

# Agenda

## Audit Committee

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Date: Tuesday, 30 May 2017

Time: 5.00 pm

Venue: Committee Room 1 - Civic Centre

To: Mr J Baker (Chair), Councillors D Davies, J Guy, J Jordan, L Lacey, W Routley, H Thomas, K Thomas, H Townsend and R White

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### Item

- 1 Agenda in Welsh (Pages 3 - 4)
- 2 Appointment of Chairperson
- 3 Apologies for Absence
- 4 Declarations of Interest
- 5 Minutes of the Meeting held on 30 March 2017 (Pages 5 - 10)
- 6 Corporate Risk Register Update (Pages 11 - 28)
- 7 Regulatory Reports (Pages 29 - 60)
- 8 Treasury Management Report 2016-17 (Pages 61 - 74)
- 9 Internal Audit Annual Report 2016-17 (Pages 75 - 92)
- 10 Internal Audit Annual Plan 2017-18 (Pages 93 - 114)
- 11 Standing Order 24 / Waiving of Contract Standing Orders: Quarterly report reviewing Cabinet / Cabinet Member Urgent Decisions or waiving Contract Standing Orders (Quarter 4, Jan to March 2017) (Pages 115 - 172)
- 12 Audit Committee Self Evaluation Exercise
- 13 Work Programme (Pages 173 - 178)
- 14 Date of Next Meeting - 22 June 2017

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Date of Issue: 22 May 2017

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# Agenda

## Pwyllgor Archwilio

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Dyddiad: Dydd Mawrth, 30 Mai 2017

Amser: 5 y.p.

Lleoliad: Ystafell Bwyllgora, Canolfan Dinesig

At: Mr J Baker (Cadeirydd), Y Cynghorwyr: D Davies, J Guy, J Jordan, L Lacey, W Routley, H Thomas, K Thomas, H Townsend a R White

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### Eitem

#### Rhan 1

1. Agenda yn Gymraeg
2. Penodi Cadeirydd
3. Ymddiheuriadau am absenoldeb
4. Datganiadau o fuddiant
5. Cofnodion y cyfarfod a gynhaliwyd ar 30 Mawrth 2017
6. Diweddariad am y Gofrestr Risg Gorfforaethol
7. Adroddiadau Rheoleiddio
8. Adroddiad Rheoli Trysorlys 2016-17
9. Archwilio Mewnol - Adroddiad Blynyddol 2016/17
10. Archwilio Mewnol Blynyddol Cynllun 2017/18
11. Rheol Sefydlog 24 / Hegor Rheolau Sefydlog Contractau: Adroddiad Chwarterol sy'n adolgu penderfyniadau brys y Cabinet / Aelod Cabinet
12. Pwyllgor Archwilio Ymarfer Hunanwerthuso
13. Rhaglen Waith
14. Dyddiad y cyfarfod nesaf – 22 Mehefin 2017

Person cyswllt: Meryl Lawrence  
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Dyddiad cyhoeddi: 22 Mai 2017

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# Minutes



## Audit Committee

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Date: 30 March 2017

Time: 5.00 pm

Present: Councillors Mr J Baker (Chair), J Guy, R Mogford, M Spencer and H Thomas

In Attendance: Meirion Rushworth (Head of Finance), Andrew Wathan (Chief Internal Auditor), Dona Palmer (Audit Manager), Robert Squance (Audit Manager), Anthony Veale, Non Jenkins and Gareth Lucey (WAO) and Meryl Lawrence (Overview and Scrutiny Officer)

Apologies: Councillors R Bright, D Davies and R White

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### 1 **Declarations of Interest**

None.

### 2 **Minutes of the Meeting held on 26 January 2017**

#### **Agreed**

To confirm the Minutes of the meeting held on 26 January 2017.

### 3 **Wales Audit Office Audit Plan 2017**

Anthony Veale introduced himself and Non Jenkins from Wales Audit Office and presented an overview of the Wales Audit Office 2017 Audit Plan which set out the: proposed work; when it would be undertaken; how much it would cost and who would undertake the work. The financial audit risks and proposed audit responses were set out on page 17 of the report and on page 20 work undertaken withdrawing the revaluation by CIPFA.

Members raised a number of issues:

- What about risks unforeseen to date? – Although the risks for financial statements have been identified to date, WAO will continue with observations up until June, reviewing minutes, looking at national issues in relation to accounting agenda and continuously update until sign off of accounts.
- Although the City deal is mainly a risk for next year does WAO anticipate it being a huge risk for this year? – Only major transactions go through the main Joint Committee, hosted by Cardiff and need to see how it pans out. All Councils have set costs for Cardiff to look after this and the accounting is looked after by a technical group with Assistant Head of Finance on it and WAO as an observer, trying to get it right in terms of where the transactions lie and organising payments and receipts. The Joint Committee will consolidate transactions under one house, so not audited twice.
- Why consolidated accounts for Newport Transport are a consolidated risk, given that the accounts were consolidated last year? – They were consolidated last year and not easy due to the timing, but looking at estimates and having the early closing timetable at the back of the mind and really thinking carefully and having discussions around that. Also

the valuation of assets is required every 5 years and it's important that is done as part of a five year rolling programme.

- With one issue of accounting policies and the other of timing, will the accounts be consolidated on an estimated basis and timetables dovetailed accordingly? – Newport Transport have already been informed we are expecting a set of accounts and can estimate, making sure a well thought through process so it a sensible estimate. A valuation was done in 2015 and will be checked that is adequate.
- What is the problem with getting a fully signed off set of accounts required from Newport Transport? – They have been given all the relevant dates and need to meet them.
- Last year's estimated WAO Audit fee increased by £3.5k, if we hit deadlines and meet paperwork will the fee decrease? – Yes, it hasn't been built into the fee.
- Why wasn't the additional charge to recover increased costs with the delay in providing WAO with complete accounts working papers and additional work required brought up in the Lessons Learned report? – A timing issue, the Lessons Learned report came to Committee in November, all issues were in the report but only when the accounts were being closed WAO had a discussion with Head of Finance that need to build it in if needed again the next year.
- If by November the ISA 260 was signed off and issues not known by then, if we can do something in the process to assist we should be made aware as otherwise we've not had sight of the issues. – WAO was comfortable that the document contained all the issues, but could have been brought earlier to align with Lessons Learned report.

### **Agreed**

To note the Wales Audit Office 2017 Audit Plan.

#### **4 Wales Audit Office Certification of Grants and Returns 2015-16**

Members considered a WAO report on the Certification of Grants and Returns 2015 -16. The Auditor General had completed the audit work and concluded that the Council had adequate arrangements in place for the production and submission of its 2015-16 grant claims. One claim was submitted late to WAO by seven calendar days (Free Concessionary Travel) which was an improvement from 2014-15, when three claims were submitted late. The final cost of auditing all claims was £71,000 (2014-15 £82,000). Two of the claims were qualified; this compared well against 2014-15 where ten claims were qualified.

Discussions included the following:

- Whether the amendments occurring were calculation issues or a variety of issues regarding guidance? – It was explained that Grant instructions received by Officers can be quite ambiguous, there are very few errors, and it is understood how these can occur e.g. apportionment fell over the cap.
- In the past it felt as though there wasn't proper review of grants. Managers signing off grants should be expected to go through the working documents and if there is a process problem it needs to be addressed. – WAO responded that they are generally satisfied with the process and the improvements from the previous year and in comparison with other Local Authorities Newport's issues are more on the margin than deep seated.

### **Agreed**

To note the report.

#### **5 Draft Internal Audit Plan 2017-18**

The Chief Internal Auditor introduced his Draft Internal Audit Annual Plan which set out the work to be undertaken by the Internal Audit Section at an operational level for 2017/18. It identified why the Council operates an Internal Audit function, the resources currently available and how they will be applied across Newport City Council's services to give

management assurance that systems are working as intended. It outlined where Internal Audit resources will be focussed over the next year, covering systems and establishments in all service areas of the Council. 1150 productive audit days had been planned for 2017/18 in the draft plan by 8 staff, balancing adequacy of controls with limited resources.

Discussions included the following:

- Whether the Education trips in the Draft Audit plan are charged for or funded and are the grants for each school? – There are educational trip regulations on recording trips whether chargeable or funded and there is one grant for each school. If not compliant then the audits are reported back. 6 Schools a year are scheduled for audit on a rolling programme over 7 to 8 years. Audit cover had gone down 30% and schools follow up audits had decreased to 16 hours for two schools. It was clarified that High Risk is followed up to make sure the agreed recommendations have been implemented, to ensure and get evidence and give a revised positive opinion.
- With the reduction in hours is the time allocated reasonable and achievable? – It's not an exact science, the draft plan is based upon experience but there can sometimes be operational issues or difficult managers.
- Does the reduction in the number of staff and the loss of their knowledge add to the risk? – As the knowledge and experience is removed so the risk increases.
- Concern was expressed that in terms of resources there are just enough in the Audit Team and at what point would there not be enough staff and a control mechanism risk? If school audits are only on a rota every 7 or 8 years, at what staffing level should Members of the Audit Committee start worrying, based on risk profile? - The Audit Plan is based upon a risk assessment across all service areas to give as much assurance as possible on the adequacy of the internal control environment, governance arrangements and risk management processes and largely depends on the Authority's own assurance appetite. There's no exact number of auditors required, but the fewer auditors in place the less assurance can be given. If the Team is reduced any further then the Chief Internal Auditor may need to consider providing a limited overall opinion.
- What are the high risks? - High risks could be new manager, previous issues, frauds, areas of service that handle cash and procurement which every service does.
- IT is a big risk, with government and banks having difficulties. Do we communicate with other Local Authorities? – IT is considered in the Plan / Team, but there isn't a Computer Auditor, nor the expertise in-house. Expertise has been brought in previously and from 2017 Newport IT is part of the IT Shared Resource Service and audited by Torfaen, so there will be greater assurance.
- Given there is 7 years between some audits, what other processes and checks are in place? - Internal Audit is considered the third line of defence: the first being; Policies & Procedures, the second; Managers to check the processes properly, the third; Internal Audit, then External Audit and Regulators. A reduced team does less audit, but there is no exact optimum number of staff.
- It feels like the third line is getting thinner all the time? - All services are managing with less resources. Problems are found especially small inconsistencies in schools. Could have 100 auditors but it won't stop fraud. Joining up forces, Accountancy with Audit drawing up training, tightening up policies, identifying what is needed and training. Trying to work smarter to understand the issue of fraud. Changing the way we work using self-evaluation for medium - low risk issues. Specialist software can be utilised to smarten up. Making the resources go further and adding value, but doesn't completely mitigate the fact that resources are low. The Audit Plan for the IT Shared Resource Service has been passed and its very good so can take comfort from that. Trying to work smarter and differently.
- Shared Services had a good Audit Plan but as reported in shared services management issues need to be audited.
- The level of potential fraud can be by assessed by the amount of money, is there a sufficient deterrent to not doing it? - Allegations of potential fraud are investigated and findings generally lead to disciplinary action, ranging from no action to dismissal. If

serious enough can be referred to the Police. Fraud is discovered or reported and investigated, while audit is to prevent.

- Is there an attempt to recoup losses? – Where possible but the Council doesn't have the jurisdiction, a court has to recoup the losses.
- The Authority takes part in the National Fraud Initiative, which is a UK wide data matching exercise that indicates potential fraud returned to us to investigate, e.g. creditor payment to a member of staff, Housing Benefit fraud, etc.
- Can risk areas be identified from services attacked by litigation? – Audit isn't involved, but the Insurance Team would defend robustly. Litigation and insurance claims are also examined a part of the National Fraud Initiative. The Insurance Manager and Litigation Manager are a line of defence, they review and talk to other Local Authorities to determine if they are being hit, and ensure the systems in place to defend it.
- The Council as a whole could look at insurance risk.
- What is done to check compliance with the need for an order to pay an invoice? Issues include the accounts are not accurate, but also items are being purchased without Council authorisation and what value is added by the Manager if they don't see the order until the invoice arrives? – It was clarified that this is checked by Audit and Contract Procedure Rules and Financial Regulations training has been provided to Officers in the Authority. If invoice received and no order exists, the order isn't just paid, it's investigated and relevant Officers advised. The Strategic Procurement Manager monitors this information and could work with Audit upon a report if requested.
- The levels of procurement spending delegated to different tiers of Officers and controls on exercising their delegation.
- If Members were aware of an issue then they should raise it with the Chief Internal Auditor.

**Agreed:**

To note and endorse the Draft Internal Audit Plan 2017-18.

## 6 Internal Audit Progress against Unsatisfactory Audit Opinions

Members considered a report upon the current status of audit reviews previously given an unsatisfactory or unsound audit opinion and bringing their attention to any areas which had not demonstrated improvements within the financial control environment.

In July 2015 it was reported that 5 audit reviews had been given an Unsatisfactory audit opinion during 2014/15.

In 2015/16, 34 audit opinions had been issued; 8 were Unsatisfactory, no Unsound opinions were issued. This was reported to Audit Committee in June 2016. The Head of Street Scene & City Services was called into Audit Committee in September 2016 to respond to two consecutive Unsatisfactory Audit Opinions relating to CCTV / Security (Telford Depot).

As at 31 December 2016 during 2016/17, 23 audit opinions had been issued; 3 were Unsatisfactory, 1 was Unsound. Following discussion regarding these audit opinions, the Audit Committee:

**Agreed**

1. To note and endorse the report.
2. To call in the Strategic Director - Place to respond to the Unsatisfactory Audit Opinions within Street Scene at the meeting scheduled for 25 May 2017 (as the post of Head of Street Scene & City Services was vacant).



**7 Audit Committee Self Evaluation Exercise**

The Chief Internal Auditor advised the Committee that the Self Evaluation Exercise had demonstrated effective audit and asked that the next report be deferred until after the election, for the induction of new Audit Committee Members.

**Agreed**

To defer a report upon the Audit Committee Self Evaluation Exercise until after the local government election, for the induction of new Audit Committee Members.

**8 Work Programme**

Members' attention was drawn to the proposed work programme for the Audit Committee for 2017-18. Council and WAO Officers were asked to advise of any subsequent amendments to the schedule.

The Head of Finance advised Members that Treasury Management Training was proposed for all Council Members after the election, to be held in late June or early July at 5.30pm for half an hour. He stressed the importance for Audit Committee Members to attend the training.

**Agreed**

To note the Work Programme.

**9 Date of Next Meeting - 25 May 2017**

**Agreed**

To confirm the date of the next meeting as 25 May 2017.

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# Report

## Audit Committee

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### Part 1

**Date:** 30 May 2017

**Subject** **Corporate Risk Register Update**

**Purpose** To present the quarterly update of the Corporate Risk Register

**Author** Rhys Cornwall, Head of People and Business Change  
Mike Dickie, Business Service Development Manager  
Rachel Kalahar, Senior Performance Management Officer

**Ward** All

**Summary** This report contains the latest update of the Corporate Risk Register.

- There are eight risks identified in the register, 7 are medium risks and one is high.
- Since the last update the risk score for risk 2 'Increasing Aging Populations' has increased from 12 to 16 which means it is now a high risk
- Actions for each risk have been updated below.
- Risk 5 Safeguarding is expected to be closed in the risk register review that will take place in the next quarter.

**Proposal** To note the contents of the Corporate Risk Register.

**Action by** Chief Executive, Strategic Directors and Heads of Service

**Timetable** Immediate

This report was prepared after consultation with:

- Cabinet
- Deputy Leader
- Audit Committee
- Corporate Management Team
- Head of Law and Regulation
- Head of People and Transformation
- Head of Finance

## Background

### 1. Corporate Assessment

As part of its governance arrangements the Council has a risk management strategy and a corporate risk register is monitored quarterly. Through the Corporate Assessment Review 2014 the WAO noted that *“The Council has improved its approach to and presentation of its corporate risk register. The risk register now includes a before and after mitigation risk score at an assessed date and a breakdown of the probability and impact of that risk. The register includes current actions to address each risk and assigns responsibility to senior officers, cabinet member and scrutiny committee”*.

### 2. Risk Management Strategy

The Risk Management Strategy was agreed by Cabinet in September 2014. It was updated to reflect a revised approach to risk management and improved processes for identifying and escalating risk. Potential benefits of an improved risk management approach are improved decision making, avoidance of shocks and the ability to mitigate threats and take advantage of opportunities.

The strategy includes six key areas where risks are identified and managed:

- Decision Making Process
- Revenue and Capital Monitoring
- Change and Efficiency Programme
- Service and Improvement Planning
- Horizon Scanning Activities
- Information Risk Management

### 3. Role of Audit Committee

Since the introduction of the Local Government Measure 2011 the local authority’s Audit Committee have a role in reviewing and assessing the risk management, internal control and corporate governance arrangements of the authority. Processes and Strategies about risk management should be reviewed by the Committee however the content of the risk register including setting and changing risks included in the register is *not* the role of the Audit Committee.

### 4. Risks updated in this report

A full review of the Corporate Risk Register will be undertaken in conjunction with the service planning process and a revised risk register will be presented to Cabinet in July 2017

An annual review will be carried out in line with service planning to ensure a joined up approach to risk management, this will be concluded and presented to the July 2017 Cabinet meeting.

### 5. New Risks

The following risk was added in the 2016 revision of the Corporate Risk Register

- RISK 8: Brexit

### 6. Closed Risks

The table below details the following closed risks from the Corporate Risk Register

Date	Risk	Closure Details
September 2014 - April 2015	<i>Risk Title: Delivering a Balanced Budget Risk Description: That the savings required to deliver a balanced budget in the following year cannot be achieved</i>	In November 2014 this risk was scored as probability 1 and impact 1. This was because a balanced budget was drafted and being progressed through the council’s decision making hierarchy. A balanced budget was approved by Cabinet and Council in February 2015 and this risk is now considered to be closed.
September 2014 - June 2015	<i>Risk Title: Total Reward Risk Description: That the complex and contentious tensions inherent to the Single Status pay and grading review delays the project implementation.</i>	The Total Reward project has now been implemented and any remaining issues and risks can now be managed at a service area level

September 2014 - June 2015	<i>Risk Title: Information Governance Risk Description: That the council does not have adequate arrangements in place to protect the data in holds and that this results in significant fines and reputational damage</i>	This risk can now be managed at a service area level.
September 2015 – June 2016	<i>Risk Title: Legislative Requirements (Social Services) That new legislative requirements of the Social Services act potentially place significant duties on the Authority that it cannot fulfil</i>	Specific details and guidance for the Act now produced. Work across region to develop solutions to the challenges and locally we have a project team working on implementation of all regulations Big emphasis on prevention and early intervention – reshaping front door services in Adult Social Care – close working with Health Board – redistributed teams to be coterminous with Health Board Neighbourhood Care Networks

### Financial Summary

- There are no direct costs associated with this report

### Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
That the strategy and process are not robust enough to capture all high risks	M	L	Reviewing, testing and embedding processes to ensure that they are fit for purpose	Heads of Service and Performance Team

\* Taking account of proposed mitigation measures

### Links to Council Policies and Priorities

Robust risk management practices increase the chances that all of the council's priorities and plans will be implemented successfully

### Options Available and considered

- To note the contents of the Corporate Risk Register.
- Not to note the contents of the Corporate Risk Register.

### Preferred Option and Why

- To note the contents of the Corporate Risk Register.

### Comments of Chief Financial Officer

There are no direct financial implications arising from this report. The corporate risk register forms an important part of the governance and budget setting arrangements for the council and the risk register is used to guide the internal audit plan.

## Comments of Monitoring Officer

The Council's corporate governance arrangements are an integral part of the risk management strategy, in ensuring that all decisions are made lawfully and constitutionally and that all risks are identified, assessed and mitigated. The absence of successful call-in and legal challenges demonstrates that these arrangements are robust. However, as part of the review of the Constitution, improvements in the Report templates will be considered to further embed risk management principles within the decision-making processes. The Local Government (Wales) Measure 2011 required the Council to establish a stand-alone Audit Committee with statutory responsibility for reviewing and assessing the risk management, internal control and corporate governance arrangements of the authority. However, the identification of corporate risks, for inclusion within the risk register, is an executive decision for Cabinet.

## Comments of Head of People and Business Change

There are no direct staffing implications arising from this report.

Risk management is a key element of the council's improvement programme and the Administration's commitment to ensuring strong corporate governance and robust performance management. The risk strategy and register allow the council to consider the longer term overarching risks to the council fulfilling its objectives and obligations and take action to mitigate the impact and probability of those risks.

## Local issues

None

## Scrutiny Committees

The Risk register is also considered by Audit Committee. Meetings with the committee have resulted in some changes in format and layout of the register.

## Equalities Impact Assessment

Not applicable.

## Children and Families (Wales) Measure

Not applicable.

## Wellbeing of Future Generations (Wales) Act 2015

The guidance on the Act is clear – it requires public bodies to maximise their contribution to improving the wellbeing of Wales. The Act provides a framework for better decision making by ensuring public bodies take account of the **long term**, focus on **prevention**, take an **integrated** and **collaborative** approach, and **involve** people in policy making and planning and delivery of services.

The Act places a duty on the public sector to:

- Adopt the Sustainable Development Principle
- Work towards 7 national wellbeing goals
- Focus work on future generations
- Take a central role in the establishment and scrutiny of a Public Services Board (PSB)
- Take a central role in the development of a Wellbeing Plan based on a long term needs assessment
- Respond to a new accountability framework including reporting and review by the Auditor General Wales

The Act has implications for how the local authority will work in future and Part 2 of the Act places an individual wellbeing duty on public bodies. Key areas where change needs to happen include:

- Corporate Planning
- Risk Management
- Workforce Planning
- Performance Management
- Financial Planning
- Procurement
- Assets

The Wellbeing of Future Generations Act 2015 which came into force in April 2016 sets the context for the move towards long term planning of services. A programme of training for senior management and elected members is underway so that the wide-ranging and transformational implications of the Act are understood and can be embedded in the Council's ways of working.

Key documents and processes have been revised so that they incorporate sustainable development and wellbeing principles. Over the last three years extensive public engagement has been undertaken in relation to setting service delivery priorities and identifying which services matter most to people, and contribute to their wellbeing. This will continue to inform future planning.

### **Crime and Disorder Act 1998**

Not applicable.

### **Consultation**

As above, the Risk Register is also considered by Audit Committee

### **Background Papers**

Corporate Risk Register, Cabinet, 18<sup>th</sup> December 2015  
Corporate Risk Register, Audit Committee, 28<sup>th</sup> January 2016  
Corporate Risk Register, Cabinet, 14<sup>th</sup> March 2016  
Corporate Risk Register, Audit Committee, 24<sup>th</sup> March 2016  
Corporate Risk Register, Cabinet, 6<sup>th</sup> June 2016  
Corporate Risk Register, Audit Committee, 23<sup>rd</sup> June 2016  
Corporate Risk Register, Cabinet, 12<sup>th</sup> September 2016  
Corporate Risk Register, Audit Committee, 22<sup>nd</sup> September 2016  
Corporate Risk Register, Cabinet, 21<sup>st</sup> December 2016  
Corporate Risk Register, Audit Committee, 26<sup>th</sup> January 2017

Dated: 3 April 2017

## Risk Management Roles and Responsibilities

The roles and responsibilities of individuals and groups are set out below:

<b>Role</b>	<b>Responsibility</b>
Cabinet and Cabinet Members	To work with Strategic Directors and Heads of Service to define, assess and manage corporate risks. To work with Heads of Service to manage risks within their service delivery portfolios To consider corporate risks as part of the decision making process
Members	To be aware of the corporate risks and to consider risk management in scrutiny meetings and regulatory committees
Audit Committee	To take an overview of the processes involved in managing risk in the council To receive regular reports on the corporate risk register and risk management processes
Strategic Leadership Team	To work with Cabinet Members and Heads of Service to define, assess and manage corporate risks To monitor risks in the risk register To recommend additions and revisions to the risk register To initiate mitigating action for escalating risks To ensure risks are assessed accurately
Heads of Service	To work with Cabinet Members and Strategic Directors to define, assess and manage corporate risks To work with the Cabinet Member to manage risks To implement mitigating action for escalating risks To recommend mitigating action for corporate risks to the appropriate decision making body To ensure risks are assessed accurately
Senior Information Risk Owner (SIRO)	To lead and foster a culture that values, protects and uses information for the success of the organisation and benefit of its customers To own the organisation's overall information risk policy and risk assessment processes and ensure they are implemented consistently by Information Asset Owners (IAO's) To advise the Chief Executive or relevant accounting officer on the information risk aspects of the Council's annual governance statement To own the organisation's information incident management framework
Report Authors / Project Managers / Officers	To be aware of corporate risks and the service area risks that impact on their areas of work To consider the risk register when preparing project documentation and recommending action through decision making processes To recommend mitigating action for escalating risks To implement mitigating action for risks arising through the course of normal service delivery To ensure risks are assessed accurately

*Corporate Risk Management Strategy September 2014*



## Assessing Risk

An assessment of the likelihood and impact of risk is important to measure, compare and monitor risks to ensure efficient use of resources and effective decision making. This assessment is carried out using the risk matrix as described below.

### Risk Assessment Matrix

A Corporate Risk Register will contain the high level risks for the whole authority. In order to differentiate between these high level risks a 5x5 risk assessment matrix will be applied. The matrix is shown below and further detail is included in appendix one.

Risks are scored using the scoring system for probability and impact and assigned a rating based on the tolerances set out in the matrix below

### Risk Scoring

Probability description	Score
Very Low probability	1
Low probability	2
Medium probability	3
High probability	4
Very high probability	5
Impact description	Score
Negligible	1
Low	2
Medium	3
High	4
Very High	5

### Risk Matrix

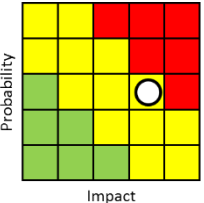

<b>Probability</b>	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
		<b>Impact</b>				

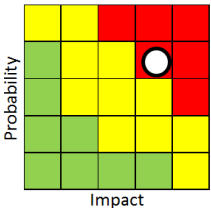

## Impact Matrix

RATING	SEVERITY OF IMPACT	GENERAL DESCRIPTION	IMPACT FACTORS						
			Strategic	Operational	Financial Management	Resources	Governance	Health & Safety	Reputation
1	Negligible	Low impact. Localised effect		Minor disturbance of non-key area of operations	Unplanned budgetary disturbance <£100k	Loss of asset/money with value >£2k		Reportable (non-serious) accident affecting one employee/member of public/service user	Isolated complaint(s)
2	Low	Low impact for organisation as a whole. Medium localised impact		Minor disruption of a key area of operations or more significant disruption to a non-key area of operations	Unplanned budgetary disturbance £100-£500k	Loss of asset/money with value £2-10k	Mild WAO criticism in report. Mild criticism from a legal/regulatory authority. Isolated fraud	Reportable (non-serious) accident affecting small number of employees/members of public/service users	Formal complaints from a section of stakeholders or an institution
3	Medium	Medium impact for organisation as a whole	Noticeable constraint on achievement of a key strategic objective	Major disruption of a service area for a short period or more minor disruption of a service area for a prolonged period	Unplanned budgetary disturbance £500k-£2M	Loss of asset/money with value £10-50k	Adverse WAO report. Significant criticism from a legal/regulatory authority requiring a change of policy/procedures. Small-scale fraud relating to a number of people or more significant fraud relating to one person	Reportable (non-serious) accident(s) affecting a significant number of employees/members of public/service users or a serious injury to a single employee/member of public/service user	Formal complaints from a wide range of stakeholders (e.g. several institutions), adverse local press, complaint/s upheld by Ombudsman
4	High	High impact for organisation as a whole	Severe constraint on achievement of a key strategic objective	Major disruption of a service area for a prolonged period or major disruption of several service areas for a shorter period	Unplanned budgetary disturbance £2-5M	Loss of asset/money with value £50-100k	Qualified account. Severe criticism from WAO/legal/regulatory authority requiring major overhaul of policy/procedures, Significant fraud relating to several employees	Serious injury of several employees/members of public/service users	Significant loss of confidence amongst a key stakeholder group. Adverse national press
5	Very High	Catastrophic	Failure of a key strategic objective	Major disruption of several key areas of operations for a prolonged period	Unplanned budgetary disturbance >£5M	Loss of asset/money with value >£100k	Severe service failure resulting in WAG intervention/special measures Widespread significant fraud	Death of employee(s)	Severe loss of confidence amongst several key stakeholder groups. Damning national press

## Probability

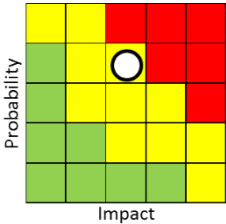
<b>Score</b>	<b>General Description</b>	<b>Definition</b>
1	Very Low probability	2% chance of occurrence
2	Low probability	5% chance of occurrence
3	Medium probability	10% chance of occurrence
4	High probability	20% chance of occurrence
5	Very high probability	50% chance of occurrence

<b>RISK 1: Legislative Requirements</b>						
That new legislative requirements potentially place significant duties on the Authority that it cannot fulfil (resulting in adverse judgements from regulators, significant fines and potential court proceedings and/or existing services are compromised)						
Present Matrix	Assessment Date	Present Risk Score	Present Score Breakdown		Direction of Risk	Review Date
			Probability	Impact		
	March 2017	12	3	4	Unchanged   There is continued pressure on the council to implement the new duties detailed by new legislation. Whilst significant work is underway, there remain major risk factors.	June 2017
	December 2016	12				
	August 2016	12				
	May 2016	16	Medium probability	High Governance impact		
	February 2016	16				
	December 2015	16				
	August 2015	16				
<b>Current Action Status / Control Strategy</b>	Welsh Language Act	<ul style="list-style-type: none"> <li>Strategic equalities group monitors implementation supported by Welsh Language group.</li> <li>Action plans in place and being monitored. This has shown significant progress.</li> <li>Progress includes increasing awareness of the Welsh Language Standards across the authority. Leaflets, posters, desk prompts and video available.</li> <li>Partnership arrangements with another Council now in place and £280k budget allocated, additional resources now available to support service areas and work such as web site development now underway.</li> <li>5 year strategy developed through consultation,</li> <li>Although significant work is ongoing, gaps in service provision remain, and this remains a reputational risk for the Council.</li> </ul>				
	Future Generations Act	<ul style="list-style-type: none"> <li>Cabinet reports updating members on progress and approach. Awareness raising sessions with officers and members completed and work with consultants to develop organisational readiness for the Act underway.</li> <li>Currently developing an impact assessment template that incorporates the sustainability principles. Formal report, service plan and business case templates updated to ensure the principles of the Act are reflected in all decision making.</li> <li>Public Services Board established with agreed Terms of Reference, formal meetings are held at least quarterly.</li> <li>Draft Wellbeing Assessment in place in conjunction with the assessment required for the Social Services Act. Work being undertaken on a Gwent basis to inform the Wellbeing Assessment and Plan - funding secured from Welsh Government to support this work.</li> <li>Development of wellbeing objectives finalised, pending the redevelopment of the Corporate Plan in 2017.</li> </ul>				
<b>Responsible Officer:</b> Chief Executive						
<b>Responsible Cabinet Member(s):</b> Leader of the Council, Deputy Leader, Cabinet Member for Community Work and Skills, Cabinet Member Finance and Resources						
<b>Scrutiny Committee(s):</b> (1) Community Planning and Development and (2) Street Scene, Regeneration and Safety						

<b>RISK 2: Increasing Ageing Population</b>						
That an increasing percentage of the population are over 65 and this puts an increasing strain on demand led services, particularly those that are statutory in nature and significant budgetary overspends						
Present Matrix	Assessment Date	Present Risk Score	Present Score Breakdown		Direction of Risk	Review Date
			Probability	Impact		
	March 2017	16	4	4	Unchanged  Demographic Pressures indicate a 14% rise in the number of adults over 70yrs of age by 2020. There are also increasing numbers of older people with complex health conditions and national research indicates that local authority adult services budgets need a 3% year on year real terms increase in budgets to manage this challenge. The economic climate makes this rate of budget increase extremely unlikely, thereby indicating increasing unmet need.	June 2017
	December 2016	12				
	August 2016	12				
	May 2016	12				
	February 2016	12	High probability	High Financial Management Impact		
	December 2015	12				
	August 2015	12				
	May 2015	12				
	March 2015	12				
	August 2014	8				
<b>Current Action Status / Control Strategy</b>	<ul style="list-style-type: none"> <li>• Focussing on preventative measures and developing resources for prevention and early intervention with colleague agencies to reduce pressure on more acute statutory services – community and carers connectors</li> <li>• Recommissioning voluntary sector services to align to principles of the Social Services and Wellbeing Act 2014.</li> <li>• Transforming existing services to provide an optimal care pathway for older people focussing on independence and re-ablement</li> <li>• Pioneering and, 'In-Reach multi-agency team to visit wards in Royal Gwent on a daily basis to streamline decision making on discharge from hospital</li> <li>• Implementing transformation through project management approach with strong management and performance monitoring</li> <li>• Development of a long term dialogue with communities aiming to strengthen community resilience and capability</li> <li>• Development of a whole council approach to building community resilience</li> </ul>					
<b>Responsible Officer:</b> Strategic Director People						
<b>Responsible Cabinet Member:</b> Cabinet Member for Adult Social Services and Housing						
<b>Scrutiny Committee:</b> Community Planning and Development						

**RISK 3: Capacity and capability to meet the councils objectives**

That there are not skills and or capacity within the workforce to deliver both operational services and also the pace of change needed to modernise services and balance the budget.

