-being and a biodiverse and resilient natural environment underpins our quality of life, providing the ecosystem services (such as clean water and air) on which we all depend.

Given the largely rural nature of the county and the availability of urban green space in the county's towns in the form of parks and allotments, there may be opportunities to increase engagement with nature, in order to address levels of poor mental and physical well-being in the county. Responses from the assessment survey showed that a clean environment is important to well-being and that residents are concerned with preserving and enhancing the local environment although primarily in relation to localised issues such as fly tipping, littering and recycling.

Crucial to ensuring individuals are able to partake in pursuits that improve well-being be it work, art, sports, the outdoors or family activities is time. Being able to create a sense of balance in life was identified as an important factor of positive well-being through primary consultation and feeling unable to establish such a balance is commonly linked to stress and anxiety therefore negatively impacting emotional and psychological well-being.



## Older People

Carmarthenshire's highest net migration is for ages 44–64 suggesting an attraction to the County for those looking towards retirement. Therefore we need to ensure we harness the wealth of experience and knowledge they bring with them whilst enhancing the attributes and opportunities they believe Carmarthenshire has for experiencing positive well-being in later life.

## Older and Wiser

For older respondents of the assessment survey who are employed, feeling stimulated and using their skills were much more important to positive well-being in work than wage levels or job stability. This may be, in part, due to stable economic circumstances as a result of lifelong work or to the fact that on entering retirement the consistent social interaction and feeling of worth provided by paid work is difficult to maintain. Interaction and opportunities to socialise within the community can therefore be of paramount importance to maintaining well-being in later life. This is reflected in findings from the assessment survey in which respondents of retirement age (65+) identified that 'feeling part of a community' was significantly important to their well-being. Creating sustainable and resilient communities which provide opportunities for the whole population to come together can help reduce instances of loneliness and isolation which are commonly associated with mortality, morbidity, depression, suicide and increased service use. ([www.campaigntoendloneliness.org/threat-to-health/](http://www.campaigntoendloneliness.org/threat-to-health/))

It can also have a positive effect on the safety of older people within the community who are often targets for robbery, fraud or home repair scams for example. During a crime, an older person is more likely to be seriously hurt than someone who is younger and therefore there are consequences for their health, social and economic well-being as well as the general sense of well-being within the community.

Well-being is sustained through opportunities to stimulate body and mind. For example, life-long learning opportunities can be a means of replicating the social and cognitive well-being benefits of work as well as addressing potential risks of isolation or loneliness and helping with challenges such as digitalisation. However older people should not only be viewed as potential beneficiaries of life-long learning opportunities but also as providers and contributors. The skills gained through both working and life experiences are significant attributes that older people can share with society. Sharing this knowledge and experience provides opportunities for intergenerational connectivity therefore building community cohesion as well as improving the emotional and social well-being of older people who may otherwise feel outcast and undervalued by society. The importance of community and social groups for older people is evident in findings from the assessment survey with respondents of retirement age prioritising these as important to their social and cultural well-being.

As discussed throughout this report physical activity and engagement with the local environment are also significant contributors to positive overall well-being and older people are no exception. It is important that society recognise that older people, like the rest of the population come in a variety of shapes and sizes, with varying degrees of strengths, attributes and needs. It is important that opportunities to maintain and improve well-being are maximised for all and the benefits of maintaining a healthy, active lifestyle can be of significance for the older population and help to defend or fortify against the physical deterioration traditionally associated with age.

## Ageing Well

Health, as explored throughout this report, has a significant effect on well-being. We know from the 2011 census that 16% of Carmarthenshire residents described their health as 'fair', 6% as 'bad' and 2% as 'very bad'. The assessment survey probed this further by looking at impacts and found that, of those with a health issue affecting their well-being, 64% said they

‘couldn’t do the things they enjoy’; 41% said they need or rely on help to manage day to day and 32% said it ‘puts a strain on their personal relationships’. As explored through this report relationships and engaging in the things that make you happy are primary influences of positive well-being, health therefore not only has influence over well-being in itself but also through the consequences of poor health.

Dementia is one of the main causes of disability in later life, ahead of cancer, cardiovascular disease and stroke (Walker, 2013). In 2013, the number of Carmarthenshire residents aged 65 and over diagnosed with dementia was 2,783. By 2030, it is predicted that this number will reach 4,371, a rise of 1,588, (57%) in line with the Welsh average. The [ageing well plan](#) for Carmarthenshire identifies addressing stigma, provision of stimulating activities and opportunities to feel valued or contribute as all key to improving the well-being of dementia sufferers and those who support them.

Although the life-expectancy rate in Carmarthenshire is in line with the Wales average, there is a significant gap of 18.5 years between those from the least and most deprived areas. Likewise, as with infant mortality rates, premature death (under the age of 75) is substantially more common in deprived communities. This is particularly the case for males who have a 33% excess death rate compared to those from affluent communities. This demonstrates the impact of deprivation on physical well-being throughout life.