Present Matrix	Assessment Date	Present Risk Score	Present Score Breakdown		Direction of Risk	Review Date
			Probability	Impact		
	March 2017	12	4	3	Unchanged ↔ Work continues in this area	June 2017
	December 2016	12				
	August 2016	12				
	May 2016	12				
	February 2016	12	High Probability	Medium Operational Impact		
	December 2015	12				
	August 2015	12				

**Current Action Status / Control Strategy**

- There are continued capacity and capability gaps across the council; these are more prevalent in some areas than others. Although there are a number of actions (see below) that are being undertaken to remediate this situation, there are still risks going forward which will potentially exacerbate this current situation; these include further required financial savings and issues with recruiting to key positions.
- The Workforce Plan identifies objectives for future planning for all Service Areas.
- People and Business Change will pilot career pathway planning in Autumn 2017 to role model to other service areas
- Creation of an apprenticeship scheme was approved in June 2016 and recruitment is underway to the first cohort of apprentices due to start in September 2016, with a possible second intake due to start in January 2017.
- Pilot taking place in Education Services for the roll out of greater NVQ/ILM opportunities for those in the workplace wanting to enhance current skill level. Intention to offer to wider workforce in 2017 linked to workforce planning for each service area
- Mandatory training will be identified for each post and linked to job descriptions to set out the expectation of ability, skill and experience at the point of recruitment and to form a development path throughout induction, probation and longer term
- Additional Investment in Project Management and business change resources
- Coaching, shadowing and mentoring opportunities delivered as part of the change programme
- Specific business support and training provided for business case development and project management.
- More effective use of central support resource
- Training Master classes developed and number of managers attending measured green for 2015 with over 80% attending training to upskill
- Action Learning Sets have been practised at Senior Management Forum and OD are collating requests from managers to create networks of peer coaching through the use of ALS. HR and Finance partners will be trained as facilitators to enable greater support to managers in identifying problems and creating their own solutions.
- Use of external resource / experts
- Sampling of My Review has taken place in August 2016 by the HR/OD team and feedback will be provided to managers in

	<p>September with a refreshed roll out of training on how to conduct appropriate appraisals between October and March 2017 in time for the next annual appraisal</p> <ul style="list-style-type: none"> <li>• OD strategy devised to enable the organisation to achieve faster cultural change and improved performance</li> <li>• People service plan to heavily focus on workforce planning and OD for next 12 months</li> <li>• Performance management process is currently being reviewed with a key objective for 2016/17 to be the roll out of a revised scheme, new performance management system to be piloted early 2017 to assess whether appropriate for organisation roll out</li> <li>• New cohort of managers undertaking ILM level 5 in Coaching and Mentoring to start in January 2017</li> <li>• New cohort of senior leaders undertaking Executive Coaching</li> </ul>
<p><b>Responsible Officer:</b> Chief Executive</p>	
<p><b>Responsible Cabinet Member:</b> Cabinet Member for Finance and Resources</p>	
<p><b>Scrutiny Committee:</b> Community Planning and Development</p>	

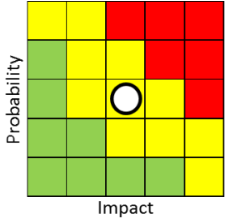

<b>RISK 4: Budget Challenge</b>						
That the continuing need for significant annual savings is increasingly difficult to achieve and that could compromise organisational capacity and service delivery including statutory services						
Present Matrix	Assessment Date	Present Risk Score	Present Score Breakdown		Direction of Risk	Review Date
			Probability	Impact		
<p>Probability</p> <p>Impact</p>	December 2016	12	4	3	Unchanged Whilst assumptions on WG revenue grant support has improved and therefore reduced medium term budget gap over medium term, the planning parameters still assume an annual cash reduction in grant and therefore savings required which are increasingly difficult to achieve, without cuts to service provision. Impact on organisational capacity and delivery of services therefore still significant.	June 2017
	<i>August 2016</i>	12				
	<i>May 2016</i>	12	Medium probability	High Financial Management impact		
	<i>February 2016</i>	12				
	<i>December 2015</i>	12				
	<i>August 2015</i>	16				
<b>Current Action Status / Control Strategy</b>	<ul style="list-style-type: none"> <li>• Business planning process identifies impact of all savings including impact on statutory services</li> <li>• Agreed financial strategy</li> <li>• Robust and early work on the financial strategy and budget</li> <li>• Medium term outlook within the financial strategy</li> <li>• Aligning with the 2020 strategy and plans for service areas</li> <li>• Business cases 2017/18 and MTFP developed and reviewed</li> <li>• MTFP still required balancing over the medium term</li> </ul>					
<b>Responsible Officer:</b> Chief Executive						
<b>Responsible Cabinet Member:</b> Leader of the Council, Cabinet Member for Finance and Resources						
<b>Scrutiny Committee:</b> Community Planning and Development						



<b>RISK 5: Safeguarding</b>						
That the arrangements and the implementation of policies and procedures by the council (and its partners) are not adequate to protect vulnerable adults and children who may be at risk of significant harm						
Present Matrix	Assessment Date	Present Risk Score	Present Score Breakdown		Direction of Risk	Review Date
			Probability	Impact		
	December 2016	8	2	4	Unchanged The level of risk is manageable because this is an area of absolute priority for the local authority. There are safeguarding manager roles across the council and we have strong links with national and regional safeguarding boards	March 2017
	August 2016	8	Low Probability	High Governance Impact		
	February 2016	8				
	August 2015	8				
	March 2015	8				
	August 2014	8				
<b>Current Action Status / Control Strategy</b>	<ul style="list-style-type: none"> <li>• Safeguarding Action Plan agreed and implementation underway</li> <li>• Continuous review of policies and procedures</li> <li>• Partnership working</li> <li>• Raising awareness of policies and procedures with staff</li> <li>• Service Manager for Safeguarding is in place</li> <li>• Safeguarding role in Education</li> </ul>					
<b>Responsible Officer:</b> Strategic Director - People						
<b>Responsible Cabinet Member:</b> Cabinet Member for Adult Social Services and Housing, Cabinet Member for Education and Young People						
<b>Scrutiny Committee:</b> Learning, Caring and Leisure						

**This risk is to be closed in the risk register review in June 2017 and a new risk relating to the increasing number of highly vulnerable children to be introduced.**

<b>RISK 6: Investment in Friars Walk Development</b>						
That the development does not realise its target value and the developer is unable to sell or re-finance the scheme to repay the loan						
Present Matrix	Assessment Date	Present Risk Score	Present Score Breakdown		Direction of Risk	Review Date
			Probability	Impact		
	December 2016	12	4	3	Unchanged	June 2017
	August 2016	12	Medium Probability	Medium Strategic Impact	The Developer and the Council are currently progressing a sale of the Scheme. The Scheme is c85% let by income and this should increase over the next few months. At this level of letting, the scheme has secured a sufficient rental income to generate a sale and if it can't be concluded, a reinvestment value for the Council, at least in the short term and this significantly reduces any impact.	
	May 2016	9				
	February 2016	2				
	December 2015	2				
	August 2015	4				
	May 2015	6				
	March 2015	8				
	November 2014	12				
	August 2014	12				
<b>Current Action Status / Control Strategy</b>	<ul style="list-style-type: none"> <li>• Financial modelling undertaken to test viability of various sale and re-finance options</li> <li>• Retail and Leisure anchor stores secured (Debenhams and Cineworld) and other major store units now leased.</li> <li>• Safeguards built in to mitigate financial risks e.g. Friar's Walk financial reserve</li> <li>• Council able to exercise step-in rights</li> <li>• Regular dialogue is taking place with the developers and the purchasers regarding the sales process and the completion of the necessary legal and financial documentation</li> </ul>					
<b>Responsible Officer:</b> Strategic Director – Place						
<b>Responsible Cabinet Member:</b> Cabinet Member for Regeneration and Investment						
<b>Scrutiny Committee:</b> Streetscene, Regeneration and Safety						

<b>RISK 7: City Deal</b>						
That the SE Wales region, which includes Newport CC, cannot conclude a city deal within the timescales and as a result misses the opportunity to secure investment to improve economic outcomes for the communities of the city						
Present Matrix	Assessment Date	Present Risk Score	Present Score Breakdown		Direction of Risk	Review Date
			Probability	Impact		
	March 2017	9	3	3	Unchanged   <i>The initial stage of the city deal process has been completed.</i>  <i>This will take the rest of 2017 to conclude so the risk assessment score remains unchanged.</i>	June 2017
	December 2016	9				
	August 2016	9				
	May 2016	9	Medium Probability	Medium Strategic Impact		
	February 2016	9				
	December 2015	9				
	August 2015	9				
<b>Current Action Status / Control Strategy</b>	<ul style="list-style-type: none"> <li>The Heads of Terms document for the Cardiff Capital Region City Deal was signed on 15<sup>th</sup> March 2016. This is an agreement between the 10 local authorities of the SE Wales region, Welsh Govt and UK Govt. This is the first critical milestone for the completion of the city deal.</li> <li>The Council formally committed to the city deal process at their February 2017 meeting.</li> <li>Formal governance structures are now in place, including the establishment of a Shadow Joint Cabinet of all Leaders to exercise appropriate oversight of the city deal process. We also now have a Programme Director in place to provide additional resource to complete the next phase of activity.</li> <li>Detailed City Deal arrangements were signed on 1<sup>st</sup> March.</li> </ul>					
<b>Responsible Officer:</b> Chief Executive						
<b>Responsible Cabinet Member:</b> Leader of the Council						
<b>Scrutiny Committee:</b> Community Planning and Development						

<b>RISK 8: Brexit</b>						
That the financial implications of leaving the European Union have a negative impact on the councils financial position						
Present Matrix	Assessment Date	Present Risk Score	Present Score Breakdown		Direction of Risk	Review Date
			Probability	Impact		
	March 2017	9	3	3	Unchanged This risk remains unchanged as we await further discussion and timescales from the Welsh Government and Central Government	June 2017
	<i>December 2016</i>	9	Medium Probability	Medium Strategic Impact		
	<i>August 2016</i>	9				
<b>Current Action Status / Control Strategy</b>	<p>This is a new risk which will need to be monitored carefully. The result of the referendum in June 2016 has resulted in further uncertainty for the overall financial outlook for the UK. This may have an impact on future funding for the council.</p> <p>A good deal of our activity is also guided by EU regulation. It is unclear at this time both when the EU will formally exit the EU and how these regulations may change</p> <p>This remains uncertain, further discussion and engagement from the Welsh Government and UK Government is needed to confirm timescales</p>					
<b>Responsible Officer:</b> Chief Executive						
<b>Responsible Cabinet Member:</b> Leader of the Council						
<b>Scrutiny Committee:</b> Community Planning and Development						

# Report

## Audit Committee

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### Part 1

**Date:** 30 May 2017

**Subject** **Monitoring Regulatory Reports**

**Purpose** To provide Audit Committee with information about the regulatory reports that have been received by the Authority and the arrangements to follow up on any recommendations made.

**Author** Rhys Cornwall, Head of People and Business Change,  
Mike Dickie, Business Service Development Manager,  
Rachel Kalahar, Senior Performance Management Officer  
Catherine Davies, Performance Management Officer

**Ward** All

**Summary** This report details regulatory reports that have been received by the authority from our main regulators, Wales Audit Office (WAO), Care and Social Services Inspectorate Wales (CSSIW) and Estyn.

Each of the regulatory reports contains recommendations or proposals on areas of service delivery where the authority can make improvements. It is important that the authority take note of these proposals and plan actions to address.

This report sets out where the actions to address the findings of these reports will be monitored to ensure good progress is made.

**Proposal** Audit Committee is asked to note the contents of the report and ensure that the council is addressing regulatory reports appropriately.

**Action by** Heads of Service

**Timetable** Immediate

This report was prepared after consultation with:

- Head of Law & Regulation
- Chief Democratic Services Officer
- Head of People and Business Change
- Head of Finance
- Chair of Cabinet
- Audit Committee

## Background

This report builds on the information provided periodically to the Audit Committee since 19<sup>th</sup> September 2013. For ease of reading this report only includes details of the last 12 months activity. Reviews from our main regulators are included, Wales Audit Office (WAO), Care and Social Services Inspectorate Wales (CSSIW), Estyn and more recently, Her Majesty's Inspectorate of Probation (HMIP).

Each of the regulatory reports contains recommendations or proposals on areas of service delivery where the authority can make improvements. It is important that the authority take note of these proposals and plan actions to address.

## New Information for this report

- WAO Data Quality Assurance Arrangements. A draft presentation has been issued following an audit of Newport City Council's data quality assurance arrangements.
- CSSIW Inspection report Newport City Council Fostering Service.
- WAO Waste Review.
- WAO Financial Resilience 2016/17.
- WAO Corporate Assessment Follow up Review.
- WAO Certificate of Compliance. A certificate was issued to confirm that the authority has complied with the requirements of the Local Government Measure 2009 with regards to its Audit of the Improvement Plan performance measures.
- Annual Improvement Report.

## Monitoring WAO Proposals for Improvement and recommendations

To date, the monitoring of the proposals for improvement made by WAO are reported to Cabinet, whereas the monitoring arrangements for CSSIW and Estyn reports are through Scrutiny. Progress monitoring reports for the WAO proposals for improvement are reported to Cabinet on a quarterly basis. These quarterly reports to Cabinet include updates of the open Proposals for Improvement and the recommendations arising from the Corporate Assessment. The WAO reviewed the Corporate Assessment in 2016; the final report was issued in August 2016, a new action plan has been completed in response. The latest update on the recommendations and proposals for improvement is included in appendix 2. Links to the reports provided in the last 12 months are below.

Cabinet 17<sup>th</sup> October 2016 (page 15 onwards)

<https://democracy.newport.gov.uk/documents/g6566/Public%20reports%20pack%2017th-Oct-2016%2011.00%20Cabinet.pdf?T=10>

Cabinet 21<sup>st</sup> December 2016 (page 119 onwards)

<https://democracy.newport.gov.uk/documents/g6568/Public%20reports%20pack%2021st-Dec-2016%2011.00%20Cabinet.pdf?T=10>

Cabinet 24<sup>th</sup> April 2017 (page 33 onwards)

<https://democracy.newport.gov.uk/documents/g6746/Public%20reports%20pack%2024th-Apr-2017%2011.00%20Cabinet.pdf?T=10>

## WAO Work Programme

### Local Studies

WAO Undertake a programme of work at the council about our local arrangements. The following local work was being carried out during 2016/17

- Improvement Plan Year-end Review Certificate of Compliance – received November 2016.
- Corporate Assessment Follow up Review – received October 2016.
- Review of Waste Services – final report received action plan received by Scrutiny Committee.

- Annual Improvement Report – received October 2016.
- Data Quality Review 2016/17 – awaiting final report.

### National Studies

In addition to the local work that WAO undertake at the council they also carry out a number of national studies each year on various topics. The outcomes of these studies are to identify trends across Wales and to identify best practice. WAO select a handful of authorities to be study sites where more detailed assessments are carried out.

We have been asked to participate in the following National Studies over the next few months;

- Financial Resilience – received December 2016.
- Governance Thematic Review – this report will go to the next available meeting following purdah.
- Improving wellbeing through housing adaptations - Newport is a study site, fieldwork completed February 2017 the WAO are visiting several other authorities so the report is not expected until later in the year.

### Roles and Responsibilities

Body	Role	Responsibilities
Cabinet	To receive and respond to service review reports by drawing up appropriate and robust action plans. To work with officers to ensure delivery of those action plans.	To receive 'whole authority' reports from the major regulatory bodies (WAO, CSSIW and Estyn) and endorse action plans for consideration and monitoring (where appropriate) by Scrutiny. To receive quarterly monitoring reports on the Proposals for Improvement.
Cabinet Members		To receive whole authority reports. To receive specific review reports and endorse action plans for consideration and monitoring by Scrutiny. To ensure delivery of action plans.
Audit Committee	To ensure all regulatory reports are being appropriately dealt with, and the council's risk management and internal control mechanisms are adequate.	To receive six monthly overview reports about the position of the regulatory reports received by the authority, including summary findings of reports received. To be advised of upcoming regulatory reports.
Scrutiny Committees	To hold the Executive to account in responding to regulatory reports, ensuring actions plans are robust, and progress is being made in delivering them.	To receive all regulatory reports and resulting action plans and to monitor the progress of the action plans as appropriate.
Chief Executive, Directors, Heads of Service and Senior Managers	To present and deliver action plans and ensure these plans are monitored through service planning or other scrutiny arrangements.	To input into the whole authority and specific review reports as appropriate. To work with Cabinet Members to ensure delivery of action plans.

### Types of regulatory report

There are two types of report that are received from regulators, whole authority (or whole service) reports, and specific review reports.

- 'Whole Authority' reports are those that cover the governance of the authority or the whole scope of the regulator. Examples of this would be the Corporate Assessment, Improvement Letters,

Estyn Inspection of Local Authority Services, and the CSSIW Annual Review and Evaluation of Performance. These reports will be considered by Cabinet and final reports will generally be presented by the regulator that authored the report.

- ‘Specific Review’ reports are those on a single topic, e.g. Waste Management or Regeneration. These reports will be considered by the relevant Cabinet Member.

## Financial Summary

- There are no specific financial implications from this report

## Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
That the authority may not comply with the Local Government Measure in this respect	M	M	Processes have been put in place to capture, monitor and manage proposals from regulators.	
That the authority does not have a full picture of the regulatory activity	M	L	This overview report, the cabinet reports and regular future reports on this topic will address this issue.	

\* Taking account of proposed mitigation measures

## Links to Council Policies and Priorities

This report contributes in some way to all of the council’s priorities.

## Options Available

For information

## Comments of Chief Financial Officer

There are no specific financial consequences arising from this report. There may be financial consequences arising from the individual regulatory reports and these will be picked up within those reports as appropriate.

## Comments of Monitoring Officer

There are no specific legal issues arising from the Report. However, the Local Government (Wales) Measure 2011 and relevant statutory guidance now requires that Audit Committee should be informed of all external audit or regulatory reports, so they can be satisfied with the measures adopted to address any issues identified and to mitigate any internal risks. Following the processes set out in this report, Cabinet, Scrutiny Committee’s and Audit Committee will need to exercise a greater overview over regulatory reports in future..

## Comments of Head of People and Business Change

There are no direct staffing implications associated with this report.



This report enables the authority to have an overview of the regulatory reports received by the authority, and as such, complies further with the Local Government (Wales) Measure 2011. Actions taken to address proposals from regulators will help to make the functions of the council more robust and sustainable for the future. By ensuring that reports and action plans are reported to the appropriate committee it allows for oversight and accountability for the progress made.

## **Local issues**

None

## **Scrutiny Committees**

Not applicable.

## **Equalities Impact Assessment and the Equalities Act 2010**

The Equality Act 2010 contains a Public Sector Equality Duty which came into force on 06 April 2011. The Act identifies a number of 'protected characteristics', namely age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation; marriage and civil partnership. The new single duty aims to integrate consideration of equality and good relations into the regular business of public authorities. Compliance with the duty is a legal obligation and is intended to result in better informed decision-making and policy development and services that are more effective for users. In exercising its functions, the Council must have due regard to the need to: eliminate unlawful discrimination, harassment, victimisation and other conduct that is prohibited by the Act; advance equality of opportunity between persons who share a protected characteristic and those who do not; and foster good relations between persons who share a protected characteristic and those who do not. The Act is not overly prescriptive about the approach a public authority should take to ensure due regard, although it does set out that due regard to advancing equality involves: removing or minimising disadvantages suffered by people due to their protected characteristics; taking steps to meet the needs of people from protected groups where these differ from the need of other people; and encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

## **Children and Families (Wales) Measure**

Although no targeted consultation takes place specifically aimed at children and young people, consultation on planning applications and appeals is open to all of our citizens regardless of their age. Depending on the scale of the proposed development, applications are publicised via letters to neighbouring occupiers, site notices, press notices and/or social media. People replying to consultations are not required to provide their age or any other personal data, and therefore this data is not held or recorded in any way, and responses are not separated out by age.

## **Wellbeing of Future Generations (Wales) Act 2015**

The guidance on the Act is clear – it requires public bodies to maximise their contribution to improving the wellbeing of Wales. The Act provides a framework for better decision making by ensuring public bodies take account of the long term, focus on prevention, take an integrated and collaborative approach, and involve people in policy making and planning and delivery of services.

The Act places a duty on the public sector to:

- Adopt the Sustainable Development Principle
- Work towards 7 national wellbeing goals
- Focus work on future generations
- Take a central role in the establishment and scrutiny of a Public Services Board (PSB)
- Take a central role in the development of a Wellbeing Plan based on a long term needs assessment
- Respond to a new accountability framework including reporting and review by the Auditor General Wales

The Act has implications for how the local authority will work in future and Part 2 of the Act places an individual wellbeing duty on public bodies. Key areas where change needs to happen include:

- Corporate Planning
- Risk Management
- Workforce Planning
- Performance Management
- Financial Planning
- Procurement
- Assets

The Wellbeing of Future Generations Act 2015 which came into force in April 2016 sets the context for the move towards long term planning of services. A programme of training for senior management and elected members is underway so that the wide-ranging and transformational implications of the Act are understood and can be embedded in the Council's ways of working.

Key documents and processes have been revised so that they incorporate sustainable development and wellbeing principles. Over the last three years extensive public engagement has been undertaken in relation to setting service delivery priorities and identifying which services matter most to people, and contribute to their wellbeing. This will continue to inform future planning.

### **Crime and Disorder Act 1998**

Section 17(1) of the Crime and Disorder Act 1998 imposes a duty on the Local Authority to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area.

### **Consultation**

Not applicable.

### **Background Papers**

See links in report

'Monitoring Regulatory Reports' Audit Committee (26/03/15)

'Monitoring Regulatory Reports' Audit Committee (08/12/15)

'Monitoring Regulatory Reports' Audit Committee (24/03/16)

'Monitoring Regulatory Reports' Audit Committee (22/09/16)

Dated: 10 May 2017

## Appendix One Details of Regulatory Reports

Key: The following acronyms are used in the table below

LCL Scrutiny	Learning, Caring and Leisure Scrutiny Committee
CPD Scrutiny	Community Planning and Development Scrutiny
SRS Scrutiny	Streetscene, Regeneration and Safety Scrutiny Committee
ASSH	Cabinet Member: Adult Social Services and Housing
ACS	Service Area: Adults and Community Services
CYP	Service Area: Children and Young People Services
FIN	Service Area: Finance
L&R	Service Area: Law and Regulation
PBC	Service Area: People and Business Change
RIH	Service Area: Regeneration, Investment and Housing
STS	Service Area: Streetscene and City Services

### Education (Estyn Regulatory Reports)

Service Area	Report / Review and date	Reported to	Comments / follow up
Education	Commissioned Pre inspection of Education in preparation for Estyn inspection.	Cabinet and LCL Scrutiny	Outcomes shared with Leader and action planned to address points raised.

### Social Services (CSSIW Regulatory Reports)

Service Area	Report / Review and date	Reported to	Comments / follow up
CYP	CSSIW Inspection report Newport City Council Fostering Service (p[age 53 onwards) <a href="https://democracy.newport.gov.uk/documents/g6650/Public%20reports%20pack%2021st-Sep-2016%2017.00%20Learning%20Caring%20and%20Leisure%20Scrutiny%20Committee.pdf?T=10">https://democracy.newport.gov.uk/documents/g6650/Public%20reports%20pack%2021st-Sep-2016%2017.00%20Learning%20Caring%20and%20Leisure%20Scrutiny%20Committee.pdf?T=10</a>	LCL Scrutiny 21st September 2016	Following the inspection the proposals for improvement and recommendations have been fulfilled.
ACS	CSSIW Inspection report Newport City Council Home Care Service <a href="http://cssiw.org.uk/docs/cssiw/report/inspection_reports/11834_4_e.pdf">http://cssiw.org.uk/docs/cssiw/report/inspection_reports/11834_4_e.pdf</a>	Cabinet Member for ASSH September 2016	No areas of regulatory non-compliance identified during the inspection. The report was shared with the Cabinet Member, Leader and CEO.

### Other Service Areas and Corporate Reports (WAO Regulatory Reports)

Service Area	Report / Review and date	Reported to	Comments / follow up
ALL	WAO Certificate of Compliance (page 153 onwards) <a href="https://democracy.newport.gov.uk/documents/g6564/Public%20reports%20pack%2011th-Jul-2016%2011.00%20Cabinet.pdf?T=10">https://democracy.newport.gov.uk/documents/g6564/Public%20reports%20pack%2011th-Jul-2016%2011.00%20Cabinet.pdf?T=10</a>	Cabinet 11 <sup>th</sup> July 2016	A certificate was issued to confirm that the authority has complied with the requirements of the Local Government Measure 2009 with regards to its Audit of the Improvement Plan 2016-17.
STS	WAO Waste Review (page 13 onwards) <a href="https://democracy.newport.gov.uk/documents/g6658/Public%20reports%20pack%2013th-Oct-2016%2017.00%20Streetscene%20Regeneration%20and%20Safety%20Scrutiny%20Committee.pdf?T=10">https://democracy.newport.gov.uk/documents/g6658/Public%20reports%20pack%2013th-Oct-2016%2017.00%20Streetscene%20Regeneration%20and%20Safety%20Scrutiny%20Committee.pdf?T=10</a>	Cabinet Member and SRS Scrutiny 13 <sup>th</sup> October 2016	Action plan to address proposals for improvement.
FIN	WAO Financial Resilience 2016/17 (page 69 onwards) <a href="https://democracy.newport.gov.uk/documents/g6566/Public%20reports%20pack%2017th-Oct-2016%2011.00%20Cabinet.pdf?T=10">https://democracy.newport.gov.uk/documents/g6566/Public%20reports%20pack%2017th-Oct-2016%2011.00%20Cabinet.pdf?T=10</a>	Cabinet 17 <sup>th</sup> October 2016	Action plan to address proposals for improvement.
ALL	WAO Corporate Assessment Follow up Review (page 15 onwards) <a href="https://democracy.newport.gov.uk/documents/g6566/Public%20reports%20pack%2017th-Oct-2016%2011.00%20Cabinet.pdf?T=10">https://democracy.newport.gov.uk/documents/g6566/Public%20reports%20pack%2017th-Oct-2016%2011.00%20Cabinet.pdf?T=10</a>	Cabinet 17 <sup>TH</sup> October 2016	A follow up of the Corporate Assessment Review undertaken in 2015.
ALL	WAO Certificate of Compliance (page 153 onwards) <a href="https://democracy.newport.gov.uk/documents/g6568/Public%20reports%20pack%2021st-Dec-2016%2011.00%20Cabinet.pdf?T=10">https://democracy.newport.gov.uk/documents/g6568/Public%20reports%20pack%2021st-Dec-2016%2011.00%20Cabinet.pdf?T=10</a>	Cabinet 21 <sup>st</sup> December 2016	A second certificate was issued to confirm that the authority has complied with the requirements of the Local Government Measure 2009 following and audit of the Improvement Plan Annual Review 2015-16.
ALL	Annual Improvement Report (page 147 onwards) <a href="https://democracy.newport.gov.uk/documents/g6743/Public%20reports%20pack%2016th-Jan-2017%2011.00%20Cabinet.pdf?T=10">https://democracy.newport.gov.uk/documents/g6743/Public%20reports%20pack%2016th-Jan-2017%2011.00%20Cabinet.pdf?T=10</a>	Cabinet 16 <sup>th</sup> January 2017	An assessment as to whether the authority will meet statutory continuous improvement duties.
ALL	<b>UPCOMING: Governance Thematic Review</b>	<b>Cabinet</b>	<b>Final report received – will be reported to Cabinet following purdah.</b>

Service Area	Report / Review and date	Reported to	Comments / follow up
ALL	UPCOMING: WAO Data Quality Review	TBC	An assessment of the accuracy of the performance data produced by the authority. The WAO have just completed Fieldwork for the 2017 Data Quality Review. Final report expected imminently.
RIH	UPCOMING: WAO Improving wellbeing through housing adaptations	TBC	Fieldwork completed February 2017. Final report expected late summer 2017.