## Independent Living

Around a third of all homes in the UK are headed by a person over retirement age. By 2033, 59% of households will be headed by someone aged 65+ and 21% by someone aged 85+. In Carmarthenshire, 13% of homes are occupied by one person and 50% of those occupants are aged over 65. In Wales, 28% say they will need help adapting their home as they get older. However, findings from the assessment survey show that older respondents were more confident that their homes meet their current and

future needs. Older respondents also felt that their homes were easy to keep warm. However, there is a strong correlation between age and levels of fuel poverty, as older people are likely to reside in older buildings which are harder and more expensive to heat, particularly for those on a fixed income.

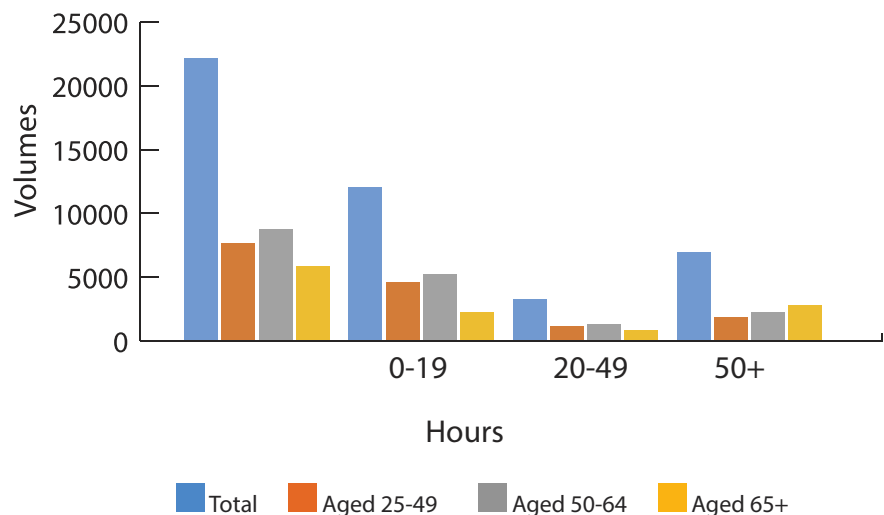
In Carmarthenshire, 1,424 people aged 50 or over live in communal establishments (including care homes and hospitals); the 5th highest of all local authority in Wales. This type of provision is most appropriate for some and studies have shown that specialist housing communities can reduce social isolation. Evidence shows that these settings promote well-being through providing an opportunity for socialising with peers and forging new relationships (Callaghan, 2010).

However studies have also shown that older people prefer to remain living in their own homes and communities as they age and there are significant social, emotional and physiological well-being benefits of this, not just for the individual but also for the wider community. The [ageing well plan](#) explores further opportunities in Carmarthenshire to help support as many people to remain in their own homes for as long as possible.

## Care in the Community

In a rural county like Carmarthenshire, the ability to access the services and activities necessary to living a fulfilled life can be challenging as many are not unavailable in close proximity. Therefore private transport fulfils an often essential function, particularly in rural areas. It is notable that of 23,274 Carmarthenshire residents who do not have access to a car or van, 50% are aged 50 or over (2011 Census). Furthermore only 55% of those aged 80 or over have access to a car or van therefore public transport and community based services are important support mechanisms to enable people to continue to live within their communities. Such services can mean the difference between a person staying independent at home or entering residential care.

Projections from Daffodil show that the number of people aged 65+ who are unable to manage at least one domestic task on their own is set to increase by 53% by 2035, which will undoubtedly put additional burdens on services and perhaps most significantly on unpaid carers. According to the 2011 Census, there are already 22,177 adult carers aged over 25 years in Carmarthenshire looking after or giving help/support to family members, friends, neighbours or others because of long-term physical or mental ill-health/disability, or problems related to old age. 16,296 unpaid carers are aged over 50 and of those 5,863 are over 65.



Caring responsibilities can have a negative impact on an individual's well-being as it can restrict opportunities to engage in community activities, socialise with others or pursue hobbies and interests. This in turn can impact on the carers own psychological health. In addition, for unpaid carers of working age, which are a significant proportion in Carmarthenshire, caring responsibilities can affect their ability to pursue

employment and educational opportunities therefore negatively impacting their economic and social well-being.