**Appendix Two**  
**Update on Wales Audit Office Proposals for Improvement and Recommendations**  
 (Reported to Cabinet on 24<sup>th</sup> April 2017)

Recommendations		Number of actions identified in initial action plan	Number of actions completed	Number of Outstanding actions
(Note: reference numbers do not coincide due to recommendations closed by the WAO e.g. recommendation 3 has been closed)				
<b>Recommendation 1</b>	The Council should ensure that Members are routinely and transparently considering robust information at the earliest opportunity to enable them to inform, take, and challenge choices and decisions effectively, and ensure that decisions are recorded and reported transparently.	3	1	2
<b>Recommendation 2</b>	<p>The Council should address with more urgency the weaknesses in its governance arrangements that underpin its decision making to support improvement. This would include:</p> <ul style="list-style-type: none"> <li>strengthening committee work programming arrangements to ensure they are timely, meaningful, informative, transparent, balanced, monitored, and joined up;</li> <li>reviewing and updating the Council's constitution ensuring that roles, responsibilities and accountabilities are clear, and that all Members understand and apply their respective roles in relation to each other without compromising independence;</li> <li>empowering Members to be more proactive and accountable for their roles and responsibilities;</li> <li>strengthening scrutiny arrangements to more effectively inform and challenge policies, options, decisions and actions, and hold Cabinet Members, officers, partners and others to account more robustly to drive an increased pace of progress and improvement; and</li> <li>strengthening and mandating member and officer development and learning programmes based on competency assessments to improve skills and understanding to enable them to undertake their roles more effectively.</li> </ul>	14	3	11
<b>Recommendation 4</b>	The Council must continue to develop its people management arrangements, to ensure it has the capacity and capabilities necessary to change and improve. In doing so, it should:	12	11	1

Recommendations  (Note: reference numbers do not coincide due to recommendations closed by the WAO e.g. recommendation 3 has been closed)		Number of actions identified in initial action plan	Number of actions completed	Number of Outstanding actions
	<ul style="list-style-type: none"> <li>• continue to develop its draft Workforce Plan and associated action plans by, for each action: allocating responsibility to an officer and setting a deadline for completion; and</li> <li>• in the absence of a formal approach to 360-degree feedback for all staff, address manager inconsistency in carrying out appraisals and ensure all staff receive a constructive and developmental appraisal to support job performance.</li> </ul>			
<b>Recommendation 5</b>	<p>To strengthen the arrangements that enable the Council to scrutinise its improvement objectives. In doing so, the Council should:</p> <ul style="list-style-type: none"> <li>• Enable Members to effectively challenge and scrutinise service performance: <ul style="list-style-type: none"> <li>▪ ensure that meeting agendas allow for sufficient time for Members to focus on (broad) underperformance; and</li> <li>▪ provide training on effective challenge and scrutiny for Members.</li> </ul> </li> </ul>	6	3	3

**Completed actions are highlighted in grey**

**Recommendation 1**

<b>Recommendation 1</b>	The Council should ensure that Members are routinely and transparently considering robust information at the earliest opportunity to enable them to inform, take, and challenge choices and decisions effectively, and ensure that decisions are recorded and reported transparently.
<b>WAO's Intended outcome/benefit</b>	Decisions and scrutiny are based on consideration of up to date and accurate information. Decisions are accurately recorded on a timely basis on the Council's decision making tracker so the public are able to easily find and understand what decisions have been taken and by whom.
<b>Responsible Officer</b>	Chief Executive Head of Law & Regulation

Ref	Planned Actions	Completi on Date	Progress to date	Planned next quarter	Responsible Officer
1.1	Chief Officers will view all decision making reports and conclude on whether they are of sufficient quality before submission to the decision making and scrutiny processes.	March 2017	Cabinet reports are received by SLT for consideration of content and quality before submission to the Cabinet cycle.	This is now embedded in the process, no further actions planned.	Chief Executive
1.2	Heads of Service will ensure that appropriate quality assurance processes are implemented within their service areas to ensure that reports are of an acceptable quality and standard before submission for inclusion in the decision – making or scrutiny processes	July 2017	Reports will be considered by Heads of Service before consideration by SLT and submission to the decision making or scrutiny process	To continue this process and assess its effectiveness	Chief Executive



Ref	Planned Actions	Completion Date	Progress to date	Planned next quarter	Responsible Officer
1.3	All Cabinet, Cabinet Member and delegated officer decisions are properly recorded, including background information, options and reasons for those decisions, in accordance with the Council's constitution and legislative requirements. Minutes of Council and Committee meetings are also recorded accurately, approved at subsequent meetings and published in a timely manner. All decisions, background reports and minutes are published on the Council's web site, with a search engine to enable decisions to be tracked and easily found.	July 2017	The new template is now being used. An updated template has also been made available for reports to Scrutiny	Keep under review	Head of Law & Regulation

## Recommendation 2

<b>Recommendation 2</b>	<p>The Council should address with more urgency the weaknesses in its governance arrangements that underpin its decision making to support improvement. This would include:</p> <ul style="list-style-type: none"> <li>• strengthening committee work programming arrangements to ensure they are timely, meaningful, informative, transparent, balanced, monitored, and joined up;</li> <li>• reviewing and updating the Council's constitution ensuring that roles, responsibilities and accountabilities are clear, and that all Members understand and apply their respective roles in relation to each other without compromising independence;</li> <li>• empowering Members to be more proactive and accountable for their roles and responsibilities;</li> <li>• strengthening scrutiny arrangements to more effectively inform and challenge policies, options, decisions and actions, and hold Cabinet Members, officers, partners and others to account more robustly to drive an increased pace of progress and improvement; and</li> <li>• strengthening and mandating member and officer development and learning programmes based on competency assessments to improve skills and understanding to enable them to undertake their roles more effectively.</li> </ul>
<b>WAO's Intended outcome/benefit</b>	<ul style="list-style-type: none"> <li>• The areas of focus of each of the committees is clear, linked to corporate priorities, regularly updated and considered in an open forum.</li> <li>• The Council's constitution accurately reflects existing arrangements and clearly sets out roles and responsibilities.</li> <li>• Members are able to fulfil their roles effectively and are held to account for these roles.</li> <li>• Scrutiny is used effectively to inform policy development and hold Cabinet Members and officers to account for performance.</li> <li>• Members and officers are equipped and supported to undertake their roles.</li> </ul>
<b>Responsible Officer</b>	Head of Law & Regulation

Ref	Planned Actions	Completion Date	Progress to date	Planned next quarter	Responsible Officer
2.1	To develop the use of Committee pre-meetings in order to focus challenge more effectively and improve the quality of questioning. (Scrutiny AR Action 1)	July 2017	The three overview and Scrutiny Committees are now using pre meetings at every meeting to develop questioning strategies and to work towards the intended	To continue with Pre meetings when the Committees are reconstituted in May, and to develop and improve this process.	Head of Law & Regulation

Ref	Planned Actions	Completion Date	Progress to date	Planned next quarter	Responsible Officer
			<p>outcomes of the meeting.</p> <p>We have now introduced a more detailed pre meeting agenda, including suggested areas of focus. This is based on the briefing notes that had previously been prepared for the Chairs.</p>	We are also looking into possible training to include for the new members on composing and targeting questions which could provide support to Members in improving the quality of the questioning.	
2.2	To introduce an effective system for scrutiny of the Public Services Board, in response to the statutory duty placed on scrutiny by the WFGA (Scrutiny AR Action 2)	By April 2018	<p>An interim system is currently in place, with SSRS Scrutiny Committee acting as the designated Committee for PSB scrutiny.</p> <p>A Policy Review Group is considering the most effective framework for PSB scrutiny to meet the requirements of the act, to be reported back to SSRS at its meeting on 20 April.</p>	The outcomes of the PRG group considering the most effective framework for PSB scrutiny will be presented to the SSRS Committee in April and to the Council after the election. To confirm the most effective structure for the scrutiny of the PSB.	Head of Law & Regulation
2.3	To introduce a new report template to improve the quality and focus of the information that is presented to Committees (Scrutiny AR Action 3)	By November 2016 meeting cycle	A new template has been introduced and is in use.	Continue to review and amend as necessary, to improve the quality and focus of information that is presented to the Committee.	Head of Law & Regulation
2.4	To continue to develop the links between Scrutiny and Auditors / Inspectors / Regulators, in particular to support work programming and	Ongoing	Currently undertaking a Scrutiny Peer Review with Caerphilly and Monmouth with support of the WAO.	This will be reviewed through next year's work programme and the scrutiny induction and training programme post-election.	Head of Law & Regulation

Ref	Planned Actions	Completion Date	Progress to date	Planned next quarter	Responsible Officer
	training (Scrutiny AR Action 4)			Outcomes of the peer review will be reported in the Scrutiny Annual Report.	
2.5	To continue implementation of the Public Engagement Strategy agreed in 2015 (Scrutiny AR Action 5)	By April 2017	Implementation on going.  Feedback forms have been drafted and are ready to be used for the meetings post-Election.  This has been reported to the Chairs of Scrutiny at its meeting in March.	Improve the website information for scrutiny, and ensure systems in place post May to publish forward work programmes regularly, and to utilise social media where appropriate to publicise scrutiny investigations, work programmes and calls for items.	Head of Law & Regulation
2.6	Cabinet work programmes are presented to each cabinet meeting	By April 2017	This has been implemented and is ongoing	Continue	Head of Law & Regulation
2.7	The Democratic Services Committee are reviewing the various elements of the Constitution	Ongoing	This has been implemented and is ongoing	Continue	Head of Law & Regulation
2.8	To develop the use of Committee pre-meetings in order to focus challenge more effectively and improve the quality of questioning. (Scrutiny AR Action 1)	July 2017	See 2.1 above		Head of Law & Regulation
2.9	To introduce a new report template to improve the quality and focus of the information that is presented to Committees (Scrutiny AR Action 3)	By November 2016 meeting cycle	See 2.3 above		Head of Law & Regulation
2.10	To develop the use of Committee pre-meetings in order to focus	July 2017	See 2.1 and 2.8 ABOVE		Head of Law & Regulation

Ref	Planned Actions	Completion Date	Progress to date	Planned next quarter	Responsible Officer
	challenge more effectively and improve the quality of questioning. (Scrutiny AR Action 1)				
2.11	To continue regular meetings of the Chairs of Scrutiny, the Scrutiny Officer Team and leading Members of the Executive, to ensure a positive relationship continues, and workloads are coordinated effectively (Scrutiny AR Action 6)	Meetings already diarised	Meetings diarised.	Continue with regular meetings.  Post-election, ensure that a schedule of meetings is set up for meetings with the Chairs and the Executive at regular intervals.	Head of Law & Regulation
2.12	To develop an appropriate role for Scrutiny within the new arrangements for managing performance, and building on the existing measures for service plan monitoring (Scrutiny AR Action 7)	By December 2016	Implemented, to be kept under review.  New template for the service plans discussed with the scrutiny team and chairs.	Keep under review.	Head of Law & Regulation
2.13	To update and deliver the training and seminar programme for Members, including training to support: - Budget scrutiny - Performance scrutiny - Implementation of the Wellbeing of Future Generations Act (Scrutiny AR Action 8)	July 2017	Training and seminar sessions on-going.  PSB Scrutiny PRG Group took part in training seminars on the Wellbeing act as part of their Ongoing review.	Developing training programme for new scrutiny members post-election.  Continue and develop the member Seminar list.	Head of Law & Regulation
2.14	To work with current Members to develop an effective scrutiny induction programme for Elected Members after the 2017 election. (Scrutiny AR Action 9)	July 2017	Programme being prepared for post – election.	Programme for induction will be finalised and implemented in May.  Ongoing training needs will be reviewed as needed.	Head of Law & Regulation

## Recommendation 4

<b>Recommendation 4</b>	<p>The Council must continue to develop its people management arrangements, to ensure it has the capacity and capabilities necessary to change and improve. In doing so, it should:</p> <ul style="list-style-type: none"> <li>• continue to develop its draft Workforce Plan and associated action plans by, for each action: allocating responsibility to an officer and setting a deadline for completion; and</li> <li>• in the absence of a formal approach to 360-degree feedback for all staff, address manager inconsistency in carrying out appraisals and ensure all staff receive a constructive and developmental appraisal to support job performance.</li> </ul>
<b>WAO's Intended outcome/benefit</b>	<ul style="list-style-type: none"> <li>• The Council has effective workforce planning arrangements in place, which will help it deliver its vision and priorities.</li> <li>• Staff appraisals are consistently undertaken and to a good standard and these are used to inform staff development.</li> </ul>
<b>Responsible Officer</b>	Head of People & Business Change

## Action Update

Ref	Planned Actions	Completion Date	Progress to date	Planned next quarter	Responsible Officer
4.1	Creation of a workforce plan review group	February 2016	Completed		Head of People & Business Change
4.2	Publication of workforce plan	June 2016	Completed		Head of People & Business Change
4.3	Second version of workforce plan in place for 2016/17	June 2016	Completed		Head of People & Business Change
4.4	HR Business Partners to meet with Head of Service to discuss workforce objectives for 2016/17	June 2016 onwards	Completed		Head of People & Business Change
4.5	2016/17 objective for workforce planning set in both service planning and individual objectives	May 2016	Completed		Head of People & Business Change
4.6	Carry out self-assessment audit to assess current performance and identify future priorities	December 2016	Completed		Head of People & Business Change
4.7	Conduct enhanced training on	December	Completed		Head of People &

Ref	Planned Actions	Completion Date	Progress to date	Planned next quarter	Responsible Officer
	workforce planning for all HR/OD officers	2016			Business Change
4.8	Feedback to managers on quality of appraisals sampled	October 2016	Feedback provided on sample of appraisals		Head of People & Business Change
4.9	Options to review current processes are investigated to bring about technology in the PM cycle and modernise the system	July 2017	Currently on a pilot for new performance management system to move to a continuous performance management process instead of an annual appraisal	Make determination as to whether to proceed and roll out across the Council. Plan roll out of training and support to use the system	Head of People & Business Change
4.10	Review of Coaching for Performance course and recommendations made on future procurement	August 2016	Review undertaken and we will continue to run the course but add additional coaching support in the form of ILM qualifications	Implemented	Head of People & Business Change
4.11	Solutions identified to offer both coaching and mentoring ILM qualifications	August 2016	ILM in coaching and mentoring has been identified and a cohort of 14 managers signed up – this commenced January 2017	Implemented	Head of People & Business Change
4.12	Creation of action learning set network	October 2016	ILM in action learning sets identified and offered to managers but take up low at this point. Informal action learning set took place in one service area in November Focus will be on coaching at this time	Implemented	Head of People & Business Change

## Recommendation 5

<b>Recommendation 5</b>	To strengthen the arrangements that enable the Council to scrutinise its improvement objectives. In doing so, the Council should: <ul style="list-style-type: none"> <li>• Enable Members to effectively challenge and scrutinise service performance: <ul style="list-style-type: none"> <li>▪ ensure that meeting agendas allow for sufficient time for Members to focus on (broad) underperformance; and</li> <li>▪ provide training on effective challenge and scrutiny for Members.</li> </ul> </li> </ul>
<b>WAO's Intended outcome/benefit</b>	Members are given accurate and timely information to enable them to challenge performance and progress against improvement objectives effectively. Remedial action is identified and taken forward. Performance is frequently discussed and challenged by scrutiny and members have sufficient time to do so. Members have the necessary skills to challenge and scrutinise effectively.
<b>Responsible Officer</b>	Head of People & Business Change

### Action Update

Ref	Planned Actions	Completion Date	Progress to date	Planned next quarter	Responsible Officer
5.1	New Performance reporting framework in place ensures more information is provided to scrutiny and Cabinet Members in a timelier manner.	Framework agreed by Cabinet and Scrutiny Chairs September 2016	This has now been implemented	No further action planned	Head of People & Business Change
5.2	New performance management system will allow information on performance to be more visible and readily available around the authority.	New System Implemented April 2016 Further development continues.	Further work has been carried out on the system by Performance Management Officer. Development plan agreed and further training has been rolled out.	Further system development to be completed and rolled out with training offered to users.  More users to be added to the system to ensure that data is visible across the Council.	Head of People & Business Change
5.3	Exception dashboards and reports for service plans highlight key areas.	July 2017	Mid-year reviews have been completed and provided to scrutiny along with exception dashboards that clearly show	The Service Planning process and template will be reviewed on an annual basis to ensure that process works and	Head of People & Business Change



Ref	Planned Actions	Completion Date	Progress to date	Planned next quarter	Responsible Officer
			<p>areas of underperformance.</p> <p>Service planning process and template has been reviewed and new templates agreed and distributed for 2017/18 (to be completed for July 2017 Scrutiny Meetings)</p>	<p>adapts to the changing environment in which the council operates.</p>	
5.4	Performance reports that go to Cabinet now go to the Scrutiny Chairs for Information.	Framework agreed by Cabinet September 2016	This has now been implemented, detailed improvement plan Cabinet update sent to Scrutiny for information for Q1	No further actions planned, this will be ongoing.	Head of People & Business Change
5.5	Heads of Service have regular briefing meetings with Cabinet Members who in turn brief the Leader of the Council.	Framework agreed by Cabinet September 2016	Heads of Service have had regular briefing meetings with Cabinet Members. Cabinet Members then brief the Leader of the Council.	This is now embedded, no further actions planned.	Chief Executive
5.6	We have put in place a training and seminar programme for Scrutiny Members, and we have also introduced pre-meetings to improve the focus and challenge of Member questions. We are also developing the new induction programme for May 2017 which will include focus on effective challenge.	Systems in place and in ongoing development Induction programme from May 2017	<p>The Democratic Services Committee has agreed the basis of an induction/ training programme post-election 2017</p> <p>Link here: <a href="https://democracy.newport.gov.uk/documents/s4397/Item%204%20Induction%20for%20members.pdf">https://democracy.newport.gov.uk/documents/s4397/Item%204%20Induction%20for%20members.pdf</a></p>	<p>The programme is developing but to date dates are agreed for</p> <ul style="list-style-type: none"> <li>• Planning Training</li> <li>• Licensing Training</li> <li>• Code of Conduct Training</li> </ul> <p>Scrutiny Training will be delivered at the first meeting of the committee Democratic Service Committee training will be delivered at the first meeting of that committee</p> <p>Date: May 2017 and on-going</p>	Head of Law & Regulation

## Proposal for Improvement 1

<b>Proposal for Improvement 1</b>	The Council should: Provide Cabinet with a more detailed update of progress in addressing our Corporate Assessment and its Follow-up recommendations to facilitate more active discussion and challenge of progress.
<b>WAO's Intended outcome/benefit</b>	Cabinet are able to challenge and monitor progress against the Corporate Assessment action plan and understand reasons for delay and to identify further actions as necessary. There is open discussion of progress during public meetings so that public and members can see the progress being made.
<b>Responsible Officer</b>	Head of People & Business Change

## Action Update

Ref	Planned Actions	Completion Date	Progress to date	Planned next quarter	Responsible Officer
1.1	The Action plan will be reported as a separate report in its own right; this will raise its profile with Members as it will be an agenda item.	The first report will go to cabinet on 17th October.	Cabinet have received the Review of progress in addressing the Corporate Assessment and Corporate Assessment Follow-up recommendations 2015/16.  The Quarterly update on progress against the Corporate Assessment Recommendations and Proposals for improvement is now considered by cabinet as a report in its own right.	No further action planned	Head of People & Business Change
1.2	The action plan will provide a more detailed update of progress made.	January 2017	The reporting process outlined in response to Recommendation 1 (ref 1.1 and 1.2) will ensure that sufficient detail is included.  The Quarterly update is now submitted to Chief Officers prior to submission to Cabinet to ensure that enough detail has been included.	No further action, this is now part of the process.	Head of People & Business Change

## Proposal for Improvement 2

<b>Proposal for Improvement 2</b>	Review the timespan for completion of return to work interviews.
<b>WAO's Intended outcome/benefit</b>	Return to work interviews are undertaken on a more timely basis for mutual benefit to the Council and the employee.
<b>Responsible Officer</b>	Head of People & Business Change

### Action update

Ref	Planned Actions	Completion Date	Progress to date	Planned next quarter	Responsible Officer
2.1	Newport is in the second quartile for sickness absence based on 2015/16 data, and is joint 7th based on the number of days lost per FTE. Our policy uses best practice of 7 calendar days for RTW's to be completed and whilst we do not achieve 100% submission, we do not believe that reducing the time frame will ensure greater submission response rates. However, we will look to move from a paper based system to an online one in an attempt to improve submission rates as we believe that completing paper documentation has a greater impact on delayed submission rates.	September 2017	We have rolled out People Manager on ITrent to managers in the organisation. We anticipate that this action will shorten the length of time to complete return to work interviews and will increase the percentage of returns within the timeframe.	Further consideration of the removal of the paper form and move to an online form.  Full review of the process across service areas	Head of People & Business Change

### Proposal for Improvement 3

<b>Proposal for Improvement 3</b>	Review whether it has appropriate capacity and capability within its People and Business Change service area to strengthen workforce planning.
<b>WAO's Intended outcome/benefit</b>	The Council has the confidence that it has the necessary resources and support to address workforce planning to meet its priorities and vision.
<b>Responsible Officer</b>	Head of People & Business Change

### Action update

Ref	Planned Actions	Completion Date	Progress to date	Planned next quarter	Responsible Officer
3.1	Workforce planning has been a theme of the HR service plan for the last year and officers have been identified as leads for enabling workforce planning to become an integral function of the HR service. We have visited the Vale of Glamorgan, Swansea and RCT Councils to learn from their best practice and apply this knowledge at Newport. We intend to undertake the WAO self-assessment audit tool to review our progress and identify priorities for the future. Officers will be effectively trained on workforce planning There is a risk in terms of capacity within the HR/OD team as Newport has considerably fewer HR FTE than comparable Councils and priorities will need to be assessed accordingly.	September 2017	Workforce Plan 2016/17 published and all service areas have completed their template for the year with their workforce planning objectives identified. HR Business Partners are working proactively with Heads of Service to discuss their templates as part of normal business discussions and each member of the HR team has contribution towards the workforce planning progress report.	Currently working on a longer term workforce plan for the organisation which will match up to the next People Plan – i.e. a 5 year plan for both	Head of People & Business Change

### Proposals for Improvement from Previous Reviews

Proposals for Improvement from the Corporate Assessment 2013 and Corporate Assessment Review April 2015 (includes those from Data Quality, Transformation and ICT Reviews) which are still in progress.

Ref	Proposal	Progress update	Actions planned next quarter	Expected close down date	Responsible Officer
	<ul style="list-style-type: none"> <li>ensure that it has in place the people and resources capable of implementing the organisational framework and delivering subsequent service changes; and</li> </ul>	<p>This is an ongoing issue which is unlikely to be solved in the short term due to ongoing budget cuts.</p> <p>It is included as a risk in the corporate risk register, service plans and the risks associated with the Change Programme.</p>	<p>This will continue to be monitored in the risk register no further actions planned for this report.</p>	<p>Ongoing with regular reports to CM for Resources and Finance</p>	<p>Head of People and Business Change</p>
42	<p>Develop a clearer understanding of the collaborative projects taking place across the Council and an agreed and widely communicated approach to the management of collaboration. The approach should help the Council to ensure that collaborations are providing value for money outcomes for Newport's citizens.</p>	<p>Details of collaborations and partnerships are included in the service planning and review process, and through the annual governance statement. A clearer understanding of the council's collaborative activity is now available.</p> <p>Service plans and reviews contain collaborative information and were considered by Scrutiny in Autumn</p> <p>Local Government Secretary Mark Drakeford has set out a timetable for talks on local government reform that will include collaborative arrangements. Consultation is in progress and the minister has</p>	<p>Awaiting the outcome of the consultation, which will heavily influence the council's on going approach to collaborative projects.</p> <p>The Councils Wellbeing Objectives have been agreed and planning templates have been reviewed and revised in accordance with the 5 ways of working detailed in the Wellbeing of Future Generations act.</p> <p>The need to consider collaborative working in planning and implementation is now embedded and will be monitored through the strategic planning reporting framework.</p>	<p>September 2017</p>	<p>Head of People and Business Change</p>

Ref	Proposal	Progress update	Actions planned next quarter	Expected close down date	Responsible Officer
		<p>expressed the need for a cultural shift to deal with the pressures facing local government. If regional arrangements work then that not only makes services more sustainable but sets a future precedent for doing things differently and in a much better way.</p> <p>Councils are also required to demonstrate collaboration as one of the five ways of working under the Wellbeing of Future Generations Act. All the council's strategic plans now consider the five ways of working, the councils Wellbeing Objectives will be in place by April 2017 and this will inform all future strategic planning.</p>			
50	<p><b>Learning and evaluation</b>  P4 Strengthen the arrangements to capture and share learning by:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> more consistent evaluation of reviews at key stages and on completion;</li> <li><input type="checkbox"/> strengthening mechanisms to capture, share and apply learning on a corporate basis; and</li> <li><input type="checkbox"/> establishing mechanisms to systematically obtain post-implementation feedback from</li> </ul>	<p>Gateway review process and post implementation reviews defined as part of the Newport Programme and Project Management methodology.</p> <p>Lessons Learned log completed and circulated to key stakeholders for the Budget setting process and development of the Change programme for the 14/15 financial period</p>	<p>The WAO have completed a review of governance arrangements, the outcome of this will form the basis of an action plan which will address any further issues related to this point.</p>	September 2017	Head of People and Business Change

Ref	Proposal	Progress update	Actions planned next quarter	Expected close down date	Responsible Officer
	<p>staff and managers, for example to assess the impact on staff capacity, identify training and IT needs and learn from their experience.</p>	<p>Lessons Learned log completed for the Norse Property Joint Venture, Street cleansing and Refuse.</p> <p>Lessons learned report completed for the 2015/16 budget setting process and disseminated among Senior management.</p> <p>Lessons learned report completed for the initial stages of the New Ways of Working Change programme.</p> <p>Lessons learned report completed for the 2016/17 budget setting process and disseminated among Senior management.</p> <p>Continue to roll out the Gateway Review process and post implementation review process across all initiatives within the Change Programme.</p> <p>Ensure adherence to the Gateway Review process and post implementation review process by embedding within the governance process for the Change programme.</p> <p>Review options for disseminating</p>			

Ref	Proposal	Progress update	Actions planned next quarter	Expected close down date	Responsible Officer
		<p>and apply learning on a corporate basis.</p> <p>Lessons learned log will be completed for current budget setting process after its completion.</p>			



Ref	Proposal	Progress update	Actions planned next quarter	Expected close down date	Responsible Officer
58	<p>Test the information technology business continuity plan to ensure it operates as anticipated. In particular the Council should test a scenario where both server rooms at the Civic Centre are not available to determine how long it will take to set up an offsite server room and what affect this has on its timetable for restoring its critical systems.</p>	<p>Planned simulation exercise took place in Dec 15 and examined The potential outcomes if the Civic Centre machine rooms were lost.</p> <p>The exercise concentrated on the highest priority systems, and we have an action plan to make improvements in the short, medium and long term periods.</p> <p>Shared Resource Service (SRS) management resource engaged to increase IT capacity focussed on disaster recovery improvements</p> <p>Procurement of infrastructure carried out and awaiting delivery of equipment. Supplier engaged to assist with implementation of solution</p> <p>Equipment delivered and configured by supplier awaiting circuit delivery between us and the SRS.</p>	<p>Circuit installation completion.</p> <p>Transport of equipment from Newport to SRS and re-configuration</p> <p>Backups to new servers and replication to SRS</p>	March 2018	Head of People and Business Change

Ref	Proposal	Progress update	Actions planned next quarter	Expected close down date	Responsible Officer
61 (NEW )	<p>The Council must ensure that it has robust data collection arrangements for its own self-defined performance indicators that include ensuring that:</p> <ul style="list-style-type: none"> <li>• (P1.1) the Council's corporate arrangements for performance management are being rigorously implemented by service departments;</li> <li>• (P1.2) the Council's own internal information systems (VIEWS) reconcile with the final validated data; and</li> <li>• (P1.3) a complete audit trail of the Council's own internal processes for validating performance indicator data is retained.</li> </ul>	<p>Self-Assessments are completed on an annual basis and this is now monitored through the Performance Management SharePoint library.</p> <p>Operational Performance Network (OPN) meetings now held quarterly to keep officers up to date and further instil importance of data quality arrangements.</p> <p>New performance Management system (MI Hub) now implemented as a replacement for the Views system. Further development will see the system used for processes which currently rely on word templates which add further rigour.</p> <p>The Internal Audit of PI's has been completed and the findings of this have been communicated to OPN and will be discussed at</p>	<p>The WAO have completed a review of data quality arrangements, the outcome of this will form the basis of an action plan which will address any further issues related to this proposal.</p>	September 2017	Head of People and Business Change

Ref	Proposal	Progress update	Actions planned next quarter	Expected close down date	Responsible Officer
		<p>change board – this is now an embedded process which provides additional assurance to the self-assessment process and the data checks carried out by the Business Improvement and Performance.</p> <p>New performance management system (MI Hub) implemented as a replacement for Views and training has been provided.</p>			

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# Report

## Audit Committee

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### Part 1

**Date:** 30 May 2017

**Subject** **Report on Treasury Management covering the Financial Year 2016/17**

**Purpose** To inform Audit Committee of treasury activities undertaken during the financial year 2016/17.

**Author** Assistant Head of Finance

**Ward** General

**Summary** During the year to 31 March 2017, the Council continued to invest surplus funds with its own bankers (Santander), and institutions with long-term credit ratings in at least the 'A-' Category.

As at 31 March 2017, the Council has short-term investments of £2.30m, this was to invest surplus funds that had come into the Council on over a minimal timescale. Temporary borrowing has continued to be required to fund normal day to day activities.

All borrowing undertaken was as expected, and within the Council's agreed limits.

**Proposal** **Audit Committee is asked to:**

1. **note the Annual Report on Treasury Management for the Financial Year 2016/17.**
2. **note that 2016/17 Prudential Indicators for Treasury Management were in line with those set by Council in February 2016 .**

**Action by** Head of Finance

**Timetable** For the periods indicated.

This report was prepared after consultation with:

- Treasury Advisors
- Head of Finance

## Background

1. In June 2009 the Authority adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2011 Edition (the CIPFA Code) which requires the Authority to approve a treasury management annual report after the end of each financial year.
2. This report fulfils the Authority's legal obligation to have regard to the CIPFA Code.
3. The Authority has borrowed substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.
4. The 2016/17 Treasury Management Strategy was approved by the Council as part of the overall Medium Term Financial Plan and 2016/17 budget in February 2016 and can be viewed via the following link

<https://msmodgovdb01.corporate.newport.ie/ListMeetings.aspx?CId=130&Year=0>.

5. This report presents the following information.
  - details of capital financing, borrowing, debt rescheduling and investment transactions
  - reports on the risk implications of treasury decisions and transactions
  - details the outturn position on treasury management transactions in 2016/2017
  - confirms compliance with treasury limits set and Prudential code

## Annual Review Report 2016/17

### Short and Long Term Borrowing

6. In recent years the Council's strategy has been to fund capital expenditure from reducing investments (its own surplus 'cash' balances) rather than undertaking more expensive new long term borrowing. This is because the rates achievable on the Council's investments are lower than the rates that would be payable on long term borrowing. As well as being a more cost-effective approach, using this strategy also minimises cash holdings which has some inherent risk attached to it.

In the shorter term, the Council's short term cash flow requirements are dealt with by short term loans when required. In any month, the Council is both a short-term investor and short-term borrower as it pursues its Treasury Strategy of maintaining low cash holdings, whilst holding off the need for long-term borrowing.

7. Whilst the strategy minimises investment counterparty risk, the risk of interest rate exposure is increased as the current low longer term borrowing rates may rise in the future. The market position is being constantly monitored in order to minimise this risk.
8. As anticipated and mentioned above, the Council has had to undertake short-term borrowing in order to cover normal day to day cash flow activity. Total temporary borrowing of £185.8 million was raised during the year, of which with the exception of borrowing related to Queensberry, nil remained outstanding at the 31 March 2017.
9. As anticipated during 2016/17 the Council has also been required to maintain borrowing associated with funding of the approved loan to Queensberry Real Estates (Newport) Ltd (QRE). The borrowing associated with this loan is kept separate from the Council's other borrowing requirements as shown in Table 1. The loan is anticipated to be paid off via capital receipts in early 2017/18, therefore the Council is not required to make MRP

charges to the revenue budget in relation to the Friars Walk Development loan as the Council's borrowing in relation to this will be paid off in full at the end of the scheme within agreed timescales.

10. A total of £146.13million of long-term loans were outstanding as at 31 March 2017, and there were a further £63.08million of short-term loans in relation to borrowing for Queensberry.
11. Total borrowing has remained within the approved limits for external debt as shown in Appendix C and Table 1 to this report compares borrowings and investments as at 31 March 2016 and 2017, showing a decrease to net borrowing of £12.43million.
12. Appendix A summarises the loan debt activity for 2016/17. The key points to note are:
  - the average rate of interest on debt was 4.33% compared with 4.41% for the previous year.
  - Long-term loan repayments in 2016/17 totalled £1.299million.
13. During the year the value of the Council's LOBO money market loans has reduced to £30m due to a £5m LOBO with Barclays being converted to fixed rate borrowing at the same rate. No loans were called during the period. All £30m outstanding is subject to potential change of interest rates by the lender (which would automatically trigger a right to the Council to repay these loans) prior to the end of this financial year. Should a change of interest rate be requested, then it will be considered in detail and a decision on how we proceed will be made in conjunction with our treasury advisors.

## Investments

14. As per the agreed strategy and mentioned above, the Council will be a short-term investor to maintain low cash balances as required, by 31 March 2017 these valued £2.60million due to funds received by the Council which were invested on overnight terms.
15. In August 2016 the Bank of England's Monetary Policy Committee (MPC) cut interest rates to an historic low of 0.25% (further details in Appendix B). Within this economic environment, the Councils approved Treasury Strategy remains to reduce investments held, rather than increase borrowing. This strategy was driven by the gap between investment rates of below 0.50% and borrowing rates of around 2%-4%.
16. The average interest rate achieved on the Council's short-term investments was 0.30%, this return is slightly above the base rate of 0.25%, which decreased from 0.5% during the year.
17. The Council held no long-term (more than 364 days) investments at 31<sup>st</sup> March 2017.
18. Security of capital remained the Council's main investment objective. This was maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2016/17. Investments during the year included:
  - Deposits with the Debt Management Office
  - Deposits with other public institutions such as local authorities, police and fire authorities
  - Call accounts and deposits with banks and a single building society all considered systemically important to the UK banking system

## Credit Risk

19. Counterparty credit quality was assessed and monitored with reference to credit ratings (the Authority's minimum long-term counterparty rating is [A-] across rating agencies Fitch, S&P and Moody's); for financial institutions analysis of funding structure and susceptibility to bail-in, credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.
20. All of these factors were continually assessed and changes were made as needed to the Council's approved lending list by either suspending any institutions affected temporarily or permanently and/or by varying the amount and time limits for lending.

## Summary of activities in 2017/18

21. As noted above, Treasury Management has operated in line with the approved Strategy set by Council in 2017/18 and the Treasury Management limits and targets set were complied with over the period.

## Future Council borrowing requirements

22. Local Authorities measure their underlying need for long-term borrowing through their 'Capital Financing Requirement' (CFR), shown in Table 2. This takes into account the amount of planned capital expenditure that needs to be funded through borrowing, (as opposed to external funding - from cash grants, capital receipts or S106 contributions for example) irrespective of whether the borrowing itself is undertaken externally or through dis-investing. Due to the possibility of repayment of the Queensberry loan in 2017/18
23. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR) as shown in Table 2, while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

The Authority had a slightly decreased CFR during 2016/17 of £279.1million, reduced from £282.0million in 2016/17 due to the capital programme and the on-going loan to Queensbury Real Estates (Newport) Ltd, but holds minimal investments and was therefore able to reduce borrowing slightly during 2016/17. During 2017/18 the proposed sale of the development will reduce the CFR significantly and dependent on timing of loan re-payments and capital receipts, significant investments are likely to be required during the forecast period in Table 2. However, as shown in the table, there is an inherent need to borrow with new borrowing required during the next three financial years.

CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 2 shows that the Authority expects to comply with this recommendation during 2017/18.



**Table 1- Treasury Portfolio 2016-2017**

<b>31/03/2016</b>		<b>31/03/2017</b>
<b>£m</b>		<b>£m</b>
	<b>External Borrowing:</b>	
(72.44)	Public Work Loan Board	(71.13)
(35.00)	Market Loans (Loans held with various Financial Organisations. Maturity dates range from 2042 – 2078)	(35.00)
(40.00)	Newport City Stock Issue (Bonds paying interest at 8.8% with a maturity date of 2019)	(40.00)
-	Temporary Borrowing	-
(72.97)	Queensberry Borrowing	(63.08)
(0.14)	Other Loans (IFRS)	-
<b>(220.55)</b>	<b>Total Loan Debt</b>	<b>(209.21)</b>
(49.51)	Other Long Term Liabilities (including PFI schemes)	(47.62)
<b>(270.06)</b>	<b>Total External Debt</b>	<b>(256.83)</b>
3.10	Investments Managed in house	2.30
<b>(266.96)</b>	<b>(Net Borrowing) Net Investment Position</b>	<b>(254.53)</b>

**Table 2: Balance Sheet Summary and Forecast**

	<b>31.3.17 Actual £m</b>	<b>31.3.18 Estimate £m</b>	<b>31.3.19 Estimate £m</b>	<b>31.3.20 Estimate £m</b>
Gross CFR	279.1	278.5	275.8	272.7
Less Other Liabilities	47.6	45.3	43.4	42.6
Revised CFR	231.5	233.2	232.4	230.1
Less: External borrowing *	-209.2	-146.3	-144.9	-103.4
<b>Internal (over) borrowing</b>	<b>22.3</b>	<b>86.9</b>	<b>87.5</b>	<b>126.7</b>
Less: Usable reserves	-106.0	-89.4	-86.7	-83.8
Less: Working capital	81.4	7.7	7.7	7.7
<b>Investments / (New Borrowing)</b>	<b>2.3</b>	<b>-5.2</b>	<b>-8.5</b>	<b>-50.6</b>
<b>Net Borrowing Requirement</b>	<b>206.9</b>	<b>151.5</b>	<b>153.4</b>	<b>154.0</b>

\* shows only loans to which the Authority is committed and excludes optional refinancing

- Gross CFR – This is calculated based on the Capital Assets held by the Council plus any planned additional capital expenditure during the year.
- Deferred Liabilities – This is calculated based on actual PFI Schemes and Finance lease liabilities, plus any planned new leases or schemes for each year.
- External Borrowing – This is calculated based on actual borrowing, plus any planned borrowing for each financial year.
- Useable Reverses – This is calculated based on actual reserve balances, plus any planned movements for each financial year.

## **Advisors**

24. Arlingclose were the Council's treasury management advisors during 2016/17. In that period, the service provided by Arlingclose continued to meet the requirements of the tender and our expectations.

## **Prudential Code Indicators**

25. Appendix C to this report summarises the prudential code indicators relevant to Treasury Management for 2016/17 as previously set and compares them to the actual position. The figures indicate that the Council was in compliance with all of the indicators in 2016/17.

## **Financial Summary**

There are no cost implications arising from this report

## Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Investment counterparty not repaying investments	High but depending on investment value	Low	The Council only invests with Institutions with very high credit scores. It employs advisors to monitor money market movements and changes to credit scores and acts immediately should things change adversely. The lower levels of funds available for investment will also alleviate the risk.	Head of Finance, Treasury staff, treasury advisors
Interest Rates moving adversely against expectations	Low	Low	Treasury advice is that base and short term Interest rates are expected to remain at current levels for a significant period and could possibly drop to nil. The Treasury strategy approved allows for the use of short term borrowing once investment funds are exhausted to take advantage of these low rates.	Head of Finance, Treasury staff, treasury advisors

\* Taking account of proposed mitigation measures

### Links to Council Policies and Priorities

It is the Council's policy to ensure that the security of the capital sums invested is fully recognised and has absolute priority. The Council follows the advice of the Welsh Assembly Government that any investment decisions take account of security, liquidity and yield in that order.

### Options Available

The Prudential Code and statute requires that, during and at the end of each financial year, reports on these matters are presented to members for consideration. Thus the only option available is to consider this report.

### Preferred Option and Why

The preferred choice is to receive and note the contents of the report.

### Comments of Chief Financial Officer

Comments of the Chief Financial Officer are those as detailed in the report.

The report confirms the Council operated in line with its Treasury Management Strategy approved by Council in 2017/18 and kept to its Treasury Management limits and targets.

The current financial year 2017/18 is the final year of its current capital programme and officers are working on the new 5 year programme which Cabinet will need to review and approve in due course. A key issue in that will be the requirement for the Council to fund capital expenditure from borrowing and the affordability of that and impact on the Medium Term Revenue budget.

### **Comments of Monitoring Officer**

There are no legal implications. This annual Treasury Management Report is in accordance with the requirement of the Local Government Act 2003 and is consistent with relevant Chartered Institute of Public Finance and Accountancy Guidance, Treasury Management principles and the Council's Investment Strategy. The Annual report confirms that the Council's capital financing and investment activity in 2014/15 was in line with the pre-set Prudential Indicators and Treasury Management Strategy.

### **Staffing Implications: Comments of Head of People and Business Change**

There are no human resources implications within the report.

### **Comments of Cabinet Member**

N/A.

### **Local issues**

There are no local issues from this report.

### **Scrutiny Committees**

N/A

### **Equalities Impact Assessment**

These proposals do not require Equalities Impact Assessment.

### **Children and Families (Wales) Measure**

N/A

### **Consultation**

As per report

### **Background Papers**

Credit Rating Data received via Arlingclose

Report to Cabinet February 2016: Medium Term Financial Plan and 2016/17 budget

Report on Treasury Management for the period to 30 September 2016

### **List of Appendices**

Appendix A – Loan Debt Activity 2016/2017

Appendix B – Economic Summary 2016/2017

Appendix C – Prudential Code – Review of 2016/2017 Treasury Management Indicators

Dated: 9 May 2017

## LOAN DEBT AND INVESTMENT ACTIVITY 2016/17 FINANCIAL YEAR

<b>Newport City Council Debt</b>	<b>Outstanding as at 01/04/16</b>	<b>Raised</b>	<b>Repaid</b>	<b>Outstanding as at 31/03/2017</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Public Works Loans Board</b>	72,437	0	(1,299)	71,138
<b>Market Loans</b>	35,000	-	-	35,000
<b>Stock Issue</b>	40,000	-	-	40,000
<b>Queensberry Borrowing</b>	72,975	185,800	(195,700)	63,075
<b>Other Loans (IFRS)</b>	138	-	(138)	-
<b>Total Long Term Loans</b>	<b>220,550</b>	<b>185,800</b>	<b>(197,137)</b>	<b>209,213</b>
<b>Temporary Debt</b>	-			-
<b>Total Long Term and Temporary Debt</b>	<b>220,550</b>	<b>185,800</b>	<b>(197,137)</b>	<b>209,213</b>

<b>Total Investments Administered Newport City Council</b>	<b>Outstanding as at 01/04/16</b>	<b>Raised</b>	<b>Repaid</b>	<b>Outstanding as at 31/03/2017</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>ST Investments</b>	3,100	412,940	(413,740)	2,300

**ECONOMIC ACTIVITY REVIEW – 2016/17**

**Economic background:** Politically, 2016/17 was an extraordinary twelve month period which defied expectations when the UK voted to leave the European Union and Donald Trump was elected the 45<sup>th</sup> President of the USA. Uncertainty over the outcome of the US presidential election, the UK's future relationship with the EU and the slowdown witnessed in the Chinese economy in early 2016 all resulted in significant market volatility during the year. Article 50 of the Lisbon Treaty, which sets in motion the 2-year exit period from the EU, was triggered on 29<sup>th</sup> March 2017.

UK inflation had been subdued in the first half of 2016 as a consequence of weak global price pressures, past movements in sterling and restrained domestic price growth. However the sharp fall in the Sterling exchange rate following the referendum had an impact on import prices which, together with rising energy prices, resulted in CPI rising from 0.3% year/year in April 2016 to 2.3% year/year in March 2017.

In addition to the political fallout, the referendum's outcome also prompted a decline in household, business and investor sentiment. The repercussions on economic growth were judged by the Bank of England to be sufficiently severe to prompt its Monetary Policy Committee (MPC) to cut the Bank Rate to 0.25% in August and embark on further gilt and corporate bond purchases as well as provide cheap funding for banks via the Term Funding Scheme to maintain the supply of credit to the economy.

Despite growth forecasts being downgraded, economic activity was fairly buoyant and GDP grew 0.6%, 0.5% and 0.7% in the second, third and fourth calendar quarters of 2016. The labour market also proved resilient, with the ILO unemployment rate dropping to 4.7% in February, its lowest level in 11 years.

Following a strengthening labour market, in moves that were largely anticipated, the US Federal Reserve increased rates at its meetings in December 2016 and March 2017, taking the target range for official interest rates to between 0.75% and 1.00%.

**Financial markets:** Following the referendum result, gilt yields fell sharply across the maturity spectrum on the view that Bank Rate would remain extremely low for the foreseeable future. After September there was a reversal in longer-dated gilt yields which moved higher, largely due to the MPC revising its earlier forecast that Bank Rate would be dropping to near 0% by the end of 2016. The yield on the 10-year gilt rose from 0.75% at the end of September to 1.24% at the end of December, almost back at pre-referendum levels of 1.37% on 23<sup>rd</sup> June. 20- and 50-year gilt yields also rose in Q3 2017 to 1.76% and 1.70% respectively, however in Q4 yields remained flat at around 1.62% and 1.58% respectively.

After recovering from an initial sharp drop in Q2, equity markets rallied, although displaying some volatility at the beginning of November following the US presidential election result. The FTSE-100 and FTSE All Share indices closed at 7342 and 3996 respectively on 31<sup>st</sup> March, both up 18% over the year. Commercial property values fell around 5% after the referendum, but had mostly recovered by the end of March.

Money market rates for overnight and one week periods remained low since Bank Rate was cut in August. 1- and 3-month LIBID rates averaged 0.36% and 0.47% respectively during 2016-17. Rates for 6- and 12-months increased between August and November, only to gradually fall back to August levels in March, they averaged 0.6% and 0.79% respectively during 2016-17.

**Credit background:** Various indicators of credit risk reacted negatively to the result of the referendum on the UK's membership of the European Union. UK bank credit default swaps saw a modest rise but bank share prices fell sharply, on average by 20%, with UK-focused banks experiencing the largest falls. Non-UK bank share prices were not immune, although the fall in their share prices was less pronounced.

Fitch and Standard & Poor's downgraded the UK's sovereign rating to AA. Fitch, S&P and Moody's have a negative outlook on the UK. Moody's has a negative outlook on those banks and building societies that it perceives to be exposed to a more challenging operating environment arising from the 'leave' outcome.

None of the banks on the Authority's lending list failed the stress tests conducted by the European Banking Authority in July and by the Bank of England in November, the latter being designed with more challenging stress scenarios, although Royal Bank of Scotland was one of the weaker banks in both tests. The tests were based on banks' financials as at 31st December 2015, 11 months out of date for most. As part of its creditworthiness research and advice, the Authority's treasury advisor Arlingclose regularly undertakes analysis of relevant ratios - "total loss absorbing capacity" (TLAC) or "minimum requirement for eligible liabilities" (MREL) - to determine whether there would be a bail-in of senior investors, such as local authority unsecured investments, in a stressed scenario.

## Appendix C

### PRUDENTIAL CODE – REVIEW OF 2016/2017 TREASURY MANAGEMENT INDICATORS

The CIPFA Prudential Code covers the control of capital expenditure and Treasury Management issues. This report deals with the Treasury Management aspects of the Code. The Code requires actual outturn against the Indicators set under the Code to be reported to Council.

The Authority confirms compliance with its prudential indicators for 2016/17, which were agreed by Cabinet/Council in February 2016. The following lists each of the indicators and provides the actual position against each, with comments to explain any significant variation.

#### Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and its financing.

	£million
Set in February 2016	280.6
Actual at 31 March 2017	279.1

#### Fixed and Variable Rate Limits

These indicators set upper limits that apply to the amounts outstanding on both fixed and variable interest rates. The indicators set and actual at 31 March 2017 were:

	Approved Limits for 2016/17 £/%	Maximum during 2016/17 £/%
<b>Upper Limit for Fixed Rate Exposure</b>	100%	100%
Compliance with Limits:		Yes
<b>Upper Limit for Variable Rate Exposure</b>	50%	0%
Compliance with Limits:		Yes

The indicators set upper and lower limits (expressed as a percentage) to the amount of borrowing the Council was prepared to have outstanding in various set periods. The following table shows firstly the levels set in February 2016 (updated December 2016) and then the actual position based on debt outstanding at 31 March 2017.

	Indicator Set		Actual
	Upper Limit %	Lower Limit %	%
Under 12 months	80	0	45
12 months and within 24 months	20	0	0
24 months and within 5 years	70	0	23
5 years and within 10 years	50	0	16
10 years and within 20 years	30	0	6
20 years and within 30 years	20	0	0
30 years and within 40 years	20	0	6
40 years and within 50 years	20	0	2
50 years and above	20	0	2



### Upper Limit for Total principal sums invested for periods longer than 364 days

The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Authority having to seek early repayment of the sums invested.

	<b>Total £m</b>
Indicator Set	100
Actual at 31 March 2017	0

### Authorised Limit and Operational Boundary for External Debt

The Local Government Act 2003 requires the Authority to set an Affordable Borrowing Limit, irrespective of their indebted status. This is a statutory limit which should not be breached, unless Council authorises an increase to this limit.

The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included within the Authorised Limit.

The Authority confirms that there were no breaches to the Authorised Limit and the Operational Boundary during 2016/17 at the end of the financial year:

	Authorised Limit 2016/17 £000s	Operational Boundary 2016/17 £000s	<b>Actual External Debt</b> as at 31/03/2017 £000s
Borrowing	350,000	330,000	209,210
Other Long-term Liabilities	47,000	47,000	47,620
<b>Total</b>	<b>397,000</b>	<b>377,000</b>	<b>256,830</b>

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# Report

## Audit Committee

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### Part 1

**Date:** 30 May 2017

**Subject** **Internal Audit Annual Report 2016/17**

**Purpose** To inform the Members of the Council's Audit Committee of:

- i) the overall opinion on the internal controls of the City Council for 2016/17;
- ii) Internal Audit's progress against the agreed audit plan;
- iii) Internal Audit's performance against local performance indicators.

**Author** Chief Internal Auditor

**Ward** General

**Summary** Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

This report has been prepared in accordance with the Public Sector Internal Audit Standards. It gives an overall opinion on the adequacy and effectiveness of the City Council's internal controls during 2016/17, which was **Reasonable** - Adequately controlled although risks identified which may compromise the overall control environment; improvements required; reasonable level of assurance.

The second part of the report relates to the performance of the Internal Audit Section and how well its key targets in the year were met. 89% of the approved audit plan was completed in the year against a target of 77%.

**Proposal** **That the Annual Internal Audit Report 2016/17 and overall Audit Opinion be noted and endorsed by the Council's Audit Committee**

**Action by** The Audit Committee

**Timetable** Immediate

This report was prepared after consultation with:

- Chief Financial Officer
- Monitoring Officer
- Head of People and Business Change

## Background

1. Newport City Council, a local government organisation, is subject to The Accounts and Audit (Wales) Regulations 2014 and therefore has a duty to make provision for internal audit in accordance with the Local Government Act 1972.
2. The Regulations state that the Responsible Finance Officer of the organisation shall maintain an adequate and effective internal audit of the accounts of that organisation. Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper economic, efficient and effective use of resources.
3. In line with the Public Sector Internal Audit Standards, the Chief Internal Auditor should present a formal annual report to the Council which gives an opinion on the overall adequacy and effectiveness of the Council's internal control environment. The annual report should also:
  - disclose any qualifications to that opinion, together with reasons for the qualification
  - present a summary of the audit work undertaken to formulate the opinion
  - draw attention to any issues the Chief Internal Auditor judges particularly relevant to the preparation of the statement on internal control
  - compare the work actually undertaken with that planned and summarise the performance of the internal audit function against its performance measures and criteria
  - comment on compliance with these standards and communicate the results of the internal quality assurance programme.
4. This report is the Annual Internal Audit Report which incorporates the requirements of the Standards. It provides the overall audit opinion for Members on the internal controls operating within the City Council and provides a summary of the work completed during the year, identifying key findings and outcomes from the work undertaken. It also outlines the performance of the Internal Audit team during the year against agreed pre-set targets.
5. The internal controls operating within the Council are of a complex nature, reflecting the organisational arrangements. Internal Audit plans its work to address the major risks that the Authority faces. That work is not designed to check the work of others but to comment on the controls in place to protect the Council from loss of assets or inefficient operations caused by whatever factors.

### Overall Audit Opinion

6. The level of assurance that can be placed on the internal controls operating effectively for 2016/17 is "**Reasonable**" (**Appendix A**).

7. The opinion for the internal financial controls operating within the Council in 2016/17 is:

We have undertaken our internal audit work for the year ending 31/03/2017 in accordance with the audit plan agreed by the Head of Finance and endorsed by the Council's Audit Committee on 26<sup>th</sup> May 2016. The plan was designed to ensure adequate coverage over the year of the Council's accounting and operational systems.

Our audit work included reviews, on a sample basis, of each of these systems / establishments sufficient to discharge the Head of Finance's responsibilities under section 151 of the Local Government Act 1972 and The Accounts and Audit (Wales) Regulations 2014. The opinion is based upon the work undertaken. We planned and performed our work to obtain the information necessary to provide us with sufficient evidence to give us reasonable assurance of the internal control systems tested.

Based on this work, in my view the internal controls in operation are **Reasonable**. The opinion expressed relates only to the systems and areas reviewed during the year.

Andrew Wathan  
Chief Internal Auditor  
April 2017

Audit Opinions Issued

8. On undertaking audit reviews in accordance with the annual audit plan, an opinion is given on how well the internal controls of the system or establishment are operating (**Appendix B**). Internal audit reports provide a balanced view of the controls in place and record strengths and weaknesses. The opinion is determined by the number of issues identified during the course of the review and the risk rating and priority given to each. Each audit review undergoes a comprehensive review process by the Audit Manager and occasionally the Chief Internal Auditor before the draft report is sent out to management. The controls are generally measured against a predetermined matrix of expected internal controls for each system; for fundamental systems these are usually derived from CIPFA Control Matrices.
9. The opinions given to individual audit reviews are shown at **Appendix A**. In summary the following opinions were issued following audit reviews:

	2013/14	%	2014/15	%	2015/16	%	2016/17	%
Good	21	51	8	24	9	26	7	20
Reasonable	18	44	21	62	17	50	22	63
Unsatisfactory	0	0	5	14	8	24	5	14
Unsound	0	0	0	0	0	0	1	3
<b>Total</b>	<b>41</b>	<b>100</b>	<b>34</b>	<b>100</b>	<b>34</b>	<b>100</b>	<b>35</b>	<b>100</b>
<b>Overall Opinion</b>	<b>Good</b>		<b>Reasonable</b>		<b>Reasonable</b>		<b>Reasonable</b>	

10. In the past external audit have relied upon the work undertaken by internal audit, in particular on the audit of the fundamental financial systems. The audit opinions issued on these during 2016/17 were Good / Reasonable. None were classified as unsatisfactory or unsound.
11. In addition to planned work the team also undertook “special investigation” reviews. 2 special investigations were undertaken during 2016/17. These arose for a number of different reasons, including information passed straight to the Section regarding allegations against members of Council staff, potential fraud, theft or non-compliance with Council policy / procedures for example. These reviews are typically time intensive and on occasions difficult to prove.
12. Work was also undertaken during the year which did not warrant an audit opinion on the control environment. This is shown at **Appendix C** as Non Opinion Work.

### Key Issues

13. The opinion is derived from the audit opinions given to individual reviews undertaken during the year, as shown at **Appendix A**, and these range from Good to Unsatisfactory; a **Good** opinion - *Well controlled with some risks identified which require addressing; substantial level of assurance.*
14. Where unacceptable levels of risk have been identified Heads of Services and their service managers have the responsibility for addressing the situation.
15. It is pleasing to note that 7 “Good” audit opinions were issued during the year:
  - National Non Domestic Rates (NNDR)
  - Payroll
  - Registration Service
  - Ysgol Gymraeg Casnewydd (Follow Up)
  - Mount Pleasant Primary
  - Crindau Primary
  - Housing Benefits
16. 22 “Reasonable” audit opinions were issued
17. However, 5 “Unsatisfactory” audit opinions were issued:
  - Highways Network Assets Valuation
  - Payment Card Industry Data Security Standards (PCIDSS)
  - Maes Ebbw School
  - Charles Williams Church in Wales Primary School
  - Overtime & On-call Payments - Highways
18. There was 1 Unsound audit opinion issued during 2016/17.
  - Agency / Overtime - Refuse
19. The main reasons for giving an unsatisfactory opinion would generally be where there was a failure to comply with the Council’s Financial Regulations or Contract Standing Orders, failure to comply with financial procedures, lack of financial procedures, poor administration, failure to adhere to recognised best practice, non-compliance with the services’ own procedures, insufficient controls in place to properly account for income or an inability to demonstrate value

for money. A summary of the issues identified in the above Unsatisfactory audit reports will be reported to Audit Committee separately later in the year.

20. 2 Community Centre accounts were audited during 2016/17 and both were unqualified.

#### Implementation of Agreed Management Actions

21. Jobs were included in the plan to follow up on the implementation of previous agreed management actions relating to audit work in 2015/16.
22. During the year the team sought assurance from operational managers that previously agreed management actions to improve the internal control environment and reduce the level of risk had been implemented. This related to 2015/16 finalised audit reports.
23. Across all service areas, 86% of actions agreed by management had been implemented (includes actions partially implemented where the risk has been significantly or sufficiently mitigated). There are insufficient resources within the team to follow up all audit reports issued to test that all of the agreed management actions have been implemented at an operational level; the Internal Audit team therefore have to rely on the integrity of managers to provide accurate feedback on whether or not they have implemented the actions they agreed. **Appendix D.**
24. Non implementation of agreed Management Actions will be reported to Audit Committee separately later in the year.

#### The Way Forward

25. Managers of the service areas need to ensure that robust internal controls are in place and adhered to in order to ensure that the systems in operation run efficiently and effectively and the scope for misappropriation, theft or error is minimised. Heads of Service have a responsibility to ensure that the Council's Financial Regulations are complied with at an operational level. Staff should be made aware of the Financial Regulations and the requirements therein and the consequences of non-compliance.
26. Internal Audit currently run seminars on what Financial Regulations and Contract Standing Orders mean, why they are in place, what they are about and to whom they relate. 9 (9 in 2015/16) sessions were delivered to 95 (109 in 2015/16) delegates during 2016/17.
27. Adequate financial procedures need to be put in place and disseminated to all concerned to make sure that they are complied with to ensure systems and processes are run as intended by management. Agreed management actions stated in audit reports should be implemented to eliminate or reduce the weakness and minimise the risk.

#### Performance of the Internal Audit Section 2016/17 (**Appendix E**)

28. Despite not having a full complement of staff for the whole year, 89% of the approved audit plan was completed against a target of 77%; (77% completed in 2015/16). A total of 80 (88) audit reviews were planned during the year with 63 (62) being completed to at least draft stage by the end of the year. (The total number of jobs in the plan was adjusted from 80 to 71 to reflect the fact that managers were not able to accommodate the audit during the year). Comparisons against periods 2014/15 to 2016/17 are shown at **Appendix E.**
29. As a result of the commitment and dedication of the remaining Internal Audit staff in post during the year, the team did really well against pre-set targets.

30. Although 200 days were planned for special investigations during the year, 95 productive days were actually spent auditing specials and unplanned work, 105 days less than allocated within the plan which meant more planned audit work could be undertaken.
31. There continued to be audit coverage throughout the service areas of the Council which again, was met with positive feedback from management. The team continually provides advice on financial matters to ensure managers are better placed to ensure sound financial management in their service areas. This may impact on the audit plan but this is where internal audit adds value to the Authority.
32. The efficiency of turning final reports around and getting them out to operational managers is generally within the targets set (average of Welsh local authority internal audit teams). Having agreed identified issues with management we are now giving management the responsibility for coming up with their own actions of how controls can be improved; the use of laptops at draft report discussions has speeded up this process and has been welcomed by management.
33. Getting draft reports out this year took 13 days against a target of 10. Final reports were sent out within 3 days of receiving agreed management comments.
34. In 2016/17 the Audit Section continued to send out evaluation questionnaires to managers after an audit review had been undertaken in their area, which gave them an opportunity to feedback on the performance, professionalism and the audit process in general. Following the finalisation of reviews, 35% of questionnaires were returned (35% in 2015/16) with 100% of managers stating they were satisfied with the audit process and that it added value to service provision, which is reassuring.
35. As examples of where the team has added value in the work undertaken, feedback comments are shown at **Appendix F**.
36. The Audit Team had an establishment of 9 staff (including the Chief Internal Auditor). The section is split into two teams which cover the whole of the Council's systems, establishments and staff, each managed by an Audit Manager. During the year the team was supported by a secondment from Grant Thornton to help achieve the plan.
37. The majority of the fundamental financial systems audited were completed to at least draft report stage by the year end.
38. The Audit Section's management realistically plans for externalities like special investigations, financial advice and financial training although ad-hoc reviews requested by management are not always taken into consideration but will have an immediate impact on the achievement of the audit plan. In 2016/17, 2 special investigations were undertaken across all service areas which dealt with allegations of bribery and corruption and non-compliance with policy.
39. Many of the managers within the Council also call upon the Audit Section for financial advice which is generally reactive. Internal Audit staff are more than willing to offer any help and assistance they can to ensure that operations are undertaken properly but this can also have an impact on planned audit reviews.
40. The number of planned audits completed within the estimated time allocation amounted to 72% in 2016/17 compared with 52% in 2015/16. Generally overruns are due to issues being identified during the course of the audit. The reasoning behind any significant overruns will be explored by management.
41. Newport's Internal Audit Section's performance is benchmarked annually with the other 21 authorities in Wales via the Welsh Chief Auditors' Group.



42. Where targets have not been achieved, Internal Audit management will continue to address this in the 2017/18 audit plan which should lead to future improvements in performance. Inevitably, delays caused by means beyond the control of the audit section can only be minimised by on-going discussions with management.
43. The Policy Finance Committee (1998) requested that on-going consideration be given to the sufficiency of internal audit resources. Audit staff resources have been reduced over the last few years which means that fewer audit jobs can be undertaken in the audit plan which results in the provision of less assurance across all service areas.
44. With a full complement of staff the audit resource is only just about sufficient to provide assurance on the Council's internal control environment, but given the experiences of staff changes in the last couple of years, the Chief Internal Auditor will have to monitor the situation closely and use a range of options to ensure appropriate audit coverage is provided. The Chief Internal Auditor will endeavour to provide adequate and appropriate audit coverage throughout the Council although prioritisation is required, given the reduced resources within the team.
45. The current level of resources is just about adequate to meet the continuing needs of service led demands. However, the level of resources needs to be assessed in line with Internal Audit's on-going involvement with The Measure, performance indicators, the changing risk profile of the Council and auditing grant claims not reviewed by the external auditor.

#### Developments

46. In the spirit of Making the Connections and shared services the Chief Internal Auditor has continued in his dual role acting in that capacity for Newport City Council and Monmouthshire County Council. This is a permanent arrangement.
47. Where unfavourable audit opinions are issued it is the Head of Service's responsibility to inform their respective Cabinet Member of the situation and ensure that appropriate action is taken to address the issues identified.

#### **Financial Summary**

48. There are no financial issues related to this report.

#### **Risks**

49. If Members are not involved in the endorsing the Audit Report it would weaken the overall governance arrangements of the Council and be non-compliant with the Public Sector Internal Audit Standards, which therefore, could be subject to adverse criticism from the external auditor, currently WAO.

#### **Links to Council Policies and Priorities**

50. The work of Internal Audit supports all of the Council's priorities and plans.

#### **Options Available**

51. (1) That the Annual Audit Report 2016/17 and overall Audit Opinion be noted and endorsed by the Council's Audit Committee.

## **Preferred Option and Why**

52. Option (1) as it is requirement of the Public Sector Internal Audit Standards and ensures good governance.

## **Comments of Chief Financial Officer**

53. I can confirm that I have been consulted on the Annual Audit Report 2016/17 and have no additional comments.

## **Comments of Monitoring Officer**

54. The Annual Report is in accordance with the Accounts and Audit Regulations and the Public Sector Internal Audit Standards. The report confirms that adequate and effective internal financial controls are in place to ensure that the Council complies with its financial duties. The second part of the report puts the work of the Audit Section into context within the Council's Performance Management Framework and again highlights the effectiveness of the work undertaken by this service area.

## **Staffing Implications: Comments of Head of People and Business Change**

55. There are no other specific HR issues arising as a result of the report. In terms of Corporate Policy & Performance, the report presents a review of audit activity during the period concerned and is set out in the context of performance framework. Clearly the work of the audit team is critical in giving assurance that the work of the Council is being undertaken within the set policies and procedures.

## **Comments of Cabinet Member**

56. Not applicable.

## **Local issues**

57. No local issues.

## **Scrutiny Committees**

58. Not appropriate.

## **Equalities Impact Assessment**

59. Not required.

## **Children and Families (Wales) Measure**

60. Not appropriate.

## **Consultation**

61. Not appropriate.

## **Background Papers**

62. 2016/17 Audit Plan.