During primary engagement, carers told us that their well-being was dependent on having the right support at the right time. Experiences of care differed depending on care provider and the majority felt that the needs of those they care for were being adequately met. In addition, respondents expressed a desire to fulfil the role of primary care giver but identified increased respite opportunities, even if just for a few

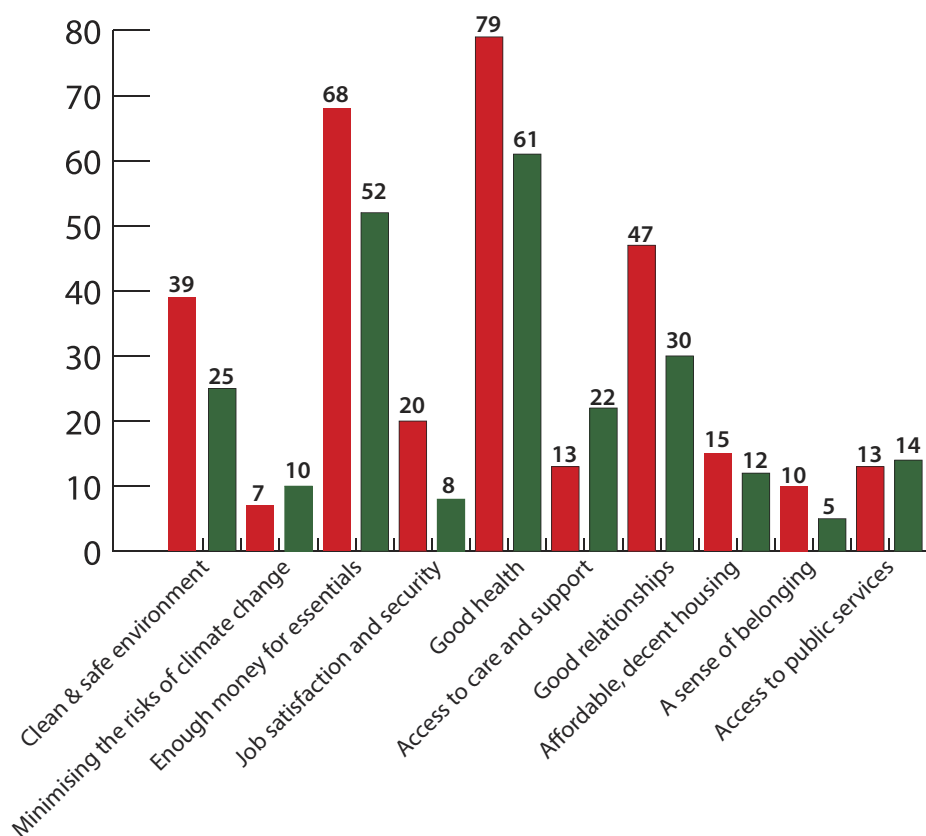
**'To have support to work whilst retaining my parenting relationship and caring responsibilities for my son.'**

hours, as a potential means of improving their own well-being by enabling them to pursue independent interests and build social networks. It is likely that there are also significant levels of unknown carers across Carmarthenshire, identification of which has been a focus for the **Population Assessment 2016**, which also provides detailed analysis of known carers needs and the needs of those they care for.

In addition to care for those with ill-health 44% of childcare in

## Conclusion

Responses to the assessment survey told us that **good health** is the single most important factor to overall happiness, contentment and life satisfaction. Almost 8 in 10 (79%) respondents said it was important now, and 61% thought it would be important to them in the future. **Enough money for essentials** and **good relationships** were also identified as important short and long term factors to positive well-being, suggesting these three aspects are viewed by Carmarthenshire's survey respondents as the cornerstones of modern life.



Well-being is ultimately a subjective, personal experience however there are common factors which consistently contribute to positive well-being through-out the life course.

These can broadly be categorised as;

- Good physical and mental health
- Personal and social connections / relationships with others
- Community cohesion and feeling connected
- Interaction with the environment
- Having clean and safe surroundings
- Ensuring equality, tolerance and respect for each other
- Having opportunities to pursue and prospects for the future

How these factors are experienced can differ throughout the lives of different people and what maximises the positive effects of these factors for one person's well-being may differ significantly for another. For example, to one person having 'opportunities' may refer to job vacancies, to another it may refer to personal time and to another having finances. Likewise to one person 'interaction with the environment' may mean the ability to explore large green spaces whilst to another access to an allotment. It is therefore impossible for services alone to ensure every single influence of positive well-being is maximised. However by working together we can have greatest impact in improving factors of positive well-being that are within our sphere of influence. In addition, by recognising what adversely affects well-being and identifying trigger points, we can establish preventative or mitigating measures to minimise the risks to positive well-being for the people and communities of Carmarthenshire. Furthermore empowering citizens and supporting them to take ownership of things which influence their well-being is a vital role for services and we must embrace our role as enablers and facilitators as well as employers and providers of quality services in improving social, economic, environmental and cultural well-being of Carmarthenshire.

## What happens now...?

- Step 1:-** Findings of this report will be published for consultation in February 2017 to determine any areas for further exploration and improvement going forward.
- Step 2:-** The report will then be published in March 2017 via the PSB website.
- Step 3:-** The PSB will use the report, alongside other key information, to identify priorities for improving the social, economic, environmental and cultural well-being of Carmarthenshire.
- Step 4:-** These priorities will form the PSB's Well-being Plan for Carmarthenshire which will be published in March 2018. The Plan will outline how the PSB will collectively utilise the five ways of working to improve well-being in Carmarthenshire and contribute towards the national well-being goals.
- Step 5:-** In order to ensure the PSB continues to address relevant issues relating to the well-being of Carmarthenshire's residents, findings of this report will be reviewed as appropriate as part of the delivery of the PSB's Well-Being plan.

# Bibliography

- (n.d.). Retrieved from <http://www.campaigntoendloneliness.org/threat-to-health/>.
- Alparone. (2012). On children's independent mobility: the interplay of demographic environmental and psychological factors. *childrens geographies* 10(1).
- Bell. (2015). Adverse Childhood Experiences and their impact on health harming behaviours in the Welsh adult population. Public Health Wales Trust.
- Bialystock. (2011). Reshaping the Mind: The Benefits of Bilingualism. *Canadian Journal of Experimental Psychology* Vol 65(4).
- Careers-Wales. (2015). Professionals. Retrieved from Careers Wales: <http://www.careers-wales.com/prof/server.php?show=ConWebDoc.5946>
- Cattan. (2014). The economic effects of pre -school education and quality. IFS.
- CCC. (2014). [Childcare Sufficiency Assessment 2014 - 2017](#).
- CCC. (2015). [Carmarthenshire Rural Poverty Study](#).
- CCC. (2016). [County Profile](#).  
[http://www.carmarthenshire.gov.wales/media/1224298/Carmarthenshire\\_Profile\\_January\\_2016.pdf](http://www.carmarthenshire.gov.wales/media/1224298/Carmarthenshire_Profile_January_2016.pdf).
- CCC. (2016). [Play Sufficiency Assessment](#).
- Childwise. (2015). Insight into children and teenagers technology and media use.
- Department of Children, F. a. (2008). Statutory Guidance on Promoting the Health and Well-being of Looked After Children.
- DFES. (2016). Longitudinal Study of Young People in England cohort 2: health and well-being at wave 2 Research Report. DFES.
- Dolan. (2008). Do we really know what makes us happy? A review of the economic literature on the factors associated with subjective well-being. *Journal of Economic Psychology*.
- DPP. (2016). Crime and Incident Data / Information / Context.
- DWP. (n.d.). NOMIS. Retrieved from NOMIS: [www.nomisweb.co.uk](http://www.nomisweb.co.uk)
- Gutman. (2012). The Impact of Pupil Behaviour and Well-Being on Educational Outcomes. DFES.
- Johnson. (2013). Play in nearly childhood education. Routledge.

- Jones. (2011). Factors associated with outcomes for looked after children and young people: a correlates review of the literature *Child: care, health and development*.
- Lester. (2010). Working Papers in Early Childhood Development.
- Lovell. (2016). Links between natural environments and mental health. *natural england*.
- Lovell. (2016). Links between natural environments and obesity. *Natural England*.
- Meltzer. (2003). The mental health of young people looked after by local authorities in England . Office of National Statistics.
- Mitchell. (2008). Effect of exposure to natural environment on health inequities: an observational population study.
- NSW. (2015). National Survey for Wales.
- PHW. (2015). [Child Measurement Programme for Wales](#). PHW.
- Press, V. (2003). Fuel Poverty and Health.  
[http://www.fph.org.uk/uploads/toolkit\\_fuel\\_poverty.pdf](http://www.fph.org.uk/uploads/toolkit_fuel_poverty.pdf): National Heart Foundation.
- Schoon. (2012). Intergenerational Transmission of Worklessness: Evidence from the Millennium Cohort Study and the Longitudinal Study of Young People in England. DFES.
- Scottish Government. (2008). Equally Well: Report of the Ministerial Task Force on Health Inequalities Vol 1 Edinburgh HMSO.
- Spinelli. (2003). Do antenatal classes benefit mother and her baby? *Fetal neonatal Medicine* Vol 13(2).
- Taggart. (2015). How pre-school influences children and young people's attainment and development outcomes over time. DFES.
- Wallingford. (2012). A climate change risk assessment.
- WHO. (2013).
- Yehuda. (2005). Transgenerational effects of posttraumatic disorder in babies of mothers exposed to the World Trade Centre attacks during pregnancy. *The Journal of Clinical Endocrinology & Metabolism* 90(7).
- Yoshikawa. (2012). The Effects of Poverty on the Mental, Emotional and Behavioural Health of Children and Youth. *American Psychologist* Vol 67 (4).



**Additional key existing information that has been used to develop this report and / or should be considered in the development of Well-Being Objectives:**