## APPENDIX A

### Overall Council Opinion for 2016/17 is **Reasonable**

	13/14	14/15	15/16	16/17
<b>Good</b>	21	8	9	7
<b>Reasonable</b>	18	21	17	22
<b>Unsatisfactory</b>	0	5	8	5
<b>Unsound</b>	0	0	0	1
	41	34	34	35


### Internal Audit Services - Management Information for 2016/17

Job number	Portfolio	Service Area	Section or Team	Job Title	Risk Rating / Priority	Complete when FINALISED	Opinion given
P1617-P4	CE	Finance	Income Collection	National Non Domestic Rates (NDR)	Medium	Finalised	Good
P1617-P15	CE	People & Bus Change	Corporate HR	Payroll System	High	Draft	Good
P1617-P23	CE	Law & Regulation	Registration Services	Registration Service (Financial Systems)	Medium	Draft	Good
P1617-P45	People	Education Service	Primary Schools	Ysgol Gymraeg Casnewydd (Follow-up)	High	Finalised	Good
P1617-P46	People	Education Service	Primary Schools	Mount Pleasant Primary	Medium	Finalised	Good
P1617-P49	People	Education Service	Primary Schools	Crindau Primary	Medium	Finalised	Good
P1617-P66	Place	Streetscene & City Services	Customer Services	Housing Benefits (Procedures, Performance & Staffing)	High	Finalised	Good
P1617-P1	CE	Finance	Accountancy	Bank Reconciliation	Medium	Draft	Reasonable
P1617-P5	CE	Finance	Strategic Procurement	Creditors CAAT's	Medium	Finalised	Reasonable
P1617-P6	CE	Finance	Strategic Procurement	Procure to Pay (eProcurement)	High	Finalised	Reasonable
P1617-P13	CE	People & Business Change	Business Service Development	Performance Indicators	Medium	Finalised	Reasonable
P1617-P14	CE	People & Business Change	Corporate HR	Payroll CAAT's	Medium	Finalised	Reasonable
P1617-P16	CE	People & Business Change	Corporate HR	Travel & Subsistence	High	Finalised	Reasonable

Job number	Portfolio	Service Area	Section or Team	Job Title	Risk Rating / Priority	Complete when FINALISED	Opinion given
P1617-P17	CE	People & Business Change	Corporate HR	Total Reward	High	Finalised	Reasonable
P1617-P19	CE	People & Business Change	Partnership Support	Grants to Voluntary Sector Organisations (Follow-up)	Medium	Draft	Reasonable
P1617-P28	People	Children & Young People Services	Children's Teams	Looked After Children Team (16+) (Follow-up)	High	Draft	Reasonable
P1617-P30	People	Children & Young People Services	Resources	Oaklands Respite Care	Medium	Draft	Reasonable
P1617-P31	People	Children & Young People Services	Safeguarding, QA & Child Protection	Appointeeships	Medium	Finalised	Reasonable
P1617-P34	People	Adult & Comm Serv	Quality Assurance	Commissioning & Contracts	High	Draft	Reasonable
P1617-P36	People	Adult & Comm Services	Provider Services	Blaen-y-Pant	Medium	Finalised	Reasonable
P1617-P38	People	Adult & Comm Services	General	Amenity Funds (Follow-up)	Medium	Draft	Reasonable
P1617-P44	People	Education Services	Nursery Schools	Kimberley Nursery (Follow-up)	High	Draft	Reasonable
P1617-P47	People	Education Services	Primary Schools	Llanmartin Primary	Medium	Draft	Reasonable
P1617-P52	People	Education Services	Secondary Schools	Newport High School	Medium	Finalised	Reasonable
P1617-P56	People	Education Services	I&I - Special Educational Needs	SEN Assessments / OoCP (Follow-up)	High	Finalised	Reasonable
P1617-P57	People	Education Services	I&I - Inclusion Services	Safeguarding / Child Protection (2015/16)	High	Finalised	Reasonable
P1617-P62	Place	Streetscene & City Services	Strategic Area	Street Works	Medium	Draft	Reasonable
P1617-P65	Place	Streetscene & City Services	Environmental Services	Crematorium	Medium	Finalised	Reasonable
P1617-P67	Place	Streetscene & City Services	General	Overtime - WDS (Follow-up)	Medium	Finalised	Reasonable
P1617-P9	CE	Finance	General	Highways Network Assets Valuation	High	Finalised	Unsatisfactory
P1617-P18	CE	People & Business Change	Digital & Information	Payment Card Industry Data Security Standards	High	Finalised	Unsatisfactory
P1617-P48	People	Education Services	Primary Schools	Maes Ebbw	Medium	Draft	Unsatisfactory

Job number	Portfolio	Service Area	Section or Team	Job Title	Risk Rating / Priority	Complete when FINALISED	Opinion given
P1617-P51	People	Education Services	Primary Schools	Charles Williams CiW Primary	Medium	Draft	Unsatisfactory
P1617-P68	Place	Streetscene & City Services	General	Overtime & On Call Payments - Highways	Medium	Draft	Unsatisfactory
P1617-P69	Place	Streetscene & City Services	General	Agency / Overtime - Refuse (incl. Follow-up)	Medium	Finalised	Unsound
P1617-P25	CE	Law & Regulation	Trading Standards	Scambusters Grant Claim 2015/16	Medium	Finalised	Unqualified
P1617-P35	People	Adult & Comm Services	Quality Assurance	Supporting People Grant Certification (Financials)	Medium	Finalised	Unqualified
P1617-P39	People	Adult & Comm Services	General	Supporting People Grant Certification (Outcomes)	Medium	Finalised	Unqualified
P1617-P64	Place	Streetscene & City Services	Transport Management	Bus Services Support Grant (2015/16)	Medium	Finalised	Qualified

## Appendix B - Audit Opinions used in 2016/17

	GOOD (Green)	Well controlled with no critical risks identified which require addressing; substantial level of assurance.
	REASONABLE (Yellow)	<b>Adequately controlled although risks identified which may compromise the overall control environment; improvements required; reasonable level of assurance.</b>
	UNSATISFACTORY (Amber)	Not well controlled; unacceptable level of risk; changes required urgently; poor level of assurance.
	UNSOUND (Red)	Poorly controlled; major risks exists; fundamental improvements required with immediate effect.

## Appendix C – Non opinion audit work 2016/17

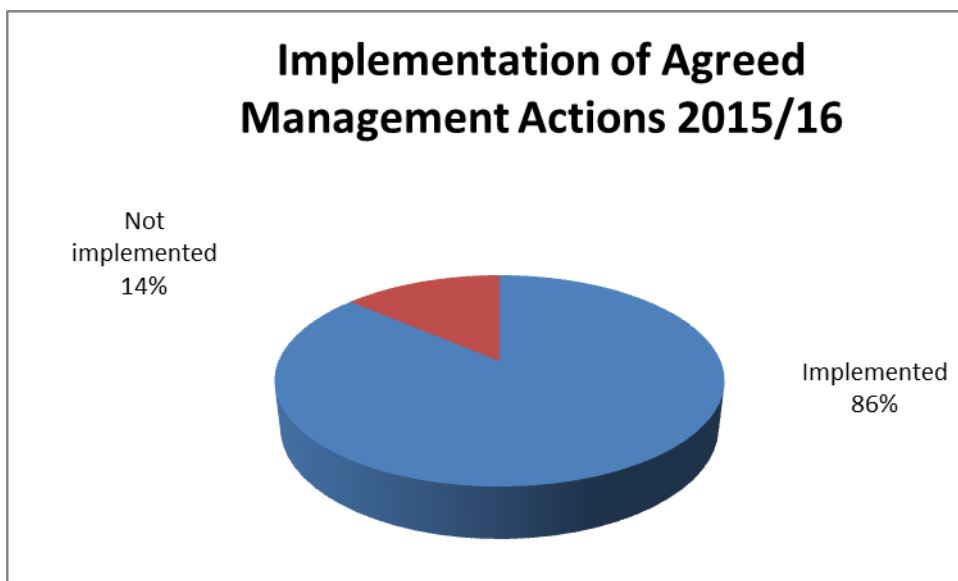
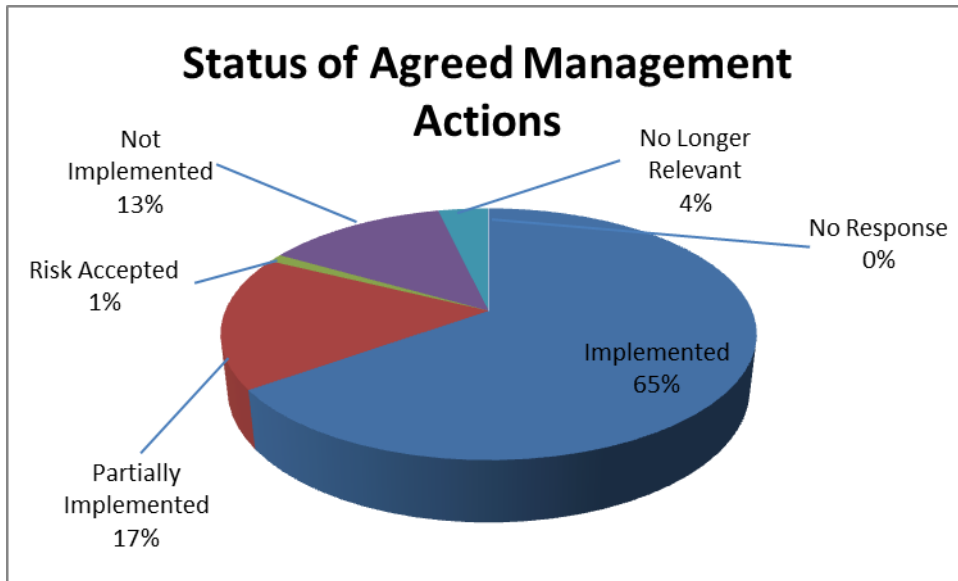
Job number	Portfolio	Service Area	Section or Team	Job Title	Risk Rating / Priority	Complete when FINALISED	Opinion given
P1617-P8	CE	Finance	General	Annual Governance Statement	Not applicable	Finalised	Not applicable
P1617-P10	CE	Finance	General	National Fraud Initiative (NFI)	Medium	Finalised	Not applicable
P1617-P11	CE	Finance	General	Financial Advice	Not applicable	Finalised	Not applicable
P1617-P12	CE	Finance	General	Follow-up of Agreed Management Actions	Not applicable	Finalised	Not applicable
P1617-P20	CE	People & Business Change	General	Financial Advice	Not applicable	Finalised	Not applicable
P1617-P21	CE	People & Business Change	General	Financial Regulations Training	Not applicable	Finalised	Not applicable
P1617-P22	CE	People & Business Change	General	Follow-up of Agreed Management Actions	Not applicable	Finalised	Not applicable
P1617-P26	CE	Law & Regulation	General	Financial Advice	Not applicable	Finalised	Not applicable
P1617-P27	CE	Law & Regulation	General	Follow-up of Agreed Management Actions	Not applicable	Finalised	Not applicable
P1617-P32	People	Children & Young People Services	General	Financial Advice	Not applicable	Finalised	Not applicable
P1617-P33	People	Children & Young People Services	General	Follow-up of Agreed Management Actions	Not applicable	Finalised	Not applicable
P1617-P40	People	Adult & Comm Services	General	Financial Advice	Not applicable	Finalised	Not applicable
P1617-P41	People	Adult & Comm Services	General	Follow-up of Agreed Management Actions	Not applicable	Finalised	Not applicable
P1617-P43	People	Education Services	R&P - Finance & School Resources	Education Improvement Grant (2015/16)	Medium	Finalised	Not applicable
P1617-P55	People	Education Services	Schools	CRSA's / Healthcheck - Nursery / Primary / Secondary	Medium	Finalised	Not applicable
P1617-P58	People	Education Services	General	Financial Regulations Training	Not applicable	Finalised	Not applicable

Job number	Portfolio	Service Area	Section or Team	Job Title	Risk Rating / Priority	Complete when FINALISED	Opinion given
P1617-P59	People	Education Services	General	Financial Advice	Not applicable	Finalised	Not applicable
P1617-P60	People	Education Services	General	Follow-up of Agreed Management Actions	Not applicable	Finalised	Not applicable
P1617-P70	Place	Streetscene & City Services	General	Financial Advice	Not applicable	Finalised	Not applicable
P1617-P71	Place	Streetscene & City Services	General	Follow-up of Agreed Management Actions	Not applicable	Finalised	Not applicable
P1617-P78	Place	RI&H	General	Financial Advice	Not applicable	Finalised	Not applicable
P1617-P79	Place	RI&H	General	Follow-up of Agreed Management Actions	Not applicable	Finalised	Not applicable
P1617-P80	External	Ext Audits	WCAG	WCAG Training Co-ordinator	Not applicable	Finalised	Not applicable

Community Centres	
Duffryn	Unqualified
Eveswell	Unqualified



**Appendix D – Implementation of Agreed Management Actions 2015/16**



**Appendix E - Performance Indicators 2016/17 - Newport City Council - Internal Audit Section**

	2014/15 Actual	2015/16 Actual	2016/17 Target	2016/17 Actual
Proportion of planned audits complete	66%	77%	77%	89%
Number of planned audits completed within estimated days	50%	52%	65%	72%
Directly chargeable time against total time available	54%	55%	61%	60%
Directly chargeable time against planned	88%	71%	84%	83%
Proportion of Special Reviews responded to within 5 days	100%	100%	100%	100%
Continue to train staff in all Service Groups/Areas on best financial practice	9	9	11	9
Staff turnover rate [ 0 members of staff left]	2	4	1	0
Promptness of draft report issue: end of fieldwork to draft report issue date	12 days	12 days	10 days	13 days
Promptness of report finalisation: client response to final report issue date	2 days	3 days	5 days	3 days

## Appendix F

### Summary of Audit Evaluation Questionnaires (AEQ) Comments 2016-17

#### Positive Feedback from Auditees

1	<p>Feedback given regarding processes/admin was very useful and has enabled us to make changes already and we will continue to use this advice in any future planning. The feedback regarding the financial aspect fell more to how the budgets were managed by accountancy rather than us as a service area.</p> <p>When Ken came to the initial meeting it was clear that he had prepared for the audit beforehand as he was extremely organised and had the relevant data that was to be discussed.</p>
2	<p>The "on site" work was fairly unobtrusive - it was apparent that a lot of preparatory work had been done beforehand.</p> <p>The report addressed the issues highlighted at the scoping meeting and I am grateful for the guidance that has resulted from the process.</p> <p>Thank You.</p>
3	<p>We would welcome further Audit support as we implement some of the management actions, particularly around the implementation of the new online claims system to ensure compliance.</p>
4	<p>Very thorough and in depth audit. Very professionally undertaken by Alex who was always sensitive to our area of work and flexible during very busy periods. Expectations and how the audit was to be undertaken were made clear at the onset. Alex gave very good advice and support in any areas for improvement. The audit has helped the team focus on what needs to change and improve but also highlight the areas we are very strong at and do well which is good for morale and team work. Many thanks.</p>
5	<p>Linda made the process as simple and time efficient as possible, she kept us informed every step of the way and was clear and concise in asking us for information required.</p>
6	<p>The Audit Team were incredibly supportive and professional. We have seen the school's audit in a positive light and welcomed the advice/guidance.</p> <p>In future we would always feel comfortable to come to audit to clarify any queries we may have.</p> <p>Thank you for your support!</p>
7	<p>Overall a good report that highlights many positives and improvements made.</p>
8	<p>Jan undertook the audit at Monnow Primary School; he was both professional and extremely thorough in his approach. Although the audit process was demanding, it provided the school and governing body with the necessary guidance and support needed to move forward.</p> <p>The overall experience was very positive.</p>

9	<p>All correspondence in relation to the audit was clear and provided in a timely manner. The process was fair and carried out professionally both when Alex was on site and remotely. The report provides us with areas to improve, and discussions with Alex and Jan provided clarity in any area that I had questions.</p> <p>I was wondering if it might be beneficial, to schools, if we received an annual summary of the outcomes of school audits. If there are common strengths/shortcomings and we are made aware of them, we could all learn from them. Obviously, I would not expect the schools to be named but an overview might be helpful to us in between audits.</p>
10	<p>School feels reassured that if we had any concerns or needed guidance we would have no hesitation to contact audit for support. This was not how the School Business Manager felt prior to the Audit. School found the Audit reassuring and a positive experience.</p>
11	<p>Comments: I would like to thank Jan and Dona for the constructive manner in which the audit was carried out. As a newly appointed Headteacher, I appreciated the assistance and positive advice given in order for the new office staff members and myself to develop a clear way forward.</p> <p>The only improvement I would suggest, is that when NCC become aware that an Acting Headteacher is in position and that unsatisfactory audit has been identified prior to this, that a member of the audit team visits the school as a matter of principle. The self-audit checklist was an excellent tool and highlighted to me obvious problems within the school. This checklist would have been even more helpful had it been sent to me as soon as I took over the role of Acting Headteacher rather than 10 months after.</p>
12	<p>The report highlighted areas where I assumed that practices had been changed and they hadn't been practically. It was a useful exercise and timely reminder.</p>



# Report

## Audit Committee

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### Part 1

Date: 30 May 2017

**Subject** Internal Audit Annual Plan 2017/18

**Purpose** To inform Members of the Council's Audit Committee of the Internal Audit Section's Operational Audit Plan for 2017/18.

For the Audit Committee to comment on and endorse the 2017/18 Operational Internal Audit Plan and provide comments as appropriate.

**Author** Chief Internal Auditor

**Ward** General

**Summary** Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, effective and efficient use of the Council's resources.

The attached report is the operational Internal Audit plan for 2017/18 based on an assessment of risk and available audit resources. It outlines where Internal Audit resources will be focused over the next year, covering systems and establishments in all service areas of the Council. 1152 productive audit days have been planned for 2017/18 [1187 days 16/17].

The Council's Section 151 Officer has the legal responsibility for the provision of Internal Audit.

**Proposal** That the report be noted and endorsed by the Council's Audit Committee

**Action by** The Audit Committee

**Timetable** Immediate

This report was prepared after consultation with:

- Chief Financial Officer
- Monitoring Officer
- Head of People and Business Change

## Background

1. This report aims to inform Members of the Audit Committee of the work to be undertaken by the Internal Audit Section at an operational level for 2017/18. It identifies why the Council operates an Internal Audit function, the resources currently available and how they will be applied across the services of Newport City Council to give management assurance that systems are working as intended.
2. The plan has been compiled from cumulative audit knowledge and experience, with reference to the Corporate Plan, Improvement Plan, Service Improvement Plans, Newport's Corporate Risk Register, Budget and Medium Term Revenue Plan and external audit reports along with previous history of known problems or issues. The views and concerns of service area management teams have also been incorporated into prioritising workloads for the audit planning process. Heads of Service have been afforded the opportunity to contribute to the drafting of the plan.
3. The report refers to options considered, preferred choice and consultation undertaken. The report lists all background papers relevant to scrutiny of this issue.
4. The Head of Finance is, for the purposes of Section 151 of the 1972 Local Government Act, responsible for the proper administration of the Council's financial affairs. More specifically, The Accounts and Audit (Wales) Regulations 2014 require that the relevant body maintains an adequate and effective internal audit function. Under the direction of the Chief Internal Auditor, the Internal Audit Section at Newport City Council undertakes this provision on behalf of the Head of Finance.
5. Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. It provides assurance or otherwise to management.
6. An organisation as diverse as the City Council has many internal systems which require appropriate controls. Each of these systems can be considered appropriate for internal audit review along with the Council's establishments. However, it is not considered appropriate to review all systems every year so they are undertaken on a cyclical basis, prioritised by way of a risk assessment approach (high, medium or low priority). The attached operational audit plan (Appendices 1 & 2) shows how the systems operated and services provided within all service areas will be covered.
7. The operational plan (2017/18) is as realistic as possible taking account of available audit resources and an allowance for financial training and advice; special investigations have also been included. Allowances for post entry training, general training, holidays, sickness and professional studies have been made in arriving at the number of available audit days for 2017/18.
8. The timing of each review in the 5 year cycle depends on an assessment of the risk that each system poses for the Council, Service Area and Section. A number of factors are taken into account when assessing risk, but it should be stressed that management are responsible for managing that risk, and are best placed to identify the risk in the first place. Accordingly the views of the management teams within each service area have been sought when compiling this plan and incorporated where appropriate. The strategic 5 year audit plan is shown at Appendix 3.
9. Although Internal Audit have limited resources (currently 8 staff including the Chief Internal Auditor), the aim is to provide as much coverage of the Council's systems and establishments as possible. The audit resources have been significantly reduced over the last few years which leads to less coverage across service areas which will have an impact on the level of assurance

the audit team can give to senior management on the adequacy of sound financial management / internal control / governance / risk management across the Council.

10. The initial draft Internal Audit plan has been discussed with service group management teams to ensure the risk profile determined by the audit management team is right. Comments from some management teams suggest that greater coverage should be given to their specific service areas to provide even more assurance, which would be achievable given greater audit resources. Heads of Service have welcomed the opportunity to contribute to the audit planning process and view it as a positive move forward. Some are seeking audit advice in system implementation stages more so, moving away from the traditional audit opinion work, which is encouraging from the audit perspective.
11. The initial plan for the year always starts off as a “long-list” of what work we should be covering in that particular year. We then have to balance that with the resources we have available and the risk profile of the individual audit job. The 2017/18 operational plan aims to cover the areas stated within the given time allocations but professionally I feel that it will provide assurance to managers on the effectiveness of their internal controls and safeguard the assets of the Authority whilst covering the key risks. Time allocations per review are also tight but have been set to provide as much coverage as possible within service areas.
12. Agreed management actions of previous audit reports will be followed up during 2017/18; this will identify the progress managers have made on addressing weaknesses in internal control; i.e. have the agreed management actions been implemented? This could impact on the coverage planned for other systems within service areas. This will be reported back to the Audit Committee.
13. From time to time the risk profile or priority of audit workload or service area may change so the planning process needs to be flexible enough to accommodate this. Where significant changes to the operational plan are required, the matter will be reported to the Head of Finance for approval; this will subsequently be reported to the Audit Committee. Internal Audit’s performance against this plan will continue to be reported to the Audit Committee on a regular basis.
14. Ultimately, the audit team has to undertake sufficient work across the whole Authority to enable the Chief Internal Auditor to give an overall annual audit opinion, and hence assurance, on the adequacy of the internal control environment of the systems operated within the Council.
15. With collaboration, change and efficiency reviews on the horizon, across the whole Council, the audit team will need to be flexible enough and adaptable to respond to changing priorities within the Council in order to provide the assurances required. The Chief Internal Auditor will continue to provide the same service to Monmouthshire CC, in collaboration.

## **Risk Analysis**

16. The risks that the Council face are many and varied. A number of factors have been taken into consideration in compiling both the operational one year plan and the strategic plan; financial budgets, previous audit work, The Measure, history of fraud, theft, misappropriation or non-compliance, changes in systems, changes in key personnel, along with concerns of management. A risk assessment exercise is undertaken in compiling the audit plan. An assessment is made of the likelihood and impact of an event happening, taking into account any mitigation.
17. The audit workload needs to be prioritised to ensure appropriate coverage is given in all service areas and that assurance can be given that Council and service area objectives are being achieved. This is helped with Heads of Service and their senior managers being involved with the process and contributing to the risk profile assessment as a collaborative exercise with Internal Audit.

18. Grant income and external funding is becoming more prominent within the finances of the Council; generally these will be audited externally by the external auditor who provides assurances to the grant paying body. Internal Audit may be requested to audit some grants, therefore, a limited number of days have been included in the Internal Audit planning process.
19. In the Audit Section's continual efforts to ensure that Council assets are safeguarded and to provide assurance to management that their internal controls are robust, further training specifically on Financial Regulations and Contract Standing Orders has been incorporated in the audit plan. Heads of Service have noted that this is a positive step and encourage their staff to attend. Some of these sessions will be targeted to managers who have previously received unfavourable audit opinions. The Internal Audit team will also be working with the Senior Finance Business Partner during 2017/18 to further develop a training package to specifically support schools with their financial management.
20. A requirement of the Accounts and Audit (Wales) Regulations 2014 is that an Annual Governance Statement needs to be included with the Statement of Accounts; this covers corporate governance, performance measurement and risk management as well as internal financial control. The Chief Internal Auditor will continue to be involved with collating and co-ordinating the relevant information to support this statement, although the preparation of the statement should be a corporate responsibility.
21. The audit team will continue to be involved with the verification of the Council's performance indicators to ensure accuracy and completeness.
22. 1152 productive audit days have been incorporated into the 2017/18 draft audit plan. The total resource available for the beginning of the year was 2080 days; annual leave, public holidays, sickness, training, known vacancies, management and administration time is then deducted to determine the available audit days to undertake audit reviews, deal with special investigations, provide advice and deliver training. On average an auditor has 180 available days to undertake audit work during the year.
23. An allocation of time has been included in the plan for special investigations which members of the team may get involved with during the year. These could range from allegations of fraud or theft to non-compliance with Contract Standing Orders. The actual days includes time spent on special investigations and unplanned audits. The allocation has been fairly consistent over the last few years; for 2017/18 the allocation will be 200 days:

	Allocation of days	Actual days
2013/2014	300	158
2014/2015	240	279
2015/2016	240	140
2016/2017	200	95
2017/2018	200	

### **Risks to the Provision of Internal Audit**

24. There is a potential change to the way audit services are delivered across South Wales with shared services on the agenda following the Williams Report. This could be seen as an opportunity for Newport Internal Audit team especially as the Chief Internal Auditor currently provides the same service to a neighbouring local authority. This will continue into 2017/18.



## Independence

25. Independence is achieved through the organisational status of internal audit and the objectivity of internal auditors. In order to ensure the objective nature of audit reviews is not compromised, Internal Audit must be seen to be demonstrably independent of all managerial influence. Within Newport City Council this is achieved as follows:

- the Chief Internal Auditor is responsible for the control and direction of Internal Audit;
- the Chief Internal Auditor has a duty to report direct to the Chief Executive and the Leader of the Council on any matter which he feels appropriate, in particular where the Head of Finance appears to be personally involved;
- individual audit reports are sent to service managers and heads of service as appropriate in the name of the Chief Internal Auditor; and
- the Chief Internal Auditor submits an annual report to the Audit Committee giving an overall opinion on the adequacy of internal controls operated within the Council.

## Audit Opinion

26. At the end of each audit review an audit opinion is given on the adequacy of the internal controls operated within that system or establishment. Taking into account strengths and weaknesses, the current suite of opinions range from good through to unsound:

	GOOD	Well controlled with no critical risks identified which require addressing; substantial level of assurance.
	REASONABLE	Adequately controlled although risks identified which may compromise the overall control environment; improvements required; reasonable level of assurance.
	UNSATISFACTORY	Not well controlled; unacceptable level of risk; changes required urgently; poor level of assurance.
	UNSOUND	Poorly controlled; major risks exists; fundamental improvements required with immediate effect.

## Structure

27. The Internal Audit Section comprises of two teams each led by an Audit Manager both reporting directly to the Chief Internal Auditor. The section has an establishment of 8 and is responsible for auditing all of the Council's systems and establishments including the payroll functions for 6,000+ staff.

## Resources

28. Consideration has been given to the appropriate level of resources for Internal Audit at Newport City Council. The current establishment of 8 staff remains just about adequate for the current level of assessed risk as outlined above; a greater audit resource could provide a greater assurance to management and allow the section to be even more responsive to changing priorities and risk profiles throughout the year. Any unplanned absences such as long term sickness, secondments or prolonged special investigations could significantly affect the audit plan as cover is limited.

29. If the risk profile of the Council significantly changes or if more investigations into allegations of Council staff are required than were planned for, then consideration will need to be given to increasing the resources of the Internal Audit team in order to maintain the current level of service provided.
30. It has been difficult to prioritise workload for 2017/18; after discussions with senior management teams in the service areas, in particular Social Services and Education Services, it was evident that a lot more audit coverage was required than the team is resourced up to deal with.

### **Staffing & Training**

31. The Section is supported by staff on a range of grades with appropriate professional qualifications including part qualified and fully qualified accountants and auditors. The staff have considerable experience of working within the local authority and audit environment. The Chief Internal Auditor, Andrew Wathan, is a qualified CIPFA accountant (Chartered Institute of Public Finance and Accountancy) and has extensive working knowledge of external and internal audit practices within the public sector. Andrew's management team consists of two professionally qualified Audit Managers, one CIPFA qualified and one ACCA qualified. Two members of staff are PIIA qualified (Institute of Internal Auditors) and others in the team are part qualified, either ACCA or AAT.
32. Audit management will continue to support professional and work related training in order to enhance the Section's effectiveness in service delivery in line with the Council's management expectations and the Public Sector Internal Audit Standards. This will ensure that all staff are kept up to date with developments in auditing techniques and changes within local government which may impact on the provision of the service.
33. There are a number of active audit benchmarking clubs operating within South Wales under the auspices of the Welsh Chief Auditors' Group, which are attended by members of the Audit Section. These are a useful way for staff to network with colleagues and share good practice.
34. The team will continue to arrange technical audit training on behalf of the South Wales Chief Auditors' Group throughout the year which Newport's Internal Audit staff have the opportunity of attending. These sessions are run on a breakeven basis although Newport's Internal Audit team benefit from one free place for managing the administration.

### **External Auditor / Relations**

35. The Council's external auditor is the Wales Audit Office. The Internal Audit team has developed a good working relationship with the team and will continue to do so to work jointly, share good practice and avoid duplication. The external auditor places reliance on work undertaken by Internal Audit on what they consider to be the Council's fundamental systems. They will also continue to assess Internal Audit against the standards to ensure that a professional and effective service is being provided.
36. The Chief Internal Auditor will continue to ensure compliance with the Public Sector Internal Audit Standards.

### **Service Areas**

37. Many of the managers within the Council call upon the Audit Section for financial advice which is incorporated within the plan. Audit staff are more than willing to offer any help and assistance they can to ensure that operations are undertaken properly but this also has an impact on planned audit reviews where time allocations are exceeded.

38. As a service to all levels of management, it is important that internal audit is seen as contributing positively to managers undertaking their responsibilities. These are wide ranging but include the prevention of fraud and corruption and securing the efficient and effective delivery of services; part of management obligations under the Council's Financial Regulations.

### **Financial Summary**

39. There are no financial issues related to this report.

### **Risks**

40. If members are not involved in the process of endorsing the draft annual audit plan then this weakens the governance arrangements and would be non-compliant with the Public Sector Internal Audit Standards, which could then be subject to adverse criticism from the external auditor, currently WAO.

### **Links to Council Policies and Priorities**

41. The work of Internal Audit supports all of the Council's priorities and plans.

### **Options Available**

42. (1) That the Annual Audit Plan for 2017/18 be endorsed, subject to any amendments suggested by the Audit Committee.

### **Preferred Option and Why**

43. Option (1) as it is requirement of the Public Sector Internal Audit Standards.

### **Comments of Chief Financial Officer**

44. I can confirm that I have been consulted on Annual Audit Plan 2017/18 and have no additional comments.

### **Comments of Monitoring Officer**

45. I can confirm that I have been consulted on this operational internal audit plan and I agree that this reflects the current risk profile of the service.

### **Staffing Implications: Comments of Head of People and Business Change**

46. The audit plan details how the resources available to the Chief Internal Auditor are allocated based on organisational risk and priority. I confirm that I have been consulted upon about this plan and agree with the allocation or resource within it.

### **Comments of Cabinet Member**

47. Not applicable.

### **Local issues**

48. No local issues.

## **Scrutiny Committees**

49. Not appropriate

## **Equalities Impact Assessment**

50. Not required.

## **Children and Families (Wales) Measure**

51. Not appropriate.

## **Consultation**

52. Not appropriate:

## **Background Papers**

53. 2016/17 Internal Audit quarterly reports, Corporate Plan, Improvement Plan, Corporate Risk Register, Service Improvement Plans.

<b>Internal Audit Services</b>
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<b>Operational Audit Plan for 2017/18</b>
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<b>Service Area</b>	<b>Number of days</b>	<b>Percentage of plan</b>
Finance	191	17%
People & Business Change	124	11%
Children & Young People Services	76	7%
Adult Services	85	7%
Education Services	209	18%
Law & Regulation	70	6%
Streetscene & City Services	80	7%
Regeneration, Investment & Housing	107	9%
External Audits	10	1%
Special Investigations	200	17%
<b>Total Days for Operational Plan</b>	<b>1152</b>	<b>100.0%</b>

**INTERNAL AUDIT SERVICES – 2017/18**

The table below is a general indication of where audit resources will be allocated as the Internal Audit team are still in discussions with Heads of Service regarding the prioritisation of work to be undertaken.

	<b>Days</b>	<b>Risk</b>	<b>Total</b>	
<b>Finance</b>				
Social Services Financial Assessment & Charging	23	H		
Taxation (VAT)	12	M		
Income Returns	20	M		
Treasury Management	3	M		
Sundry Debtors	23	H		
Corporate Procurement	23	H		
Purchasing Cards (System)	20	H		
Purchasing Cards (Transactions)	8	H		
Annual Governance Statement	10			
Highways Network Assets Valuation Follow-Up	13	M		
National Fraud Initiative (NFI)	25			
Financial Advice	6			
Follow up of 2016/17 Agreed Management Actions	2			
Finalisation of 2016/17 Audits	3		191	17%
<b>People &amp; Business Change</b>				
Performance Indicators	15	M		
Agency Staff	23	H		
HR/Payroll	20	H		
Social Services Training Unit	23	M		
Freedom of Information (FOI) & Subject Access Requests	15	M		
Payment Card Industry Data Security Standards (PCI DSS) Follow-Up	3	H		
Financial Advice	9			
Financial Regulations Training	10			
Follow up of 2016/17 Agreed Management Actions	2			
Finalisation of 2016/17 Audits	4		124	11%
<b>Children &amp; Young People Services</b>				
Operations	23	H		
SGO / Kinship Payments	18	H		
Safeguarding	23	H		
Financial Advice	6			
Follow up of 2016/17 Agreed Management Actions	2			
Finalisation of 2016/17 Audits	4		76	7%

	<u>Days</u>	<u>Risk</u>	<u>Total</u>	
<b>Adult &amp; Community Services</b>				
First Contact	23	H		
Direct Payments	20	H		
Supporting People Programme Grant (SPPG) Certification	12			
Spring Gardens	15	M		
Brynglas Day Opportunities	5	M		
Financial Advice	6			
Follow up of 2016/17 Agreed Management Actions	2			
Finalisation of 2016/17 Audits	2		85	7%
<b>Law &amp; Regulation</b>				
Democratic Administration / Scrutiny	15	H		
Electoral Registration	15	H		
Marketing & Communications	12	M		
Trading Standards	15	M		
Scambusters Grant Claim 2016/17	8	M		
Financial Advice	3			
Follow up of 2016/17 Agreed Management Actions	1			
Finalisation of 2016/17 Audits	1		70	6%
<b>Education Services</b>				
Trips & Visits (Evolve System)	10	M		
Education Improvement Grant 2016/17	5	M		
Pupil Deprivation Grant 2016/17	5	M		
Primary School Audits x6	57	M		
School Follow up Audits x2	14	H		
Secondary School Audits x3	36	M		
CRSA's / Healthcheck - Primary/Secondary/Nursery	14	M		
Outside Preferred Catering Contractor (Schools)	10	M		
Education Welfare Service	4	M		
Gwent Education Minority Ethnic Service	15	M		
Financial Regulations Training	10			
Financial Advice	20			
Follow up of 2016/17 Agreed Management Actions	3			
Finalisation of 2016/17 Audits	6		209	18%
<b>Regeneration, Investment &amp; Housing</b>				
Developers Contributions (Section 106)	17	H		
Vibrant & Viable Places Programme	12	H		
Business Support Unit	12	M		
ERDF - Pill Regeneration Programme	15	H		
Rehousing Services	15	M		
Disabled Facilities Grants	6	H		

	<u>Days</u>	<u>Risk</u>	<u>Total</u>	
Youth Service	15	M		
Newport Norse - Joint Venture Follow Up	8	H		
Financial Advice	5			
Follow up of 2016/17 Agreed Management Actions	2		107	9%
<b>Streetscene &amp; City Services</b>				
HIC Follow Up - Project Management	15	H		
Parking Services	15	H		
CCTV / Security - Telford Depot Follow up #2	6	H		
Bus Services Support Grant 2016/17	5	M		
Cemeteries	15	M		
Highways Overtime & On-call Payments – Follow up	7	H		
Refuse Service Agency / Overtime - Follow Up	7	H		
Financial Advice	6			
Follow Up of 2016/17 Agreed Management Actions	2			
Finalisation of 2016/17 Audits	2		80	7%
<b>Ext Audits</b>				
WCAG Training Co-ordinator	10		10	1%
	952			
Special Investigations	200			17%
<b>Total Audit Days</b>	<b>1152</b>			<b>100%</b>



INTERNAL AUDIT SERVICES - STRATEGIC PLAN 2017/18 to 2021/22							
*Review planned to be undertaken in financial year indicated							
			DAYS				
Finance		Risk	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Accountancy</b>							
	Main Accounting System						
	~ Bank Reconciliation						*
	~ Budgetary Control					*	
	~ Capital Accounting			*			
	~ Coding Structure / Journals / Holding & Suspense			*			
	~ System Security				*		
	~ Feeder Systems				*		
	Social Services Income Assessment & Charging	H	23				
	Taxation (VAT)	M	12				
	Treasury Management						
	~ Financial Vetting					*	
	~ AXIS Income Management (AIM)				*		
	~ Income Returns	M	20				
	~ Paye.net			*			
	~ Treasury Management (16/17)	M	3				
<b>Income Collection</b>							
	Council Tax			*		*	
	National Non Domestic Rates (NNDR)				*		*
	Sundry Debtors	H	23		*		*
	Housing Benefit Overpayments Recovery			*			
<b>Strategic Procurement</b>							
	Corporate Procurement	H	23		*		
	Creditors CAATs			*		*	
	Petty Cash / Imprest Accounts			*			
	Procure to Pay (eProcurement)						*
	Purchasing Cards (System)	H	20				
	Purchasing Cards (Transactions)	H	8	*	*	*	*
<b>General</b>							
	Annual Governance Statement		10	*	*	*	*
	Capital Monitoring			*			
	Highways Network Assets Valuation (Follow Up)	M	13				
	National Fraud Initiative (NFI)		25	*	*	*	*
	Financial Advice		6	*	*	*	*
	Follow up of 2016/17 Agreed Management Actions		2	*	*	*	*
	Finalisation of 2016/17 Audits		3				

<b>Total Planned Days for Finance</b>			<b>191</b>				
			DAYS				
<b>People &amp; Business Change</b>		<b>Risk</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
<b>Business Service Development</b>							
	Change & Efficiency Programme				*		
	Performance Indicators	<b>M</b>	15				
	Risk Management			*			
<b>Corporate Human Resources</b>							
	Employment Services						
	~ Agency Staff	<b>H</b>	23				
	~ Car Loans					*	
	~ Management of Attendance			*			
	~ Maternity Absence Payments			*			
	~ Members' Allowances			*			
	~ Organisational Structure			*			
	~ Payroll CAATs			*		*	
	~ Payroll System	<b>H</b>	20	*	*	*	*
	~ Recruitment & Selection			*			
	~ Redundancy			*			
	~ Sickness Absence Payments			*			
	~ Travel & Subsistence			*			
	Strategic Human Resources						
	~ Social Services Training Unit	<b>M</b>	23				
	Corporate Training (Organisational Development)						
	~ Organisational Development				*		
	Health & Safety			*			
<b>Digital &amp; Information</b>							
	Information Development						
	~ Electronic Document Management Services (EDMS)			*			
	~ Freedom of Information	<b>M</b>	15				
	~ Mail Services					*	
	~ Payment Card Industry Data Security Standards (PCI DSS) (Follow Up)	<b>H</b>	3				
	~ Printing / Reprographic Services				*		
	Spatial Data			*			
	SRS Client Relationship Management			*			
<b>Partnership Support</b>							
	Partnerships			*			
	Corporate Policy				*		
<b>General</b>							

	Welsh Language Standards			*			
	Financial Advice		9	*	*	*	*
	Financial Regulations Training		10	*	*	*	*
	Follow Up of 2016/17 Agreed Management Actions		2	*	*	*	*
	Finalisation of 2016/17 Audits		4				
	<b>Total Planned Days for People &amp; Business Change</b>		<b><u>124</u></b>				
			DAYS				
<b>Children &amp; Young People Services</b>		<b>Risk</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
<b>Children's Teams</b>							
	Leaving Care Team						*
	Pathway Team			*			
<b>Integrated Family Support Service</b>							
	Family Support Team			*			
	Preventions			*			
	Family Contact Centre			*			
	Integrated Family Support Team (IFST)			*			
<b>Operations</b>							
	Adoption Fees			*			
	Child Protection & Family Support (x 4 Teams)	<b>H</b>	23				
	Duty and Assessment			*			
<b>Resources</b>							
	Adoption Allowances			*			
	Children With Disabilities			*			
	Fostering				*		
	SGO / Kinship Payments	<b>H</b>	18				
	Out of Authority Placements						*
	Placement Matching & Support				*		
	Residential						
	~ Cambridge House				*		
	~ Forest Lodge					*	
	~ Oaklands Respite Care						*
<b>Safeguarding, Quality Assurance &amp; Child Protection</b>							
	Appointeeships						*
	Child Protection Unit			*			
	Independent Reviewing / Quality Assurance				*		
	Protection of Vulnerable Adults (POVA)			*			
	Quality Assurance			*			

	Safeguarding	H	23				
<b>Youth Offending Service</b>							
	Youth Offending Service			*			
<b>General</b>							
	Amenity Funds						*
	Financial Advice		6	*	*	*	*
	Follow up of 2016/17 Agreed Management Actions		2	*	*	*	*
	Finalisation of 2016/17 Audits		4				
<b>Total Planned Days for Children &amp; Young People Services</b>			<b>76</b>				
			DAYS				
<b>Adult &amp; Community Services</b>		<b>Risk</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
<b>Integrated Teams</b>							
	Integrated Learning Disability Service			*			
	Integrated Occupational Therapy Service				*		
	Integrated Mental Health Service					*	
<b>First Contact</b>							
	Hospital Team	H	23				
	Intake Team			*			
	Welsh Independent Living Grant				*		
	Telecare Contracts					*	
	Out of Hours Emergency Scheme						*
<b>Managed Care</b>							
	NCN Teams (x 3 - East, North, West)			*			
	Gwent Frailty				*		
	Community Reablement					*	
<b>Service Development &amp; Commissioning</b>							
	Commissioning & Contracts						
	~ Commissioning, Contracts, Monitoring						*
	~ Direct Payments	H	20				
	~ Non-Residential Care Provider Payments					*	
	~ Residential Care Provider Payments			*			
	~ Supported Living Provider Payments				*		
	Supporting People					*	
	Supporting People Programme Grant (SPPG) Certification		12	*	*	*	*
	Performance Information				*		
<b>Care &amp; Support Services</b>							
	Access to Residents' Money				*		

	Amenity Funds						*
	Reablement & Homecare			*			
	Residential Services						
	~ Blaen-y-Pant						*
	~ Parklands			*			
	~ Spring Gardens	M	15				
	Day Services						
	~ Brynglas Day Opportunities (16/17)	M	5				
	Supported Living Agency			*			
<b>General</b>							
	Financial Advice		6	*	*	*	*
	Follow up of 2016/17 Agreed Management Actions		2	*	*	*	*
	Finalisation of 2016/17 Audits		2				
<b>Total Planned Days for Adult Services</b>			<b>85</b>				

*Review planned to be undertaken in financial year indicated							
			DAYS				
<b>Law &amp; Regulation</b>		<b>Risk</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
<b>Chief Democratic Services</b>							
	Democratic Administration / Scrutiny	H	15				
<b>Electoral Registration</b>							
	Electoral Registration	H	15				
<b>Legal</b>							
	Insurances					*	
	Land Charges				*		
	Litigation			*			
<b>Registration Services</b>							
	Registration Service (Financial Systems)						*
<b>Marketing &amp; Communications</b>							
	M & C Team	M	12				
	City Events			*			
<b>Public Protection Service</b>							
	Community Safety Warden Service					*	
	CCTV (Corn Street)			*			
<b>Environmental Health</b>							
	Food Safety			*			
	Health & Safety						
	Review of Port Health - Inspection Arrangements						
	Private Sector Housing			*			

	Licensing			*			
	Hackney Carriages			*			
	Pollution			*			
	Discretionary Charging					*	
Trading Standards		M	15				
	Animal Health						
	Enforcement						
	Fair Trading						
	Pest Control / Dog Control & Kennels						
	Scambusters Project						
	Scambusters Grant Claim 2016/17	M	8	*	*	*	*
<b>General</b>							
	Financial Advice		3	*	*	*	*
	Follow up of 2016/17 Agreed Management Actions		1	*	*	*	*
	Finalisation of 2016/17 Audits		1				
<b>Total Planned Days for Law &amp; Regulation</b>			<u>70</u>				
			DAYS				
<b>Education Services</b>		<b>Risk</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
<b>School Organisation</b>							
	School Admissions & Appeals			*			
	Catering Contract Management (Chartwells)			*			
	Trips & Visits (Evolve System)	M	10				
	Early Years			*			
	21st Century Schools Capital Programme						
<b>Finance Support &amp; School Resources</b>							
	Education Improvement Grant 2016/17	M	5	*	*	*	*
	Pupil Deprivation Grant 2016/17	M	5	*	*	*	*
<b>Nursery Schools</b>							
	Kimberley Nursery						*
	Fairoak Nursery					*	
<b>Primary Schools</b>							
	Alway Primary 2016/17	M	7				
	Clytha Primary	M	10				
	Milton Primary	M	10				
	Somerton Primary	M	10				
	St David's RC Primary	M	10				
	St Julians Primary	M	10				

	Charles Williams CiW Primary Follow up	H	7				
<b>Secondary Schools</b>							
	Lliswerry High	M	12				
	Llanwern High	M	12				
	St Julians high	M	12				
	Secondary Learning Resource Units			*			
<b>Special Schools</b>							
	Maes Ebbw Follow up	H	7				
<b>Other - School Related</b>							
	CRSA's / Healthcheck - Primary/Secondary/Nursery	M	14	*	*	*	*
	Duffryn High Sports Hall			*			
	Current Contract - New School Builds						
	Exclusions (Pupil)			*			
	Outside Preferred Catering Contractor (Schools)	M	10				
	Appetite for Life Grant						
	Breakfast Clubs						
<b>General</b>							
	Financial Regulations Training		10	*	*	*	*
	Financial Advice		20	*	*	*	*
	Follow up of 2016/17 Agreed Management Actions		3	*	*	*	*
	Finalisation of 2016/17 Audits		6				
<b>Improvement &amp; Inclusion</b>							
<b>Education Psychology Service</b>							
	Education Psychology			*			
<b>Education Welfare Service</b>							
	Education Welfare Service 2016/17	M	4				
<b>Pupil Referral Unit</b>							
	Bridge Achievement Centre			*			
<b>Gwent Education Multi Ethnic Service</b>							
	Gwent Education Minority Ethnic Service	M	15				
<b>Gwent Music Support Service</b>							
	Gwent Music Support Service			*			
	Review of Procedures for Trips & Events						
<b>Special Educational Needs</b>							
	SEN Assessments						
	SEN Funding - Schools						
	SEN Recoupment			*			
<b>Inclusion Services</b>							
	Safeguarding & Child Protection				*		
<b>Total Planned Days for Education</b>			<b>209</b>				

Services							
			DAYS				
Streetscene & City Services		Risk	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Strategic Area</b>							
	IT Systems						
	Framework Agreement-Consultants						
	Highways Improvement Contracts						
	HIC Follow Up - Project Management	H	15				
	Traffic Management / Road Safety						
	Traffic Management Act						
	Access to Countryside						
	Allotments						
	Business Support Team / Administration			*			
	Final Accounts						
	Current Contracts						
	Filming Policy						
	Street Works						*
<b>Operational Areas</b>							
	Highways & Drainage			*			
	Grounds Maintenance			*			
	Street Cleansing			*			
	Parking Services	H	15				
	Street Lighting				*		
	CCTV / Security - Telford Depot Follow up #2	H	6				
<b>Transport Management</b>							
	ITU - S/S Taxi Framework				*		
	Fleet / Vehicle Management			*			
	Public Transport Support			*			
	Bus Services Support Grant 2016/17	M	5	*	*	*	*
<b>Environmental Services</b>							
	Waste Disposal Site			*			
	Refuse Collection					*	
	Recycling & Sustainability			*			
	Recycling - Wastesavers Review						
	Household Waste Recycling Centre				*		
	Re-use Shop (set up Jun 14)						
	Green Services			*			
	Cemeteries	M	15	*			
	Crematorium						*
<b>Civil Contingencies</b>							
	Civil Contingencies			*			



<b>Customer Services</b>							
	Contact Centre						*
	E-Access (Transactional Web Services)						
	Information Station			*			
	Housing Benefits			*	*	*	*
<b>General</b>							
	Overtime - WDS				*		
	Highways Overtime & On-call Payments - Follow Up	H	7				
	Refuse Agency / Overtime - Follow Up	H	7				
	Financial Advice		6	*	*	*	*
	Follow up of 2016/17 Agreed Management Actions		2	*	*	*	*
	Transformation Projects						
	Finalisation of 2016/17 jobs		2				
<b>Total Planned Days for Streetscene &amp; City Services</b>			80				
			DAYS				
<b>Regeneration, Investment &amp; Housing</b>		<b>Risk</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
<b>Development Services</b>							
	Building Control				*		
	Development Management			*			
	Developers Contributions (Section 106)	H	17				
<b>Economic Regeneration &amp; Policy</b>							
	Regeneration Initiatives - Vibrant & Viable Places 2016/17	H	12				
	Financial Support Initiatives			*			
	European Affairs Unit / Initiatives			*			
	Business Support Unit	M	12				
	ERDF - Pill Regeneration Programme	H	15				
<b>Housing &amp; Community Regeneration (Retained Services)</b>							
	Housing Enabling & Projects						
	Homelessness - B&B			*			
	Private Sector Leasing			*			
	Rehousing Services	M	15				
	Empty Homes / Houses to Homes Grant			*			
<b>Community Development</b>							
	Skills & Work Contract Provision					*	
	Financial & Administrative Systems						

Housing Renewals / Improvements							
	Disabled Facilities Grants 2016/17	<b>H</b>	<b>6</b>				
<b>Community Learning &amp; Libraries</b>							
	Library Service					*	
	Libraries Management System			*			
	Adult Education Income & Enrolments						*
	St Julian's Community Learning & Library			*			
	Sickness						
	Time Off In Lieu						
	Flying Start			*			
<b>Museums &amp; Heritage</b>							
	Tredegar House (National Trust Agreement)			*			
	Museum & Art Gallery			*			
	Central Tourist Information Centre						
	Newport Medieval Ship			*			
	Transporter Bridge			*			
	Fourteen Locks						
<b>Youth &amp; Community</b>							
	Youth Service	<b>M</b>	<b>15</b>				
	Youth Service - Trips & visits			*			
	NERYSS			*			
	Play Development			*			
<b>General</b>							
	Newport Norse - Joint Venture Follow Up	<b>H</b>	<b>8</b>				
	CLL Sickness Reporting/Procedures						
	Financial Advice		<b>5</b>	*	*	*	*
	Follow up of 2016/17 Agreed Management Actions		<b>2</b>	*	*	*	*
<b>Total Planned Days for Regeneration, Investment &amp; Housing</b>			<b>107</b>				
			DAYS				
<b>External Audits</b>		<b>Risk</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
<b>WCAG Training Co-ordinator</b>			<b>10</b>				
<b>Total Planned Days for External Audits</b>			<b>10</b>				



# Report

## Audit Committee

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### Part 1

**Date:** 30 May 2017

**Subject** **Standing Order 24 (Urgent Decisions) or Waiving of Contract Standing Orders: January to March 2017**

**Purpose** To inform Members of the use of Standing Order 24 or the Waiving of Contract Standing Orders in recent decisions taken by Cabinet and Cabinet Members.

**Author** Senior Overview and Scrutiny Officer

**Ward** General

**Summary** This report provides details of decisions on the use of Standing Order 24 (decisions taken urgently) or the Waiving of Contract Standing Orders for the above period.

In consideration of this report, Members are reminded that they are not questioning the merits of the decisions taken but are focussing on why decisions were taken as urgent or why contract standing orders needed to be waived.

**Proposal** **The Committee is asked to consider whether the reasons for the urgency/waiving of contract standing orders are properly reflected in the documentation supporting each decision. Members may wish to invite Cabinet Members to attend a meeting of the Committee should they consider this not to be the case.**

**Action by** Audit Committee

**Timetable** Immediate

This report was prepared after consultation with:

- Head of Law & Regulation
- Head of Finance
- Chief Internal Auditor

## **Background**

Details of the decisions taken by Cabinet/Cabinet Members during the above period are set out in the table below, together with a commentary from the Chief Internal Auditor. Copies of the report giving rise to the decision are attached.

In this section you must set out all necessary information to allow Councillors to take an informed decision. You will need to put forward the case to support your proposals.

## **Financial Summary**

The cost implications of the decisions were set out in the original reports to the Cabinet Members. There are no cost implications of the Committee's consideration of this report.

## **Risks**

Scrutiny of these matters by the Committee is an important means of ensuring that the reasons for the urgency or waiving of Contract Standing Orders were properly addressed in the decision making process and that decisions are transparent.

## **Options Available / Preferred Option and Why**

The Committee is asked to consider whether the reasons for the urgency/waiving of contract standing orders are properly reflected in the documentation supporting each decision. Members may wish to invite Cabinet Members to attend a meeting of the Committee should they consider this not to be the case.

## **Comments of Chief Financial Officer**

See original reports attached.

## **Comments of Monitoring Officer**

See original reports attached.

## **Comments of Head of People and Business Change**

See original reports attached.

## **Equalities Impact Assessment and the Equalities Act 2010**

See original reports attached.

## **Children and Families (Wales) Measure**

See original reports attached.

## **Wellbeing of Future Generations (Wales) Act 2015**

See original reports attached.

## **Consultation**

See original reports attached.

Subject	Decision & Date	Reason for Urgency/Reason to waive Contract Standing Orders	Comments of Chief Internal Auditor
<p><b>New Primary School (Jubilee Park) – move to Statutory Notice</b></p>	<p><b>Cabinet Member for Education and Young People</b> <b>7 February 2017</b></p>	<p>Subject to the final determination, it is intended that the new school, being provided by the developer, will open in September 2017 with its own dedicated Headteacher and Governing Body. In advance of that final determination, it is appropriate to note that a Headteacher post cannot be advertised until the final decision on the proposal is effective. Under the usual statutory and democratic timeframes, this is unlikely to be until w/c 24<sup>th</sup> April 2017 at the very earliest. Any Headteacher wishing to apply for a new position effective in September 2017 will be required to resign from an existing post by 30<sup>th</sup> April 2017 at the very latest. The current timeframe does not accord with this, and therefore it is requested that this decision is made urgently, reducing the member consultation period and bypassing the call-in stage. In effect this brings the decision forward by 7 working days so that the statutory proposal can be published before the half term break for the required period of 28 days following which, in the event of no objections being received, a final decision can be taken on this proposal.</p>	<p>All members were included in the formal consultation of this proposal and were therefore afforded the opportunity to comment.</p> <p>The urgency was due to statutory timescales and to allow sufficient time for a new headteacher to be appointed to start when the school opens in September 2017. This has been justified within the content of the report.</p>
<p><b>Town Centre Repayable Funding Scheme</b></p>	<p><b>Cabinet Member for Regeneration and Investment</b> <b>8 March 2017</b></p>	<p>The Welsh Government delayed award of the funding from November 2016 to late January 2017. Subsequent due diligence and briefing requirements left NCC with insufficient time to seek approval through the normal channels by the original deadline date of 28<sup>th</sup> February. An extended deadline has been negotiated with the Welsh Government of the 10<sup>th</sup> March 2017. The funding is significant (£750,000) and an urgent decision is required if the opportunity to confirm acceptance of the award is not to be lost.</p>	<p>Although the report states that there were delays with Welsh Government and there were subsequent due diligence and briefing requirements, it does not specifically justify the need for the urgency of this decision. A timeline of key events would have been useful.</p>
<p><b>New Primary School (Jubilee Park) – Final Determination</b></p>	<p><b>Cabinet Member for Education and Young People</b> <b>9 March 2017</b></p>	<p>This report refers to the final determination on the school reorganisation proposal to establish a new school. As a direct result of the tight timescales which stem from the original delays in the process there is an appropriate justification for the</p>	<p>The urgency was due to original delays in the process, statutory timescales and to allow sufficient time for a new headteacher to be appointed to start when</p>

		urgency of this decision.	the school opens in September 2017. This has been justified within the content of the report.
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## Background Papers

The following documentation is provided as background to the above decisions:

### **Cabinet Member for Education and Young People - 7 Feb 2017 New Primary School (Jubilee Park) – Move to Statutory Notice:**

- Decision Schedule attached as **Appendix A**;
- Report attached as **Appendix B**.

### **Cabinet Member for Regeneration and Investment - 8 March 2017 Town Centre Repayable Funding Scheme:**

- Decision Schedule attached as **Appendix C**;
- Report attached as **Appendix D**.

### **Cabinet Member for Education and Young People - 9 March 2017 New Primary School (Jubilee Park) - Final Determination:**

- Decision Schedule attached as **Appendix E**;
- Report attached as **Appendix F**.

Dated: 8 May 2017

# Decision Schedule

## Cabinet Member for Education & Young People

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**TO ALL MEMBERS OF NEWPORT CITY COUNCIL**

**Decision Schedule published on 7 February 2017**

The Cabinet Member took the following decision on 7 February 2017. It will take immediate effect, the reason for this decision being the short turnaround required to establish a new school in time for September 2017.

The decision is not subject to the "Call in" Process.

In accordance with Standing Order 24 – Urgent Matters, this matter will be forwarded to the Audit Committee.

Reports relating to staffing issues/Confidential reports are not circulated to all members of the Council as part of the consultation/call-in processes.

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**EYP 04/16**

### **New Primary School (Jubilee Park) - Move to Statutory Notice**

#### **Options considered/Reasons for Decision**

Subject to the final determination, it was intended that the new school, being provided by the developer, would open in September 2017 with its own dedicated Headteacher and Governing Body. In advance of that final determination, it is appropriate to note that a Headteacher post cannot be advertised until the final decision on the proposal is effective. Under the usual statutory and democratic timeframes, this was unlikely to be until week commencing 24<sup>th</sup> April 2017 at the very earliest. Any Headteacher wishing to apply for a new position effective in September 2017 would be required to resign from an existing post by 30<sup>th</sup> April 2017 at the very latest. The current timeframe did not accord with this, and therefore it was requested that this decision was made urgently, by-passing the consultation and call-in stages. This would enable a statutory proposal to be published immediately for the required period of 28 days following which in the event of no objections being received, a final decision could be taken on this proposal.

Formal consultation has been carried out on the proposal **"to establish a new Primary School for pupils aged 3 – 11, on the Jubilee Park housing development, with effect from September 2017"**. The proposal was for a new Primary School which was to be situated on the Alcan housing development and currently has the working title of "Jubilee Park" Primary School. The consultation process was carried out during the period 15<sup>th</sup> November 2016 to the 2<sup>nd</sup> January 2017 and a "Consultation Report" is attached, which described the findings in some detail, this has also been published on the Council web site. This report references those findings and makes a recommendation to move to the publication of a statutory notice in respect of this proposal. During that statutory notice period legal objections could be set by any consultee, which would need to be considered before any final determination is taken.

#### **Decision**

To move to the publication of a statutory notice for 28 days in respect of the proposal "to establish a new Primary School for pupils aged 3 – 11, on the Jubilee Park housing development, with effect

from September 2017”, and to take this decision urgently as it is so urgent that it cannot go through the Council’s agreed consultation process and/or must be implemented immediately and therefore not subject to the Council’s call in procedures for the reasons set out under ‘Reasons for Urgency’ above.

**Consultation**

Monitoring Officer, Head of Finance, Head of People and Business Change.

**Implemented by:** Chief Education Officer

**Implementation Timetable:** Immediate

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Councillor G Giles, Cabinet Member for Education & Young People

**Date:** 7 February 2017



# Report

## Cabinet Member for Education & Young People

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### Part 1

Date: 7<sup>th</sup> February 2017

**Subject** New Primary School – move to statutory notice

**Purpose** To move to the publication of a Statutory Notice on the reorganisation proposal “**to establish a new Primary School for pupils aged 3 – 11, on the Jubilee Park housing development, with effect from September 2017**”.

### Reason For Urgency

Subject to the final determination, it is intended that the new school, being provided by the developer, will open in September 2017 with its own dedicated Headteacher and Governing Body. In advance of that final determination, it is appropriate to note that a Headteacher post cannot be advertised until the final decision on the proposal is effective. Under the usual statutory and democratic timeframes, this is unlikely to be until w/c 24<sup>th</sup> April 2017 at the very earliest. Any Headteacher wishing to apply for a new position effective in September 2017 will be required to resign from an existing post by 30<sup>th</sup> April 2017 at the very latest. The current timeframe does not accord with this, and therefore it is requested that this decision is made urgently, reducing the member consultation period and bypassing the call-in stage. In effect this brings the decision forward by 7 working days so that the statutory proposal can be published before the half term break for the required period of 28 days following which, in the event of no objections being received, a final decision can be taken on this proposal.

**Author** Amanda B Davies, Assistant Head of Education (Resources & Planning)

**Ward** Rogerstone

**Summary** Formal consultation has been carried out on the proposal “**to establish a new Primary School for pupils aged 3 – 11, on the Jubilee Park housing development, with effect from September 2017**”. The proposal is for a new Primary School which is to be situated on the Alcan housing development and currently has the working title of “Jubilee Park” Primary School. The consultation process was carried out during the period 15<sup>th</sup> November 2016 to the 2<sup>nd</sup> January 2017 and a “Consultation Report” is attached, which describes the findings in some detail, this has also been published on the Council web site. This report references those findings and makes a recommendation to move to the publication of a statutory notice in respect of this proposal. During that statutory notice period legal objections can be set by any consultee, which would need to be considered before any final determination is taken.

**Proposal** To move to the publication of a statutory notice for 28 days in respect of the proposal “**to establish a new Primary School for pupils aged 3 – 11, on the Jubilee Park housing development, with effect from September 2017**”, and to take this decision urgently as it is so urgent that it cannot go through the Council’s agreed consultation process and/or must be implemented immediately and therefore not subject to the Council’s call in procedures for the reasons set out under ‘Reasons for Urgency’ above.

**Contact** Amanda B Davies, 01633 210630, [amanda.davies@newport.gov.uk](mailto:amanda.davies@newport.gov.uk)  
**Action by** Chief Education Officer  
**Timetable** Immediate

**Signed**

## Background

Following a formal consultation period from 15<sup>th</sup> November 2016 to 2<sup>nd</sup> January 2017, it was appropriate to publish a “Consultation Report” on the findings and after full consideration of the findings to take a decision whether or not to move to the next stage of the statutory consultation process which is to publish a statutory notice. A copy of the Consultation Report is attached at Appendix 1, the following is a synopsis.

### Formal Consultation Findings: Consultation Responses

22 consultation responses were received from stakeholders, 21 of which (equivalent to 95%) were in support of the proposal. The remaining respondent stated that he was indifferent to the proposal and would have preferred to see the new school established as Welsh-medium provision.