| Report Title  | Author                         | Topic   |
|---|--------------------------------|---|
| Adverse Childhood Experiences   | Public Health Wales            | Impact of health-harming behaviours in the Welsh adult population                       |
| <a href="http://www.wales.nhs.uk/sitesplus/888/news/40000">http://www.wales.nhs.uk/sitesplus/888/news/40000</a>   |                                |   |
| Ageing Well Plan  | Carmarthenshire County Council | Issues influencing the ability to age well in Carmarthenshire and the Councils response |
| <a href="http://democracy.carmarthenshire.gov.wales/documents/s2970/Report.pdf">http://democracy.carmarthenshire.gov.wales/documents/s2970/Report.pdf</a>         |                                |   |
| Carmarthenshire Population Assessment   | HDUHB & CCC                    | Assessment of care and support needs  |
| TBC   |                                |   |
| Carmarthenshire Population Indicators Annual Report   | LSB                            | Report on progress against key population indicators                                    |
| TBC   |                                |   |
| Carmarthenshire SONAR Report  | NRW                            | Environmental information for well-being assessments                                    |
| <a href="https://naturalresourceswales.sharefile.eu/share?#/view/s66c377d25a54f81b">https://naturalresourceswales.sharefile.eu/share?#/view/s66c377d25a54f81b</a> |                                |   |
| Climate change adaptation report Carmarthenshire  | CCC & Dr Alan Netherwood       |   |
| Climate change risk assessment for Wales  | UK Government                  | Assesses current and future threats of climate change                                   |
| <a href="http://gov.wales/docs/desh/publications/120126climateriskassessen.pdf">http://gov.wales/docs/desh/publications/120126climateriskassessen.pdf</a>         |                                |   |

| Report Title  | Author                   | Topic   |
|---|--------------------------|---|
| Coverage of Vaccination Evaluation Rapidly (COVER) Annual Report  | Public Health Wales      | Information on immunisation and vaccination rates in Wales  |
| <a href="http://www.wales.nhs.uk/sites3/page.cfm?orgid=457&amp;pid=54144#2">http://www.wales.nhs.uk/sites3/page.cfm?orgid=457&amp;pid=54144#2</a>                             |                          |   |
| Crime and Incident Data   | DPP                      | Strategic assessment prepared in accordance with regulations under section 6 of the Crime and Disorder Act 1998 (c.37) relating to reducing crime and disorder in the local authority area; |
| Flying Start Statistics 2014 – 15   | Statistics Wales         | Information on flying start performance in Wales / LA   |
| <a href="http://gov.wales/statistics-and-research/flying-start/?tab=previous&amp;lang=en">http://gov.wales/statistics-and-research/flying-start/?tab=previous&amp;lang=en</a> |                          |   |
| Rural Poverty Study   | Grwp Cefn Gwlad (2015)   | Issues relating to rural poverty  |
| <a href="http://eft.cymru/english/rdp/pages/studies.aspx">http://eft.cymru/english/rdp/pages/studies.aspx</a>   |                          |   |
| Substance Misuse Commissioning Strategy   | Currently being reviewed | Strategic assessment prepared in accordance with regulations under that section relating to combating substance misuse in the local authority area  |
| Well-Being Assessment Consultation and Engagement Report  | CCC                      | Findings from primary engagement as part of the WB Assessment process   |
| TBC   |                          |   |

| Report Title  | Author                               | Topic  |
|---|--------------------------------------|--|
| Well-Being Assessment Factsheet   | CCC                                  | Statistical overview of Well-Being in Carmarthenshire  |
| The Welsh Language in Carmarthenshire   |                                      |  |
| The Welsh Language in Carmarthenshire   | Dylan Phillips                       | What data from the Census 2011 tells us about welsh language in Carmarthenshire  |
| <a href="http://www.carmarthenshire.gov.wales/media/67995/adroddiaddps.pdf">http://www.carmarthenshire.gov.wales/media/67995/adroddiaddps.pdf</a>   |                                      |  |
| UK Climate Change Risk Assessment Report  | UK Government                        | Outlining the current and predicted impact of climate change in the UK   |
| <a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/69487/pb13698-climate-risk-assessment.pdf">https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/69487/pb13698-climate-risk-assessment.pdf</a> |                                      |  |
| Wales Reducing Re-Offending Strategy 2014-16  | National Offender Management Service | Strategic assessment prepared in accordance with regulations under that section relating to the reduction of reoffending in the local authority area |
| <a href="https://www.gov.uk/government/publications/wales-reducing-reoffending-strategy-2014-2016">https://www.gov.uk/government/publications/wales-reducing-reoffending-strategy-2014-2016</a>   |                                      |  |