Any specific questions raised and comments made were responded to via *Frequently Asked Questions* which were published on the Council website and updated at regular intervals. The current most recent set of *Frequently Asked Questions* is included within the Consultation Report at Appendix 1 on page 6.

### Estyn

The formal response from Estyn concluded that “the proposal is likely to maintain, at least, the standard of education provision in the area”.

The following comments were also made within the response:

- The proposer has presented a clear rationale for the proposal;
- The proposal usefully explains that the school will need to be a “growing” school in order to respond efficiently and fairly to the increasing population expected within the new housing development;
- The benefits of the “growing” school model are succinctly set out within the proposal;
- The proposer clearly outlines other advantages and disadvantages associated with the “growing” school model;
- The proposal considers three other options, sufficiently sets out their respective benefits and disadvantages and clearly states the reason why it discounts them;
- The proposer provides details past and projected pupil numbers for the five primary schools within the cluster but has not provided an account of the impact of the proposals on Welsh medium provision within the local authority;
- The proposal appropriately considers the likely impact of the new school on standards, provision and leadership by referring to the outcomes of the five cluster primary schools’ most recent Estyn inspections;
- The Council sensibly recognises that it may need to initiate an executive Headteacher arrangement should the Governing Body not have time to appoint a new Headteacher;
- The proposal provides an important reassurance that the local authority and consortium will commit to the development of quality curriculum provision at the school, supported by an experienced Challenge Adviser;

- The proposer reasonably affirms that the new school will support pupils with additional learning needs within mainstream education without any impact of the city’s special educational needs provision.

However, whilst the risks and mitigating factors associated with the preferred option to open a “growing” school are clearly summarised in a useful table, the proposer has only identified a relatively small number of risks without considering other potential risks including building and construction delays and the unique challenges of managing a mixed-age class structure.

**The Council response to this comment by Estyn is that the other potential risks including building and construction delays and the unique challenges of managing a mixed-age class structure have been asked by other consultees during this consultation and answers provided within the Frequently Asked Questions section on pages 17, 18 and 19.**

### Learners Voice

An officer from the Council met with groups of pupils from across High Cross Primary School, Mount Pleasant Primary School, Pentrepoeth Primary School and Rogerstone Primary School during December 2016.

Pupil Questionnaire which is copied within the attached Consultation Report was also discussed with the 53 children who took part in these sessions. Copies of the questionnaire were also shared with the four schools.

In total 132 pupils responded in this way with the following results:

- 62% of respondents felt that opening a new primary school in the area was a good idea:
- 78% of those asked thought that having a dedicated local school would be good for the children who move on to the estate;
- Benefits of the proposal include reduced travel time, an ability to walk to school, improved timekeeping, health and wellbeing and increased independence;
- Disadvantages were noted as being the proximity to existing schools and increased traffic in the area;
- 64% of the respondents felt that the concept of a growing school was a good idea.

### Financial Summary

#### CAPITAL:

If the establishment of this primary school goes ahead, there will be capital costs incurred at a level of £385,000 in respect of Fixtures, Fittings & Equipment which are not provided under the legal agreement with the Housing Developer. However whilst these costs are included within the Capital Programme at £10k in 2016/2017, and £375k in 2017/2018 there are no direct capital costs in publishing a statutory notice.

#### REVENUE:

The revenue costs associated with the opening of the School from September 2017 are included within the table set out on the next page, these are shown cumulatively, with the incremental additionality required in each year dealt with as follows. Current Council funding proposals for schools require the funding for 2017/2018 to be found from within the current schools funding budgets. For future years the cost pressures are built into the Councils overall medium term financial plan for consideration by future administrations.

	Year 1 (Current)	Year 2	Year 3	Ongoing	Notes including budgets heads affected
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	£	£	£	£	
<b>Costs (Income)</b>	<b>396k</b>	<b>789k</b>	<b>1,014k</b>	<b>1,104k</b>	
<b>Net Costs (Savings)</b>	<b>396k</b>	<b>789k</b>	<b>1,014k</b>	<b>1,104k</b>	
<b>Net Impact on Budget</b>	<b>396k</b>	<b>789k</b>	<b>1,014k</b>	<b>1,104k</b>	

## Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Failure to move to statutory notice	L	L	This risk has been mitigated by carrying out a full and public statutory consultation process, which includes a 42 day formal consultation before moving to publication of a statutory notice for 28 days	Chief Education Officer

## Links to Council Policies and Priorities

Council Improvement Plan

Education Service Plan

21CS Strategic Outline Plan

National Implementation Plan for 3 – 16 Education

## Options Considered/Available

Option 1: to move to the publication of a statutory notice for 28 days, which is the next stage in the statutory consultation process and continues to allow for consultees to have their say and set legal objections against the proposal.

Option 2: not to move to the publication of a statutory notice, but to cease the proposal after the formal consultation period, this would mean not concluding the full statutory consultation process in order to take the decision to establish this school.

## Preferred choice and reasons

Option 1 is preferred as it takes the next stage in the full statutory consultation process and allows all consultees to fully consider the proposal during an additional 28 day period before taking any final determination on the proposal.

## Sustainability and Environmental Issues

None

## Crime and Disorder Act 1998

Section 17(1) of the Crime and Disorder Act 1998 imposes a duty on the Local Authority to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area.

## Comments of Monitoring Officer

The proposed action is in accordance with the statutory school reorganisation procedures set out in the School Standards and Organisation (Wales) Act 2013 and the School Organisation Code. The proposal to establish a new “growing” primary school and nursery at Jubilee Park is a regulated alteration under

the Code. Therefore, the proposed new school needs to be formally published and subjected to formal consultation in accordance with the statutory procedure. In accordance with the statutory procedures, a detailed consultation document has been prepared, setting out the reasons for the proposals, and there has been meaningful consultation with key stakeholders, including children and young people, who are likely to be affected by the changes. The consultation responses are attached to the Report and are largely supportive of the proposal. The Cabinet Member is now required to consider these representations and decide whether or not to proceed with the necessary statutory notices. If the decision is taken to proceed, then the proposal will need to be published by way of formal statutory notice, on the Council's website and by public notices, and a period of 28 days (including, at least, 15 school days) must be allowed for statutory objections. If there are no objections, then the final decision can be taken by the Cabinet Member but if there are any unresolved statutory objections then the final decision will be referred to full Cabinet. The proposed new "growing" school meets the requirements of the planning consent and the section 106 Agreement with the developer and also allows the school numbers to increase on a phased basis in line with the development

### **Comments of Chief Financial Officer**

Although there are no major financial implications of moving to publication of statutory notice phase, the financial consequences of new schools is a factor considered. The increase in revenue costs will need to be factored into the funding of the ISB. Further reports will be brought before the Cabinet Member as the process continues.

### **Comments of Head of People and Business Change**

As noted in the report aspects of the sustainable development principle of the Well-being of Future Generations (Wales) Act have been considered in the decision making process. As required a Fairness and Equality Impact Assessments (FEIA) has been completed and is attached. From a HR perspective, the timescales of this proposal will have to be closely monitored to ensure that the appropriate recruitment processes can be achieved within the timescales for notice periods and in line with a September opening.

### **Scrutiny Committees**

None

### **Equalities Impact Assessment**

The Equality Act 2010 contains a Public Sector Equality Duty which came into force on 06 April 2011. The Act identifies a number of 'protected characteristics', namely age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation; marriage and civil partnership. The new single duty aims to integrate consideration of equality and good relations into the regular business of public authorities. Compliance with the duty is a legal obligation and is intended to result in better informed decision-making and policy development and services that are more effective for users. In exercising its functions, the Council must have due regard to the need to: eliminate unlawful discrimination, harassment, victimisation and other conduct that is prohibited by the Act; advance equality of opportunity between persons who share a protected characteristic and those who do not; and foster good relations between persons who share a protected characteristic and those who do not. The Act is not overly prescriptive about the approach a public authority should take to ensure due regard, although it does set out that due regard to advancing equality involves: removing or minimising disadvantages suffered by people due to their protected characteristics; taking steps to meet the needs of people from protected groups where these differ from the need of other people; and encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

An updated Fairness & Equality Impact Assessment is attached at Appendix 2.

### **Children and Families (Wales) Measure**

Although no targeted consultation takes place specifically aimed at children and young people, consultation on planning applications and appeals is open to all of our citizens regardless of their

age. Depending on the scale of the proposed development, applications are publicised via letters to neighbouring occupiers, site notices, press notices and/or social media. People replying to consultations are not required to provide their age or any other personal data, and therefore this data is not held or recorded in any way, and responses are not separated out by age.

## Wellbeing of Future Generations (Wales) Act 2015

Report writers need to indicate how they have considered the five things public bodies need to think about to show they have applied the sustainable development principle put into place by the Act. You will need to demonstrate you have considered the following:

- Long term: the importance of balancing short- term needs with the need to safeguard the ability to also meet long – term needs **by supporting a seamless pathway for education from 4 – 11**
- Prevention: How acting to prevent problems occurring or getting worse may help us meet our objectives **by the consolidation of a 4 – 11 school provides stability for education and employment**
- Integration: Consider how the proposals will impact on our wellbeing objectives, our wellbeing goals, other objectives or those of other public bodies **full statutory consultation has been supported by an FEIA at each decision stage considering impact**
- Collaboration: have you considered how acting in collaboration with any other person or any other part of our organisation could help meet our wellbeing objectives **full statutory consultation has been supported by an FEIA at each decision stage**
- Involvement: The importance of involving people with an interest in achieving the wellbeing goals, and ensuring that those people reflect the diversity of the City we serve **full statutory consultation has been supported by an FEIA at each decision stage**

## Consultation

Comments received from wider consultation, including comments from elected members, are detailed in each application report in the attached schedule.

## Background Papers

None

Dated: 7 February 2017

Appendix 1: Consultation Report

Appendix 2: Updated Fairness & Equality Impact Assessment

# APPENDIX 1

# Newport City Council

## Consultation report

**Proposal to establish a new primary school on the Jubilee Park development from September 2017**

**Formal Consultation period:  
15<sup>th</sup> November 2016 to 2<sup>nd</sup> January 2017**

### **Purpose**

This report is published in line with the requirements of the School Standards and Organisation (Wales) Act 2013 and the School Organisation Code, July 2013.

This consultation report includes the following sections:

- The Proposal
- Stakeholder Engagement
- Everyday Summary Version – Children & Young People
- Consultation Responses
- Estyn
- Learner Voice
- Frequently Asked Questions
- Copy of the Pupil Questionnaire (at Appendix A)

### **The Proposal**

To establish a new primary school in Newport for pupils aged between 3 and 11 years, on the Jubilee Park housing development, with effect from September 2017.

### **Stakeholder Engagement**

An invitation to take part in the statutory consultation was issued to the following stakeholders, with a link to the consultation pack on the Council's website sent by e-mail, or hard copies being made available through the four primary schools in the immediate vicinity of the proposed new school, namely High Cross Primary, Mount Pleasant Primary, Pentrepoeth Primary and Rogerstone Primary, and at the three Sales Offices on the housing development:

- All people living on the Jubilee Park site;
- Teachers, staff and the governing bodies of High Cross Primary School, Mount Pleasant Primary School, Pentrepoeth Primary School and Rogerstone Primary School;
- Parents, carers and guardians of pupils attending High Cross Primary School, Mount Pleasant Primary School, Pentrepoeth Primary School and Rogerstone Primary School;
- Pupils attending High Cross Primary School, Mount Pleasant Primary School, Pentrepoeth Primary School and Rogerstone Primary School;
- The Headteachers and Governing Bodies of all other Newport primary, secondary and special schools;
- The Director of Education, Monmouth Diocesan Trust;
- The Director of Education, Roman Catholic Archdiocese;
- All Newport City Council elected members;
- All Newport City Council Heads of Service;
- The Welsh Ministers;
- Assembly Members (AMs) and Members of Parliament (MPs) representing the area served by the schools subject to the proposals;
- The Chief Education Officers of other Councils within the South East Wales Consortium;
- Estyn;
- The South East Wales Education Achievement Service;



- Teaching and staff trade unions;
- The Police and Crime Commissioner for Gwent;
- The Community Councils for Rogerstone and Graig;
- The local Communities First partnership (or equivalent);
- The 3 independent childcare providers in Rogerstone and the surrounding catchment areas – Ty Du Playgroup, Little Oaks at Bassaleg Pre-School and Rhiwderin Village Meithrin;
- Newport Early Years Development and Childcare Partnership;
- SNAP Cymru.

The following consultation events were arranged. These were publicised via a letter to stakeholders, on the Council website and through the consultation document.

Venue	Date and Time	Event type
Rivermead Centre, Fuscia Way, Rogerstone, Newport, NP10 9LD	Thursday 24 <sup>th</sup> November 2016 3.30pm – 6.00pm	Drop-in event
Committee Room 7, Civic Centre, Newport, NP20 4UR	Friday 25 <sup>th</sup> November 2016 9.00am – 11.30am	Drop-in event

## Everyday Summary Version – Children & Young People

An Everyday Summary Version of the main consultation document was published and shared with stakeholders. This document was also targeted at children and young people.

Officers from the Council also met with groups of children from four local primary schools, namely High Cross Primary School, Mount Pleasant Primary School, Pentrepoeth Primary School and Rogerstone Primary School, to discuss the proposal and gain the views of the pupils. A summary of the comments received is outlined in the Learner Voice section.

In addition a children’s questionnaire was created and shared with these schools for distribution amongst pupils. A copy of the questionnaire is shown at Appendix A and a synopsis of responses outlined in the Learner Voice section below.

## Consultation Responses

22 consultation responses were received from stakeholders, 21 of which (equivalent to 95%) were in support of the proposal. The remaining respondent stated that he was indifferent to the proposal and would have preferred to see the new school established as Welsh-medium provision.

Any specific questions raised and comments made were responded to via *Frequently Asked Questions* which were published on the Council website and updated at regular intervals. The current most recent set of *Frequently Asked Questions* is included within this report.

## Estyn

The formal response from Estyn concluded that “the proposal is likely to maintain, at least, the standard of education provision in the area”.

The following comments were also made within the response:

- The proposer has presented a clear rationale for the proposal;
- The proposal usefully explains that the school will need to be a “growing” school in order to respond efficiently and fairly to the increasing population expected within the new housing development;
- The benefits of the “growing” school model are succinctly set out within the proposal;
- The proposer clearly outlines other advantages and disadvantages associated with the “growing” school model;
- The proposal considers three other options, sufficiently sets out their respective benefits and disadvantages and clearly states the reason why it discounts them;

- The proposer provides details past and projected pupil numbers for the five primary schools within the cluster but has not provided an account of the impact of the proposals on Welsh medium provision within the local authority;
- The proposal appropriately considers the likely impact of the new school on standards, provision and leadership by referring to the outcomes of the five cluster primary schools' most recent Estyn inspections;
- The Council sensibly recognises that it may need to initiate an executive Headteacher arrangement should the Governing Body not have time to appoint a new Headteacher;
- The proposal provides an important reassurance that the local authority and consortium will commit to the development of quality curriculum provision at the school, supported by an experienced Challenge Adviser;
- The proposer reasonably affirms that the new school will support pupils with additional learning needs within mainstream education without any impact of the city's special educational needs provision.

However, whilst the risks and mitigating factors associated with the preferred option to open a "growing" school are clearly summarised in a useful table, the proposer has only identified a relatively small number of risks without considering other potential risks including building and construction delays and the unique challenges of managing a mixed-age class structure.

## Learner Voice

An officer from the Council met with groups of pupils from across High Cross Primary School, Mount Pleasant Primary School, Pentrepoeth Primary School and Rogerstone Primary School during December 2016. The following questions were raised by the pupils:

### **High Cross Primary School**

Question	Response
<i>What will the name of the new school be?</i>	This will be decided by the temporary governing body which will be established once final approval of the proposal is granted.
<i>When will the new school open?</i>	The new school will open in September 2017.
<i>Will there be enough room in Bassaleg School for the extra children when it is time for them to move to secondary school?</i>	Yes, Bassaleg School has enough capacity to meet the demand for places from children living in the catchment area at the time they are due to move from Year 6 in primary school.
<i>Is the new school going to be built in the middle of the new estate?</i>	The school is currently being built and when the estate is fully complete, it will be surrounded by houses.
<i>How many children will be able to go to the new school?</i>	The school will be able to accommodate 315 children in total from Reception to Year Six, plus a nursery class of 48 (24 children in each morning and afternoon session).  When the school first opens however, it will take only 15 children per year group, plus a nursery class of 30 (15 children in each morning and afternoon session).
<i>Will the new school have a nursery class?</i>	Yes there will be a nursery class at the school,

	open over two sessions (morning and afternoon).
<i>Will there be a waiting list you can be added to if your application for admission is not successful?</i>	Yes, if an application for admission is refused, the child will be placed on the waiting list for a place at the school.
<i>What if children wanted to stay in the current school and didn't want to move to the new school?</i>	Children will not be forced to attend the new school. Parents can choose to apply for their children to attend the new school, but children will be able to stay in the current schools if that is their preference.
<i>What if too many children want to go to the new school?</i>	If more applications are received than the number of places available, the Council will decide who to admit by applying its agreed over-subscription criteria.
<i>What would happen if brothers and sisters couldn't all go to the same school?</i>	The over-subscription criteria give a higher priority to children whose older brothers and sisters are already attending the preferred school. However there are some instances where siblings cannot attend the school.
<i>What happens if twins, or triplets or quads couldn't go to the same school?</i>	If the last remaining place in a year group is awarded to a multiple birth child, the Council will automatically admit the other children so that they are able to attend the same school.
<i>If children living on the new estate couldn't go to the new school, would they go to another school or just stay at home until a place became available?</i>	All children over the age of 5 must attend school unless they are being home educated by their parents. Therefore if no places are available at a preferred school, the Council will offer a place elsewhere, and in some circumstances will arrange transport to get the child to and from school.
<i>How will the mixed-age classes be arranged?</i>	In the first year there are likely to be four classes: 1 for Nursery and Reception pupils; 1 for Year 1 and Year 2 pupils; 1 for Year 3 and Year 4 pupils and 1 for Year 5 and Year 6 pupils.  Mixed age classes have been tried and tested and are in operation in schools across Newport.
<i>How many houses will be on the new estate?</i>	The estate is expected to be fully complete by 2021, at which time there will be approximately 910 houses on the site.

<i>If children couldn't get into their preferred school, and no taxis were available, could they just do half days at school?</i>	No. If a pupil needs to travel to school by bus or taxi, the Council will ensure that these arrangements mean that the child is able to attend school for full days.
<i>Will there be 15 children from each year group when the school first opens?</i>	There will be a maximum of 15 places available in each year group, but we are unable to confirm how many of these will be taken up.
<i>How many children will be in each class?</i>	There will be a maximum of 30 children in each class.
<i>Will the new school be a private school?</i>	No, it will be a community-maintained school which will be free to attend.
<i>Will the new school be bigger or smaller than High Cross?</i>	The new school will be bigger than High Cross. The capacity for High Cross Primary is for 210 pupils aged between 4 and 11 years, plus a nursery class of 16. The new school will have capacity for 315 pupils aged between 4 and 11 years, plus a nursery class of 24.
<i>Why does the Headteacher decide how the school budget is spent?</i>	The Headteacher and Governing Body are responsible for the school budget and ensuring that appropriate additional resources are available to support the pupils on roll.
<i>How long will it take to build the school?</i>	The agreement between the Council and the builder is that the school will be ready during the summer of 2017, and will be opened in September 2017.
<i>How many teachers will there be at the new school?</i>	The Headteacher and Governing Body will determine how many teachers, teaching assistants and support staff will be needed to support the school when it first opens.
<i>Will the new school have a library?</i>	No, the library resources will likely be included in each classroom.
<i>What colour will the school uniform be?</i>	This will be decided by the temporary governing body which will be established once final approval of the proposal is granted.

## **Pentrepoeth Primary School**

<b>Question</b>	<b>Response</b>
<i>Will the 45 children in each year group be taught in one class or split into two groups?</i>	<p>Each year group will be taught over two separate classes, but some of these will be mixed-age arrangements. There will be 11 classes in total: 2 for Reception pupils, 3 for Year 1 and Year 2 pupils, 3 for Year 3 and Year 4 pupils and 3 for Year 5 and Year 6 pupils.</p> <p>Mixed age classes have been tried and tested and are in operation in schools across Newport.</p>
<i>Will the new school have its own catchment area?</i>	Yes. The new school will have a dedicated catchment area made up of the whole of the Jubilee Park development, plus the section of Tregwilym Road between the Tregwilym Lodge Nursing Home and the railway bridge.
<i>Will the children who live on the new estate be forced to go to the new school?</i>	No, parents can choose to apply for their children to attend the new school, but children will be able to stay in the current schools if that is their preference.
<i>What will be the catchment secondary school for the children who live on the new estate?</i>	The catchment secondary school for children living on the new development will be Bassaleg School.
<i>Will the new school be English-medium or Welsh-medium?</i>	The new school will be an English-medium school.
<i>If a child goes to a Welsh-medium primary school, do they have to go to a Welsh-medium secondary school?</i>	Not necessarily, but most do.
<i>When the school initially opens, will there be additional staff, or just four teachers?</i>	The Headteacher and Governing Body will determine how many staff will be needed to support the school when it first opens, but there are likely to be Teaching Assistants in some classes.
<i>Will the new school be a private school?</i>	No, it will be a community-maintained school which will be free to attend.
<i>Will there be enough money to pay for additional resources?</i>	<p>The Headteacher and Governing Body will be responsible for the school budget and ensuring that appropriate additional resources are available to support the pupils on roll. It is for this reason that mixed-age classes will be operated.</p> <p>In simple terms, the Headteacher receives £1,000 for every child entering the school. A</p>

	class of 30 pupils would therefore generate £30,000, whilst a class of 15 would generate only £15,000. A teacher costs £25,000, and so the Headteacher would not have enough money if there were only 15 children in the class. If there was a class of 30 pupils, the Headteacher could pay for a teacher and use the remaining money to purchase additional resources.
<i>Will the school have more or less money to spend than other schools?</i>	All schools in Newport are funded in the same way, via an agreed formula. The new school will also be funded in this way.
<i>Why is the new school able to take more children in nursery than Reception? Could this lead to some children not being able to go to Reception with their friends?</i>	Technically yes, as when the school is fully open, there will be capacity for 48 children in nursery whilst only 45 children can be accommodated in Reception. However, not all children in the nursery class will be ready to move to Reception at the same time and so hopefully this would not happen.
<i>How do you decide who can go to the new school? Is it on a first come – first served basis?</i>	Where the Council receives fewer applications than the number of places available, all applicants will be offered places. If they receive more applications than the number of places available however, the Council will decide who to admit by applying its agreed over-subscription criteria.
<i>At what age can children go to nursery?</i>	Children are eligible for a free part-time nursery place at the start of the term following their 3 <sup>rd</sup> birthday. Admission can therefore be a three times during the year: January for children who turn 3 between September and December; April for children who turn 3 between January and March, and; September for children who turn 3 between April and August. Depending on when their birthday is therefore, children can spend either 3, 4 or 5 terms in a nursery class.
<i>If a child goes to the nursery class at a school, do they automatically go into Reception?</i>	No. There are separate application processes for admission to Nursery and Reception and therefore even if a child attends a particular nursery, there is no guarantee that they will be able to move into Reception at that school.
<i>When you decide who moves from Nursery into Reception, is it based on the ability of the child?</i>	No. If there are more applications than places available, the Council will apply the agreed over-subscription criteria to determine priority for admission.
<i>What would happen if a child wanted a place in nursery but it was already full?</i>	The Council is unable to offer children places in a year group which is already full, even if they have higher priority for the place than a child

	who is already attending the school. Where a child is unsuccessful in gaining a place at a preferred school, their name will be placed on a waiting list in case a space subsequently becomes available.
<i>Will the new school follow the same curriculum as other schools?</i>	Yes, the same curriculum is followed across all community-maintained schools in Newport.

### **Rogerstone Primary School**

<b>Question</b>	<b>Response</b>
<i>Will children living on Jubilee Park be forced to go to the new school?</i>	No, parents can choose to apply for their children to attend the new school, but children will be able to stay in the current schools if that is their preference.
<i>Will there be more traffic when the new school is built?</i>	As the new houses are built and occupied, it is likely that there will be more traffic. However, when the new school opens on the estate, many children will be able to walk to school and so there will be less reliance on cars.
<i>Won't it be easier if there are 30 children in every class instead of 15?</i>	Under this proposal, there will be a maximum of 30 children in each class. In the first year, there will be four mixed-age classes, so each class will contain children from two year groups.  Mixed age classes have been tried and tested and are in operation in schools across Newport.
<i>Will the estate open at the same time as the school?</i>	Some people are already living on the estate, but it is not expected to be fully complete until around 2021.
<i>When will the school and the estate be finished?</i>	The school will open in September 2017 but the housing development is not expected to be fully complete until 2021.
<i>Why do some children have to travel long distances to get to school?</i>	If a local school is full, the Council will offer a child a place at their nearest available school. In some cases this can be quite far from the pupil's home, and if the distance is measured at more than two miles, the Council will provide a bus or taxi to help them get to school.
<i>If children from two year groups are in the same class, won't their abilities be very different?</i>	The teacher will ensure that all children are taught the correct curriculum appropriate for their age group.
<i>Wouldn't it be easier to teach children in single year groups?</i>	Most schools prefer straight-age classes but mixed-age classes are not uncommon in schools

	<p>across Newport. The school would not be able to operate classes of just 15 pupils as they would not be able to pay for teachers and resources.</p> <p>In simple terms, the Headteacher receives £1,000 for every child entering the school. A class of 30 pupils would therefore generate £30,000, whilst a class of 15 would generate only £15,000. A teacher costs £25,000, and so the Headteacher would not have enough money if there were only 15 children in the class. If there was a class of 30 pupils, the Headteacher could pay for a teacher and use the remaining money to purchase additional resources.</p>
<i>Will there be a new High School on the estate?</i>	No, the catchment secondary school for children living on the new development will be Bassaleg School.
<i>Why can't the builders work on weekends to get the school finished earlier?</i>	The agreement between the Council and the builder is that the school will be ready during the summer of 2017, and will be opened in September 2017.
<i>Will there be separate yards for the Infant and Junior children?</i>	Yes, there will be separate play areas.
<i>How big will the canteen be?</i>	All facilities have been designed to ensure that the school can comfortably accommodate a maximum of 315 pupils.
<i>Will there be a Learning Resource Base at the new school?</i>	Yes, there will be one Learning Resource Base class which will accommodate a maximum of 10 children between the ages of 4 and 11.
<i>How many dinner ladies will there be?</i>	The Headteacher and Governing Body will decide on the staff that will be required once they know how many children will be attending the new school.
<i>Will the Foundation Phase and Key Stage Two children have separate lunchtimes?</i>	This is something that the Headteacher will decide nearer to the time that the school is due to open.



<i>How many staff will work at the new school?</i>	The Headteacher and Governing Body will decide on the staff that will be required once they know how many children will be attending the new school.
<i>Will the school need to have an extension to accommodate more children in the future?</i>	There is no provision for the school to be extended.
<i>Will the Council provide the resources for the new school?</i>	The Council will provide some resources and the rest will be paid for by the school when it opens.
<i>Will there be a 3G pitch?</i>	Yes, the new school will have a 3G pitch with floodlights.
<i>Will there be a School Council?</i>	This is something that will be decided by the Headteacher once the school opens.
<i>Will the new school have a café facility?</i>	No, there will be no café facility at the new school.
<i>Will there be After School Clubs?</i>	This is something that will be decided by the Headteacher nearer to the opening date.
<i>What will happen if a teacher is ill and can't come into work?</i>	The Headteacher will arrange for a supply teacher to cover the class, just like your Headteacher does at present if this happens at your school.

The Pupil Questionnaire (Appendix A) was also discussed with the 53 children who took part in these sessions. Copies of the questionnaire were also shared with the four schools. In total 132 pupils responded in this way with the following results:

- 62% of respondents felt that opening a new primary school in the area was a good idea;
- 78% of those asked thought that having a dedicated local school would be good for the children who move on to the estate;
- Benefits of the proposal include reduced travel time, an ability to walk to school, improved timekeeping, health and wellbeing and increased independence;
- Disadvantages were noted as being the proximity to existing schools and increased traffic in the area;
- 64% of the respondents felt that the concept of a growing school was a good idea.

## Frequently Asked Questions

Following the issue of the consultation document, a set of Frequently Asked Questions has been drafted, regularly updated and published on the Council website. The most recent set read as follows:

**You have stated that the nursery class will open initially for only 15 children, and yet there are more than 15 children of that age living on the development. How will they be accommodated?**

The nursery will open with capacity for 15 full time equivalent children, meaning that 30 children can be accommodated in total over a part-time morning or afternoon session. If the Council receives more than 30 applications, places will be allocated in accordance with the published over-subscription criteria which can be found at:

<http://www.newport.gov.uk/documents/Schools-and-Education/School-Admissions-Policy-2017-18.pdf>

**You have stated that the new school will open in September 2017 and yet the building appears to look far from completion. What are the contingency plans?**

The developer has an agreed schedule for delivery of the project and has complete responsibility for this timeline. The Council is assured that the school will be delivered during the summer term 2017 to be opened to pupils in September 2017.

**The proposed timeline does not allow for an experienced Headteacher to be appointed. How will this be accommodated?**

Under this proposal, the new school will be a stand-alone school with its own Headteacher and Governing Body. Responsibility for appointment of a suitable Headteacher will lie with the temporary Governing Body which will be established once a final decision is granted.

**Why is the new school being established as English-medium rather than Welsh-medium?**

The process for establishing a new school is through a Cabinet Member for Education & Young People decision to take forward a regulated statutory consultation process. There is no formal policy to set the linguistic character of any new school, it is however, considered based on the demand and availability of school places before any decision is taken. The evidenced based demand can be assessed as follows:

- 3 Welsh-medium primary schools have a combined capacity of 689 places
- 3 Welsh-medium primary schools have a combined number on roll of 622
- The surplus position which exists within Welsh-medium primary sector is 67 places

This approach was carried out prior to taking the decision to move to launch the formal consultation on this proposal.

**What is the catchment area for the new school and can children from outside of this area apply for admission?**

The catchment area is the term used to describe the geographical area served by a school. All primary schools in Newport have a designated catchment area, and priority for admission is afforded to pupils confirmed as living within this agreed boundary. This does not however preclude applications being made by pupils living outside the catchment area, it simply means that their applications have a lower priority. The proposed catchment area for the new school is shown visually on page 14 of the formal consultation pack.

**What provision is being made to support the increased demand for secondary education in the Bassaleg area?**

The Council's Planning of School Places group meets regularly to assess current and future demand. This includes primary and secondary provision across all areas of the City. Bassaleg School has sufficient capacity to meet demand from children living in the designated catchment area during the phase transfer process for Year 6 to Year 7.

**Is a Doctor's Surgery being built on the Jubilee Park development?**

Unfortunately, the Education Department is unable to comment on any future plans for the Jubilee Park development.

**I have just recently or am about to move into a property on the estate. How will I find out information about the new school?**

The Council undertook a letter drop to all properties within the catchment area on the consultation launch date. For families who have moved after this date, information can be found on the Council website via the following link:

<http://www.newport.gov.uk/en/Schools-Education/School-reorganisation/Jubilee-Park-school-consultation.aspx>

Alternatively consultation packs are available at any of the three sales offices on the Jubilee Park development.

**I will shortly be moving to a property on the Jubilee Park development and have a child who is eligible to apply for a place in the September 2017 Reception year group at the new school. What will happen to my application?**

When determining your application, the Council will use the address at which you live on the stipulated closing date for receipt of applications, and is unable to take account of any anticipated or actual changes in circumstances that may occur after the closing date including exchange of contracts notifications. In processing your application, the Council may be required to verify your home address and is able to access the Council Tax database for this purpose.