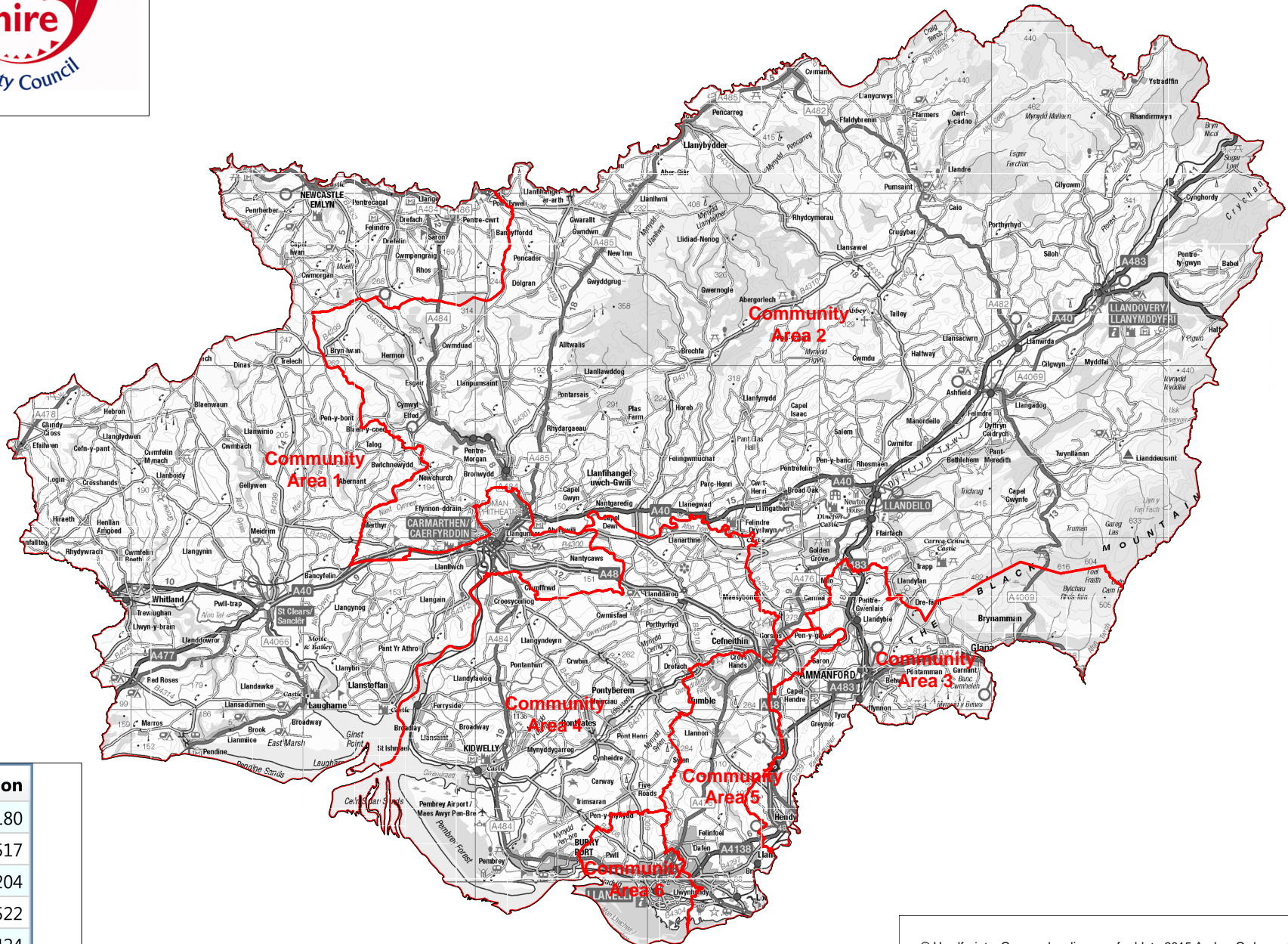
## Glossary of terms:

| Term                     | Definition   |
|--------------------------|--|
| Children In Need         | Children in need are children who are aged under 18 and:- need local authority services to achieve or maintain a reasonable standard of health or development, need local authority services to prevent significant or further harm to health or development, • are disabled |
| COVER report             | Produced by PHW COVER reports the uptake of scheduled childhood vaccinations   |
| Daffodil                 | An online system which pulls together in one place the information you need to plan what care services might be required in your local area in the future  |
| DFES                     | Department for Education and Skills  |
| DPP                      | Dyfed Powys Police   |
| Ecosystem services       | The benefits people receive from the natural environment e.g. clean water, food and recreation.  |
| Free School Meals        | Free School Meals are available to children whose family claim certain welfare benefits and financial support.   |
| LAC                      | Looked After Children (LAC) are children who are cared for by the state  |
| Pareto's 80:20 principle | Suggests that where two related items, groups, influences, data etc. exist they will inter-act at a ratio of 80:20 percent. For example: "80 percent of output is produced by 20 percent of input"   |
| PHW                      | Public Health Wales (PHW) is the national public health agency in Wales and exists to protect and improve health and wellbeing and reduce health inequalities for people in Wales.   |
| Pupil Voice Survey       | The Pupil Voice Survey is an online survey on attitudes to, and perceptions of school life based on questions used by ESTYN during the inspection process.   |

| Term   | Definition  |
|--------|---|
| PSB    | Public Services Board (PSB) was established by the Well-Being of Future Generations Act Wales 2016 and brings together all public services in the local authority area. The PSB has a collectively responsibility for improving social, economic, environmental and cultural well-being of the area for now and future generations  |
| SHRN   | The School Health Research Network (SHRN) is a network of Welsh secondary schools who have joined with researchers and organisations that support young people's health to improve the health and wellbeing of young people by increasing the quality, quantity and relevance of school-based health improvement research in Wales. There are nine Carmarthenshire secondary schools in the network and results from the most recent pupil surveys by three of these schools have been used in this assessment. |
| UNICEF | UNICEF protects the rights of every child in the world.   |
| USOA   | Upper Super Output Area's (USOA) are geographical areas with an average population of 32,000 people   |
| WHO    | The World Health Organisation (WHO) works side by side with governments and other partners across the world to ensure the highest attainable level of health for all people   |
| WIMD   | Wales Index of Multiple Deprivation (WIMD) is the official measure of relative deprivation for small areas in Wales. It is designed to identify those small areas where there are the highest concentrations of several different types of deprivation  |

This page is intentionally left blank

# Carmarthenshire Community Areas - Population Figures



| Community_Area | Population |
|----------------|------------|
| 1              | 31,180     |
| 2              | 33,517     |
| 3              | 29,204     |
| 4              | 31,522     |
| 5              | 30,424     |
| 6              | 29,051     |

This page is intentionally left blank

**POLICY & RESOURCES SCRUTINY  
COMMITTEE  
8<sup>TH</sup> FEBRUARY 2017**

**Explanation for non-submission  
of scrutiny reports**

| ITEM                                     | RESPONSIBLE OFFICER(S) | EXPLANATION  | REVISED SUBMISSION DATE        |
|--|------------------------|--|--------------------------------|
| Public Services Board Annual Report 2016 | Kate Thomas            | February was put in as a provisional date for this report. Work on the report is still on going. The Chair of the PSB, Barry Liles, will attend the April meeting. | 28 <sup>th</sup> April 2017    |
| Draft Procurement Strategy               | Phil Sexton            | February was put in as a provisional date for this report. Work on the report is still on going.   | Autumn 2017                    |
| Council's Well Being Objectives 2017/18  | Rob James              | February was put in as a provisional date for this report. The report will now be considered at a joint meeting of all the scrutiny committees.                    | 15 <sup>th</sup> February 2017 |



This page is intentionally left blank



Wednesday, 11 January 2017

**PRESENT:** Councillor D.W.H. Richards (Chair)

**Councillors:**

S.M. Allen, G. Davies, J.S. Edmunds, J.K. Howell, A.W. Jones, A. Lenny, A.G. Morgan, D. Price, R. Thomas, D.E. Williams, I.W. Davies (In place of W.J.W. Evans) and K.P. Thomas (In place of T. Devichand);

**Also in attendance:**

Councillor D. Jenkins, Executive Board Member, Resources;  
Councillor T.J. Jones, Executive Board Member, Environmental & Public Protection;  
Councillor P.A. Palmer, Executive Board Member, Communities;  
Councillor L.M. Stephens, Executive Board Member, Human Resources, Efficiencies, Collaboration and Welsh Language Champion;

**The following Officers were in attendance:**

O. Bowen, Head of Financial Services;  
N. Daniel, Head of ICT;  
L.R. Jones, Head of Administration and Law;  
P. Sexton, Head of Audit, Risk and Procurement;  
P.R. Thomas, Assistant Chief Executive (People Management & Performance);  
W. Walters, Assistant Chief Executive (Regeneration & Policy);  
J. Gravelle, Revenue Services Manager;  
H. Morgan, Economic Development Manager;  
L. Evans, Policy & Partnership Officer;  
M.S. Davies, Democratic Services Officer.

**Chamber, 3 Spilman Street, Carmarthen - 10.00 am - 11.15 am**

**1. APOLOGIES**

Apologies for absence were received from Councillors T. Devichand and W.J.W. Evans.

**2. DECLARATIONS OF PERSONAL INTEREST**

There were no declarations of personal interest.

**3. DECLARATION OF PROHIBITED PARTY WHIPS**

There were no declarations of prohibited party whips.

**4. PUBLIC QUESTIONS**

No public questions had been received.

**5. FORTHCOMING ITEMS**

**UNANIMOUSLY RESOLVED** that the list of forthcoming items to be considered at the next scheduled meeting to be held on 8<sup>th</sup> February 2017 be noted.

**6. REVENUE BUDGET STRATEGY CONSULTATION 2017/18 TO 2019/20**

The Committee considered the Revenue Budget Strategy 2017/18 to 2019/20

which had been endorsed by the Executive Board for consultation purposes at its meeting on 21st November 2016. The report provided Members with the current view of the Revenue Budget for 2017/2018 together with indicative figures for the 2017/2018 and 2019/2020 financial years. The report was based on officers' projections of spending need and took into account the provisional settlement issued by Welsh Government on 19th October 2016. It was reported that the announced provisional settlement was significantly better than expected although the cash neutral settlement would continue to have a negative impact on the Council's resources. The budget proposals would assume full delivery of the £24.6m identified savings. Furthermore, the budget proposals assume a Council tax increase by 2.5% in the Strategy and a 1% movement equated to +/-£790k. Reference was made to the disparities between schools which had surplus reserves and those that were in deficit the latter often being the case where schools found it difficult to fundraise. It was commented that schools often held surplus reserves for specific reasons and officers were engaging with schools to ensure they complied with the School Funding (Wales) Regulations 2010.

**UNANIMOUSLY RESOLVED to accept the report and endorse the Charging Digest.**

**7. FIVE YEAR CAPITAL PROGRAMME - 2017/18 - 2021/22**

The Committee considered the 5 year capital programme which had been approved by the Executive Board for consultation on the 21<sup>st</sup> November 21. It was noted that feedback from the consultation process, along with the outcome of the final settlement, would inform the final budget report which would be presented to members for consideration in February, 2017. The proposed capital programme was £208m over the 5 years, and was aimed at delivering a number of key projects that would create jobs and improve the quality of life for the people of Carmarthenshire, with the key investment headings being Schools - £79m; Housing - £10m; Lesiure - £23m, Regeneration - £28m; Environment - £60m.

The report highlighted the provisional settlement received from the Welsh Government on the 19th October 2016, which indicated capital funding of £9.400m for the Authority in 2017-18. The funding was made up of Supported Borrowing of £5.844m and General Capital Grant of £3.556m. It was noted that in the absence of any forward indications by Welsh Government this level of funding had been assumed for each year of the five year programme. In summary, the overall position of the capital programme was funded for the first 4 years from 2017/18 to 2020/21 with a current shortfall of £3.123m in the final year of the programme 2021/22.

**UNANIMOUSLY RESOLVED that the Five Year Capital Programme 2017/18 – 2021/22 be endorsed.**

**8. CHIEF EXECUTIVE'S AND CORPORATE SERVICES DEPARTMENTAL BUSINESS PLANS 2017-20**

The Committee considered the Chief Executive's and Corporate Services Departmental Business Plans 2017-20. The Plans outlined the priorities for each department during 2017-20 identifying how they supported the 5 Ways of Working and the 7 Goals of the Well-being of Future Generations (Wales) Act 2015.

The following issues were raised during consideration of the plans:

- In response to a comment the Head of Administration and Legal Services stated that the filling of 2 posts in the legal section should address any delays which had been experienced with regard to Community Asset Transfers;
- The priority to further promote robust sickness management was welcomed;
- Reference was made to Corporate Strategy Focus Point 7 – ‘Ensuring the Council’s governance arrangements and constitution are fit for purpose for future requirements in line with the findings and recommendations of the 2014 WLGA ‘Peer Review’ and it was suggested that progress should, perhaps, be reviewed. The Head of Administration and Legal Services agreed to raise the matter with the Constitutional Review Working Group.

**RESOLVED to note the Plans.**

**9. CARMARTHENSHIRE'S AGEING WELL PLAN - ANNUAL REPORT**

Further to minute 8 of the meeting held on the 5<sup>th</sup> October 2015 the Committee considered Carmarthenshire’s Annual Report for the Ageing Well Plan 2015/2016. The Report (required by the Older Peoples Commission) detailed the Authority’s performance against the following priorities:

- Age Friendly Communities;
- Dementia Supportive Communities;
- Falls Prevention;
- Opportunities for Employment and New Skills;
- Loneliness and Isolation.

The following issues were raised during consideration of the report:

- The importance of Welsh medium provision in providing services for people with dementia was stressed and in response to a query as to whether this was taken into account with staff teams and rotas it was agreed that the Head of Integrated Services be made aware of the issue;
- In terms of loneliness and isolation reference was made to people who lacked the confidence to join social groups or felt isolated in their flats and it was queried as to whether there was any guidance or support available to such individuals. The Asst. Chief Executive [Regeneration & Policy] agreed to raise this with the Community Services Department;
- Reference was made to work being undertaken by the voluntary sector, such as the W.I., to bring older people together for social gatherings;
- Officers agreed to ascertain *how* often highways, footways and lighting infrastructure inspections were undertaken.

**UNANIMOUSLY RESOLVED to note the Annual Report for the Ageing Well Plan 2015/2016.**

**10. ANNUAL REPORT 2015/16 ON THE WELSH LANGUAGE**

The Committee considered the Annual Report 2015/16 on the Welsh Language necessary in order to comply with the Welsh Language Commissioner’s monitoring arrangements. The report included the statutory and local indicators which measure compliance with the Scheme. It was advised that Standards would replace the current system of Welsh language schemes. The Welsh Language Commissioner gave Carmarthenshire County Council a compliance notice regarding the Welsh Language Standards Regulations on 30<sup>th</sup> September 2015

which required the Council to comply with most of the standards by 30<sup>th</sup> March 2016.

Officers were thanked for the work involved in producing the report.

**RESOLVED to endorse the Report.**

**11. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE COMMITTEE HELD ON THE 30TH NOVEMBER 2016**

**UNANIMOUSLY RESOLVED that the minutes of the meeting held on 30th November 2016 be signed as a correct record subject to the inclusion of Cllr. G. Davies's name in the list of attendees.**

\_\_\_\_\_  
**CHAIR**

\_\_\_\_\_  
**DATE**