**I am living on the Jubilee Park development and my child is already in a primary school but I want to apply for my child to transfer to the new school when it opens in September 2017. How and when can I apply?**

Admissions to all year groups other than Nursery and Reception are called In-Year Transfers. Applications for an in-year transfer can be made up to a school term in advance, and therefore the earliest these can be submitted is 24<sup>th</sup> April 2017. The 2017/18 In-Year Transfer Application Form will be made available on the Council website during April 2017 and will be processed on a first-come first-served basis from 24<sup>th</sup> April 2017.

**What specific properties fall into the catchment area for the new school?**

This is denoted as the entire Jubilee Park development, plus the section of Tregwilym Road between the Tregwilym Lodge Nursing Home and the railway bridge.

**Will the current catchment area for Bassaleg School be amended as a result of this proposal?**

There are no current plans to amend school catchment areas across the City.

**Is there any provision in the local area for wrap-around care for nursery age children?**

If demand is sufficient, the Council will work with local private providers and specialist organisations (Clybiau Plant Cymru Kids Clubs) to develop out of school childcare for children in the local area.

**What curriculum will be followed at the new school?**

The same school curriculum will be followed as is in place across other primary schools in Newport. The school curriculum is learner focussed, places an emphasis on skills development and ensures that it is appropriate for the specific needs of Wales.

**What is being done to alleviate the traffic congestion in the area?**

Unfortunately, the Education Department is unable to comment on the traffic issues in the local area.

**Will the decision to formally establish the school be taken before places are allocated on 31<sup>st</sup> March and if not, what will happen?**

The current timeline assumes that a final decision on the proposal will be taken towards the end of the Spring term 2017. It is possible that the outcome of admission applications will be issued before this final decision is made public. If this is the case, the offer of a place at the school will be made "in principle" pending the final decision.

**What admissions criteria will be used for 2017 applications for those children currently living on Jubilee Park?**

Applications will be assessed in accordance with the Council's Admissions Policy which applies to all schools in Newport. Where a school is oversubscribed, the Council's published over-subscription criteria will be applied to determine priority for places. The Council's School Admission Policy, incorporating the published over-subscription criteria, can be viewed via the following link:

<http://www.newport.gov.uk/documents/Schools-and-Education/School-Admissions-Policy-2017-18.pdf>

**If a distance criterion is used, how will this be calculated?**

This is based on the distance between home and school and is measured as the shortest available walking route determined using official routes known to the council and highways agencies as the Safe Walking Network. Further information is available within the Council's School Admissions Policy which can be accessed via the following link:

<http://www.newport.gov.uk/documents/Schools-and-Education/School-Admissions-Policy-2017-18.pdf>

**When will the governing body and staff be appointed?**

The current timeline assumes that a final decision on the proposal will be taken towards the end of the Spring term 2017. Once the decision is taken, a temporary Governing Body will be appointed who will be responsible for appointing a Headteacher and agreeing a staffing structure.

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In accordance with the School Organisation Code (2013) this report is published electronically on Newport City Council's website at [www.newport.gov.uk](http://www.newport.gov.uk)

To request a hard (paper) copy of this document please contact Newport City Council's Education Service Development Manager on 01633 656656 or email [school.reorg@newport.gov.uk](mailto:school.reorg@newport.gov.uk)

*Consultation Report Appendix A*



## New Primary School at Jubilee Park

We want to open a new primary school at Jubilee Park. The school is being built by the people who are also building the houses, mainly for the children who move on to the new estate. If there is space however, children from other parts of Newport can also apply to go there. We want to know what you think about this plan.

1. Do you think that opening a new primary school in the area is a good idea?



No

Don't know

Yes

2. Do you think having a dedicated local school will be good for the children who move on to the new estate?



No

Don't know

Yes

3. What do you think children living on the estate will think about having a school they can easily walk to?

4. Can you think of any reasons why we shouldn't open a new primary school?

5. Do you think opening the new school as a growing school is a good idea?



No



Don't know



Yes

6. What do you think will be good or bad about this plan?

7. Do you have anything else you would like to tell us?

Thank you for taking the time to tell us what you think!



## Fairness and Equalities Impact Assessments F&EIAs (2015)

## APPENDIX 2

This form presents evidence that equalities, Welsh language and fairness have been considered when taking policy and service delivery decisions in Newport City Council.

Our Equalities focus is taken from the Equalities Act 2010: we consider the nine protected equalities characteristics- age, gender reassignment, disability, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex, sexual orientation.

Under the General Equality Duty we have a duty to:

- Eliminate unlawful discrimination, harassment and victimisation
  - Advance equality of opportunity and
  - Foster good relations
- across the nine protected characteristics.

Under the Welsh Language Measure 2011 the Welsh language cannot be treated any less favourably than the English language

In Newport we focus on Fairness through the following themes: Health, Poverty, Skills and Work, Domestic Abuse and Tackling Area Based Deprivation.

Page 143

Service Area	Head of Service	Person responsible for the Assessment:	Date of Assessment
Education	James Harris	Amanda B Davies	January 2017

1. What is the policy/ service being assessed?

To publish the proposal **“to establish a new Primary School for pupils aged 3 – 11, on the Jubilee Park housing development, with effect from September 2017”**. Publication of the proposal is Statutory Notice for 28 days

2. What is the purpose of the policy/ service change?

To formally consult on the provision of a new primary school for ages 3 – 11.

**3. Protected Characteristics**

Protected Characteristic	Who are the customers/service users/ potential service users?	If we take this decision what is the potential impact?  The impact may be either positive or negative  Explain how people may be affected and give the evidence for this	Action Plan to address issues raised  What changes or practical measures would reduce adverse impact on particular groups.  What changes would increase positive impacts e.g. improve access or opportunity  May be revisited post consultation	Who is responsible?	Timeframe to review
Age Page 144	School aged children  Parents / Carers	The expected impact of the proposal is to provide education within a seamless transition for primary school within a new school setting.			
Gender reassignment					
Disability					
Marriage/Civil Partnership					
Pregnancy and Maternity	Prospective parents	The availability of places at this all-through primary school will be positive for prospective parents.			
Race					
Religion/belief (or the absence of)					



Sex					
Sexual Orientation					
Welsh language	No – the proposal concerns English language provision	The decision will not affect Welsh-medium education provision; the Welsh language elements of the curriculum will apply to the new primary school for pupils in line with provision across the city		Chief Education Officer	

**4. Who has the service consulted regarding the proposed change? When should new consultation take place?**

NB: It is essential that service users and other interested parties are involved in the planning process at the earliest opportunity. Consultation at an initial stage should be along broad themes. It is appropriate to ask what services are valued, how services could be changed and or what could be done differently. This feedback should then inform your business case proposals and the F&EIA. When specific proposals have been drawn up, they too will need to be consulted upon. All stakeholders and their views need to be represented.

The publication of a Statutory Notice for a period of 28 days, follows a 42 day period of formal statutory consultation with identified stakeholders including local and regional providers, pupils, parents, carers and staff in respect of education, Community councils, neighbouring Local Authorities, education professionals, Welsh Ministers.

**5. What evidence/ data has been used to complete this F&EIA (This will include local and national guidance)**

The publication of a Statutory Notice will be carried out in accordance with the School Standards and Organisation (Wales) Act 2013, and the Statutory Code, 2013.

**6. How will the relevant groups be advised of the changes and the F&EIA?**

Formal statutory consultation process and publication of statutory notices on the internet and at school gates.

**7 How will the policy/ practice make Newport more or less fair in relation to:**

- Health Inequalities
- Child Poverty
- Skills and Work
- Tackling Domestic Violence
- Alcohol and Substance misuse
- Homelessness
- Armed Forces Veterans

Improved equality of access locally – to a new primary school, with a seamless transition for pupils aged 3 – 11

**8. How will the service / policy affect local areas of the city?**

Will it have a positive or negative impact in terms of fairness and addressing local area deprivation (you will need to use spatial data available through the Newport Profile and specific Ward Profiles to address this question)?

As an authority we aspire to delivering education for all Newport pupils within a single education journey from 3 – 11.

**9. In summary, how does the changed service /policy promote good community relations (cohesion)?**

The proposal will support access to a local primary school where pupils can enjoy a seamless education journey. This will help to build positive relationships in and around the school site.

**10. In summary, how does the changed service /policy promote equality?**

The proposal will support the establishment of a 3 – 11 school for pupils. The School Admission Policy will apply to this school and parental

preference also applies.

**11. In summary, how does the changed service /policy eliminate discrimination?**

The proposal will provide equality of access to pupils to enjoy the same seamless transition for education services as other all-through community maintained schools in Newport and all other Monmouth Diocesan Trust schools.

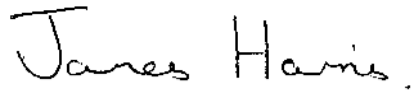
**Completed by: Amanda B Davies: Assistant Head of Education (Resources & Planning)**

**Date: January 2017**



**Signed off by: James Harris: Chief Education Officer**

**Date: January 2017**



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# Decision Schedule

## **Cabinet Member for Regeneration & Investment**

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### **TO ALL MEMBERS OF NEWPORT CITY COUNCIL**

#### **Decision Schedule published on 8 March 2017**

The Cabinet Member took the following decision on 8 March 2017. It will take immediate effect, the reason for this decision being the need for the Council to accept the Welsh Government funding award of £750,000 before an extended deadline of 10 March, 2017 and the funding not to be lost.

The decision is not subject to the “Call in” Process.

In accordance with Standing Order 24 – Urgent Matters, this matter will be forwarded to the Audit Committee.

Reports relating to staffing issues/Confidential reports are not circulated to all members of the Council as part of the consultation/call-in processes.

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#### **R&I 02/17**

#### **Town Centre Repayable Funding Scheme**

#### **Options considered/Reasons for Decision**

The Cabinet Member considered a report upon the acceptance of the award of £750,000 from the Welsh Government Town Centre Repayable Funding scheme. This funding could be used for the purposes of reducing the number of vacant, derelict, underutilised and redundant sites and premises in the City Centre.

Newport City Council was one of a number of local authorities to receive support from the Welsh Government’s Vibrant and Viable Places (VVP) regeneration framework, benefitting from the single largest award. The funding was awarded via a competitive bidding round in 2014, and had been invested across a number of schemes in the City Centre. This programme drew to a close in March 2017 with no successor programme yet in place.

Those authorities that did not receive a core VVP award were able to benefit from two phases of Town Centre Repayable Funding (TCRF), which aimed to deliver the same regeneration benefits in the areas eligible, albeit using a smaller pot of recyclable loan funding in place of a traditional grant investment. This secondary scheme has been successful, and with the wider policy momentum within the Welsh Government encouraging the use of repayable funding as the basis for future regeneration investment, a third phase of TCRF had been made available to the 22 authorities in Wales.

Newport City Council submitted a prospective application expressing interest in the scheme in September 2016. An offer of funding had now been made totalling £750,000. The Welsh Government award was significantly less than requested due to the levels of demand for the scheme from across Wales.

The Council had to re-evaluate its priorities in terms of the ongoing regeneration of the City Centre as a result, and consider more fully what was deliverable in light of the reduction in forecast funding before any subsequent use of the funding could be agreed. This report therefore

requested Cabinet Member approval to accept the TCRF award of £750,000 only.

At this critical stage of the regeneration of the City Centre, a number of sites and premises could be identified that might potentially take advantage of this funding to deliver redevelopment proposals. Further reports would be forthcoming as these proposals were developed over the coming months.

The Welsh Government had delayed award of the funding from November 2016 to late January 2017. Subsequent due diligence and briefing requirements left the Council with insufficient time to seek approval through the normal channels by the original deadline date of 28 February. An extended deadline has been negotiated with the Welsh Government of the 10 March 2017. The funding was significant (£750,000) and an urgent decision was required if the opportunity to confirm acceptance of the award was not to be lost.

### **Decision**

To accept the award of £750,000 from the Welsh Government Town Centre Repayable Funding scheme and begin immediate work to prioritise sites and premises that might benefit. This available funding is of particular significance over the short term and can be used to facilitate developments of significance that will benefit the ongoing strategic aim of regenerating the City Centre. This decision to be taken urgently as it is so urgent due to the Welsh Government timescale of 10 March, 2017 that it cannot go through the Council's agreed consultation process and must be implemented immediately and therefore not subject to the Council's call in procedures for the reasons set out under 'Reasons for Urgency' in the Report.

### **Consultation**

Monitoring Officer, Head of Finance, Head of People and Business Change.

**Implemented by:**

**Implementation Timetable:** Immediate

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Councillor John Richards, Cabinet Member for Regeneration & Investment

**Date:** 8 March 2017

# Report

## Cabinet Member for Regeneration and Investment

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### Part 1

**Date:** 8 March 2017

**Subject** **Town Centre Repayable Funding Scheme**

**Purpose** The purpose of this report is to seek Cabinet Member approval to accept the award of £750,000 from the Welsh Government Town Centre Repayable Funding scheme. This funding can be used for the purposes of reducing the number of vacant, derelict, underutilised and redundant sites and premises in the city centre.

### Reason For Urgency

The Welsh Government delayed award of the funding from November 2016 to late January 2017. Subsequent due diligence and briefing requirements left NCC with insufficient time to seek approval through the normal channels by the original deadline date of 28<sup>th</sup> February. An extended deadline has been negotiated with the Welsh Government of the 10<sup>th</sup> March 2017. The funding is significant (£750,000) and an urgent decision is required if the opportunity to confirm acceptance of the award is not to be lost.

**Author** Regeneration Manager

**Ward** City Centre - Stow Hill, Victoria, Pillgwenlly and Shaftesbury

**Summary** Newport City Council was one of a number of local authorities to receive support from the Welsh Government's Vibrant and Viable Places (VVP) regeneration framework, benefitting from the single largest award. The funding was awarded via a competitive bidding round in 2014, and has been invested across a number of schemes in the city centre. This programme draws to a close in March 2017 with no successor programme yet in place.

Those authorities that did not receive a core VVP award were able to benefit from two phases of Town Centre Repayable Funding (TCRF), which aimed to deliver the same regeneration benefits in the areas eligible, albeit using a smaller pot of recyclable loan funding in place of a traditional grant investment. This secondary scheme has been successful, and with the wider policy momentum within the Welsh Government encouraging the use of repayable funding as the basis for future regeneration investment, a third phase of TCRF has been made available to the 22 authorities in Wales.

Newport City Council submitted a prospective application expressing interest in the scheme in September 2016. An offer of funding has now been made totalling £750,000. The Welsh Government award is significantly less than requested due to the levels of demand for the scheme from across Wales.

The Council must re-evaluate its priorities in terms of the ongoing regeneration of the city centre as a result, and consider more fully what is deliverable in light of the reduction in forecast funding before any subsequent use of the funding can be agreed. At present,

this report therefore requests Cabinet Member permission to accept the TCRF award of £750,000 only.

At this critical stage of the regeneration of the city centre, a number of sites and premises can be identified that might potentially take advantage of this funding to deliver redevelopment proposals. Further reports and briefings will be forthcoming as these proposals are developed over the coming months.

**Proposal** To accept the award of £750,000 from the Welsh Government Town Centre Repayable Funding scheme and begin immediate work to prioritise sites and premises that might benefit. This available funding is of particular significance over the short term and can be used to facilitate developments of significance that will benefit the ongoing strategic aim of regenerating the city centre.

**Action by** Head of Regeneration, Investment and Housing

**Timetable** Immediate

This report was prepared after consultation with:

- Head of Law and Regulations (Monitoring Officer)
- Head of Finance (Chief Finance Officer)
- Head of People and Business Change

**Signed**



## 1. Background

- 1.1 Vibrant and Viable Places, the flagship regeneration programme of the Welsh Government, replaced a number of regeneration area schemes (including the Newport Unlimited Urban Regeneration Company) with a competitive £30m fund targeted at those urban centres across Wales in the greatest decline. Newport has been the largest beneficiary of the programme to date, the case for investment reflected in both the economic malaise of the city centre over the last decade along with the bold strides made by the Council to reverse that decline through strategic projects such as Friar's Walk.
- 1.2 The competitive nature of the fund meant that some authorities failed to attract any investment from the VVP framework, despite evidencing pockets of significant urban deprivation. To assist regeneration projects in those areas, the Welsh Government also made available a secondary pot available entitled the Town Centre Repayable Funding (TCRF) scheme, as part of its Tackling Poverty agenda. This fund was to be used to stimulate development in town centres benefiting from the fund, and vacant, derelict and underutilised sites in particular, in order to create economic opportunities and improve the quality of housing in the targeted areas; albeit on a scale much smaller than the grant-funded initiatives delivered under the VVP framework and on the basis that any funding would be repayable to the Welsh Government.
- 1.3 The first iteration of VVP will come to an end in March 2017. Much has been achieved in Newport city centre as a result of this and other regeneration initiatives over the past five years, but it is recognised that these achievements are milestones in an ongoing journey rather than a destination. A great deal of work remains to be done in the city centre to ensure the positive momentum generated to date is not lost.
- 1.4 As yet, the Welsh Government has not confirmed if any successor programme will emerge to take the place of VVP. A major funding arc contributing to the regeneration of the city centre will therefore be lost from April 2017 until such a time as a new framework is published and made accessible by the Welsh Government, or alternative funding arrangements can be found by Newport City Council via its own means.
- 1.5 Partially in recognition of this funding gap, and partially due to the success of TCRF, the Welsh Government agreed a third phase of the scheme agreed in August 2016 with eligibility opened up across all local authorities in Wales. Newport City Council submitted a prospective application to the scheme in September 2016 in the knowledge that no further VVP framework would be in place for the coming financial year 2017/18 despite the continuing requirement for significant investment into the city centre.
- 1.6 This application requested funding of £1.5m to create a repayable and sector-neutral 'Major Development Fund' to finance large-scale projects within the city centre. This seed fund would be open to developers wishing to bring forward proposals with the potential to make major contributions to the Council's economic regeneration ambitions, in addition to the Welsh Government's VVP and Tackling Poverty framework objectives.
- 1.7 Unfortunately, the award made to NCC is only half the requested sum, in light of the demand expressed for the scheme from across Wales. The Welsh Government have capped the scheme at a maximum of £1m in order to allow more authorities to access the funding and also increase opportunities for the funding to be recycled over the term. Whilst this approach is sensible, there must necessarily be some re-adjustment in Newport's plans to reflect the diminished award.
- 1.8 The Welsh Government has confirmed that the specific projects being taken forward through the scheme are the discretion of Newport City Council unless there is a significant variation from the purposes of the funding or the expected outputs. The choice before the Council is therefore whether to accept the funding and develop replacement schemes to utilise it, or to reject the offer in the hope that other alternative funding sources become available over the coming year.

## 2. Financial Summary

- 2.1 The repayable funding award of £750,000 is available over a 15 year term, from 1<sup>st</sup> February 2017 to the 31<sup>st</sup> March 2033. If accepted, the funding must be claimed in full by NCC by the 31<sup>st</sup> March 2017 and be recycled at least three times over the course of the term.
- 2.2 The purposes of the funding are to reduce the number of vacant, underutilised and redundant sites and premises in the city centre along with diversification of uses. These purposes require written consent from the Welsh Government if they are to be varied.
- 2.3 The repayable funding can be used by the local authority or a third party developer. Any loan from the fund must be repaid within five years and can be repaid in stages or one lump sum at the end of the period.
- 2.4 The repayable funding will be paid in one instalment of £750,000. Subsequent loans may be for any sum between £5,000 and £1,000,000. Any loan must be interest free; however the authority is entitled to charge a one-off administrative fee of up to 15%.
- 2.5 Accepting the funding will involve the creation of new budget heads both to accept the initial capital payment and also to furnish the financing of individual projects. Due to the issues highlighted around the need to re-prioritise schemes which might benefit from the funding, it is not possible to fully detail these and the financial commitments involved with these schemes at this stage.
- 2.6 A copy of the offer of funding letter in full is included in the background papers section of the report. There are no revenue implications as the management of the funding can be achieved through the existing Regeneration and Business Support teams with governance provided through the VVP/Regeneration Programme Board

## 3. Risks

- 3.1 The following key risks are identified in relation to accepting the repayable funding:

<b>Risk</b>	<b>Impact of Risk if it occurs* (H/M/L)</b>	<b>Probability of risk occurring (H/M/L)</b>	<b>What is the Council doing or what has it done to avoid the risk or reduce its effect</b>	<b>Who is responsible for dealing with the risk?</b>
Failure to Identify Projects	M	L	<p>An extensive list of pipeline projects developed to support Newport's VVP programme exists. In the first instance, it is intended that officers open negotiations around the more significant opportunities on this list if the award is accepted, in order to identify those projects where repayable finance is a viable option for developers.</p> <p>Funding unallocated at the end of the financial years 2017/18 and 2018/19 must be returned to the Welsh Government or to transferred another local authority within the scheme, at no penalty to NCC.</p>	Regeneration Manager

Project Governance	M	L	<p>The VVP Regeneration Board will continue in the interim and provide on-going project oversight to continuing regeneration schemes, including those progressed using this award, if accepted.</p> <p>Governance arrangements including evidence of appropriate due diligence procedures must be supplied prior to any loan agreement being completed using the repayable funding.</p>	Regeneration Manager
State Aid	L	L	<p>The Council has received confirmation from the Welsh Government that State Aid legislation will only apply to the 'interest-free' benefit to developers – i.e. the amount of interest that would normally accrue on the loan were it not interest free. As part of the Council's due diligence on loan applications, we will apply a hypothetical interest calculation to indicative cash flows (at the Bank of England Base Rate or in accordance with a loan offer from a third party as appropriate) to identify issues of potential State Aid.</p>	Regeneration Manager
Risk of Default	L	L	<p>Two or more of the following are required to secure any subsequent use of the funding:</p> <ul style="list-style-type: none"> <li>• Loan to Value Assessment</li> <li>• Second Property Charges</li> <li>• Local Land Charges</li> <li>• Staged Repayments</li> </ul> <p>The Council will be required to complete legal charges or restrictions securing the funding prior to any payment of funds in excess of £50,000 to a third party.</p> <p>Where the Council is borrowing directly from the repayable funding, a restriction in favour of the Welsh</p>	Regeneration Manager

			<p>Government must be placed on the property.</p> <p>Further full due diligence shall be undertaken in respect of any applicant to the scheme (e.g. Companies House checks, accounts, Credit assessment etc. as appropriate).</p> <p>Newport City Council has suggested that collateral securities accepted where there is insufficient value in a property to secure the repayable funding requested will be at the Council's own discretion.</p>	
Loss of Momentum City Centre	H	M	<p>The ongoing effort to regenerate the city centre is contingent upon sizeable capital investment. The Council has a key role to play in facilitating the development of sites and premises where the market is unlikely to intervene, as has been demonstrated in the completion of Friar's Walk.</p> <p>The Council is exploring a number of future funding options to ensure this funding is available, for example, recent applications to the Heritage Lottery Fund.</p>	Regeneration Manager
Commercial Sensitivity	L	H	<p>Both because the loan may be used directly by the Council, and also due to the purpose of the funding in allowing developers to unlock vacant sites, the uses of the funding are extremely commercially sensitive. Confirmed that a process will be put in place between NCC and WG by which future press releases can be approved prior to release into the public domain. Selection of projects to be subject to subsequent Part 2 CM Reports as necessary.</p>	Regeneration Manager

- 3.2. Discussion around these and other identified issues are underway between NCC officers and officials at the Welsh Government to inform the development of projects that may utilise this funding.

#### **4. Links to Council Policies and Priorities**

- 4.1 The TCRP scheme will dovetail with and add value to many of the Council's strategic priorities, the chief of which is the Improvement Plan aim to continue the regeneration and development of the city centre. The fund will also add value to schemes such as Friar's Walk and Vibrant and Viable Places, and help ensure the changes in perception and performance achieved around the city centre are sustainable.
- 4.2 The project supports also Newport's Economic Growth Strategy, which sets out a ten year programme for delivering growth across the city through capital redevelopment. The Strategy Action Plan identifies that creating a safe, attractive city centre is a key to promoting an excellent economic environment.
- 4.3 Reducing the number of vacant and derelict sites will contribute towards the aims of Newport's Wellbeing Plan, reducing material deprivation, increasing access to services, safety at home, satisfaction with area and indicators on community resilience.
- 4.5 Finally, with support for the forthcoming City Deal having been approved by Cabinet the fund could be used to secure sites and premises in order to ensure Newport is well-placed to respond quickly to the priorities for funding to emerge from progress with the City Deal.

#### **5. Options Available and considered**

- 5.1 Two options are available. To accept the award, or not accept the award.
- 5.2 The Award represents an opportunity to continue the excellent progress made in regenerating Newport City Centre. With no successor framework to VVP yet approved and emerging funding streams such as City Deal unlikely to deliver immediate capital finance over the short term the Council could seek to maximise funding opportunities such as the TCRF scheme in the interim to ensure the regeneration momentum achieved is not lost.
- 5.3 However, the use of repayable funding remains relatively new territory and by its nature is subject to greater inherent risk than traditional grant-based funding. The Council has a strong and successful record in attracting external funding into the city and it may be preferable to focus activity on alternative sources of funding if the loan scheme is felt to be unworkable in Newport. The Council can therefore consider rejecting the TCRF award.

#### **6. Preferred Option and Why**

- 6.1 The preferred option is to accept the funding and begin immediate work to prioritise those regeneration proposals and sites which offer the greatest synergies with the aims of the TCRF scheme.
- 6.2 No further announcement as to the successor regeneration programme has as yet been forthcoming from the Welsh Government. The acceptance of the repayable funding will not prejudice the authority seeking further sources of funding that can contribute towards the regeneration of the city centre.
- 6.3 Newport City Council has built up considerable experience in the administration and management of repayable funding, both in terms of large commercial loans facilitating major projects as well as marrying elements of repayable funding to pots of grant or private finance to make project viability 'stack up'.

- 6.4 If the TCRF scheme proves to not be palatable then it can be returned to the Welsh Government or a partner local authority (as applicable), at no risk to Newport City Council.
- 6.5 The recommendation is therefore to accept the offer of funding subject to further CM approval for any subsequent loan agreements utilising the funding.

## **7. Comments of Chief Financial Officer**

- 7.1 The TCRF scheme has different implications depending on what the £750k is spent on. If used as a loan facility to third party developers, over the life of the scheme (15 years) the WG terms – that the funds have to be recycled three times – can be met with each individual loan having a maximum term of five years. This could potentially create a maximum of £2,250k that could be invested in city centre regeneration. With this course of action, the accounting treatment for NCC will be akin to similar schemes (such as VVP Landlord Loan and Home Improvements/Safe Warm & Secure Loan schemes) where we are effectively acting as an ‘agent’ of WG to pass on the loan. There is no cost to the Council.
- 7.2 If this is the case, the relevant officers will need to ensure that all loans are issued in compliance with the WG terms and conditions, and necessary steps are taken to mitigate the financial risk to the Authority, such as the placing of legal charges on properties. Robust monitoring of loans issued and repayment profiles will be needed, in order to minimise overall exposure at a point in time.
- 7.3 If any funding is used by NCC to carry out works directly, then this element will be deemed capital expenditure and due to the nature of the arrangement, will be accounted for in the same way as prudential borrowing, i.e. there will be a revenue cost implication to NCC as the loan recipient, in order to make provision for the eventual repayment back to WG.

Any subsequent sale of assets generated can then be a general capital receipt to the Council. Indeed, if this was not done, then there is little, if no benefit of the Council using this as a loan vehicle, compared to borrowing outside of this scheme. Therefore, it is not recommended as a use of this facility, where there is no sale of the asset that at least matches the loan made.

- 7.4 It is therefore vital that the funding is utilised in the most advantageous way possible to meet its objectives, so potential projects and plans will need to be strategic, robust and financially viable.
- 7.5 As the loan is required to be repaid, then the governance arrangements will need to be robust as any loss on loans made sits with the Council.

## **8. Comments of Monitoring Officer**

- 8.1 There are no specific legal issues arising from the Report as the Cabinet Member is only being asked to confirm acceptance of the £750k grant award from the Welsh Government Town Centre Repayable Funding Scheme, and the grant conditions. There are no immediate financial risks associated with the acceptance of the grant as no match funding commitment is required and any unused or unallocated funds will simply be returned to Welsh Government. The purpose of the funding is consistent with the Council’s City Centre regeneration and economic growth strategies and should help to build on the success of Friar’s Walk and the VVP programme. Given that the funding will take the form of repayable loan finance to maintain and replenish a funding stream for the 15 year period of the Welsh Government funding, then appropriate steps will need to be taken to provide sufficient security and loan charges to secure the repayment of the loans on the relevant repayment dates. The interest-free nature of the loans should not create any specific state aid issues. Even if the state aid rules are engaged, the interest-free element of the funding is likely to be below the de minimis levels or within general regeneration block exemptions. The use of the funding to provide loans of this nature is within the Council’s general powers of social, economic and environmental well-being under section 2 of the Local Government Act 2000 and is

also consistent with the sustainable development principle and well-being objectives under the Well-being of Future Generations (Wales) Act 2015.

## **9. Comments of Head of People and Business Change**

- 9.1 As the future of funding under the Vibrant and Viable Places programme currently remains unclear, the Town Centre Repayable Funding (TCRF) Scheme offers an opportunity to maintain momentum on the regeneration of the City Centre, albeit at a reduced level. The report notes the extensive contribution regeneration projects make towards wellbeing and sustainable development principles and identifies a loss of momentum on regeneration as a potentially significant risk. It is noted that accepting the TCRF funding award would not prejudice eligibility for other sources of funding and that Newport City Council has considerable expertise in the management of repayable funding. Furthermore the report notes that TCRF could be used to secure sites for further investment through the City Deal.
- 9.2 Recent public engagement work has indicated that regeneration remains a high priority locally and has been linked to improved public perception indicators in recent years. However comments received also suggest that regeneration work needs to be extended to other city centre areas and sites now that Friars Walk has been completed.

## **10. Comments of Cabinet Member**

- 10.1 Cabinet Member has approved the report.

## **11. Scrutiny Committees**

- 11.1 None

## **12. Equalities Impact Assessment and the Equalities Act 2010**

- 12.1 N/A

## **13. Children and Families (Wales) Measure**

- 13.1 The Children and Families (Wales) Measure will be supported, particularly as the funding is targeted towards the reduction of vacant and derelict sites. The concentration of such sites within the city centre is deleterious to the economic ambitions of the authority, which include providing opportunity to young people once they leave mainstream education. In addition, vacant property in the city centre is plagued by instances of trespass and substance abuse, even when secured, and reducing the extent of such dereliction will remove such locations from the local environment taking the opportunity for crime and disorder with them.

## **14. Wellbeing of Future Generations (Wales) Act 2015**

- 14.1 The scheme complies with the requirements of the Act, addressing the following key points:
- Long term: the scheme will aim to bring vacant and derelict sites back into long-term beneficial use. It will encourage the use of existing brown field sites for development reducing the impact of such sites on the long-term economic performance of the city centre. Pressure to develop green space will be reduced by making city-centre brown field sites more attractive to developers.
  - Prevention: the fund can be used to target the incidence of vacant properties but could also assist businesses and other occupiers in danger of failing and leaving further vacant property along with associated job losses. Preventing properties from remaining vacant helps to promote a resilient city centre economy and also the incidence of properties falling into disrepair and unauthorised or criminal usage.

- Integration: The scheme will promote integration with partners, particularly in promoting community safety and resilience. Vacant property in the city centre is undeniably a factor in encouraging crime and anti-social behaviour in the vicinity and substance misuse in particular, which in turn affects the health and well-being of individuals who are marginalised and in relative poverty.
- Collaboration: The scheme will involve close collaboration across sectors with a range of potential public, private and third-sector partners. The fund is sector-neutral in this respect and open to any eligible person or organisation that can satisfy the criteria.
- Involvement: Consultation with local developers and agencies will be key to ensuring the loan fund can be used and successfully recycled over the term.

## 15. Crime and Disorder Act 1998

- 15.1 Again, vacant and derelict commercial poverty encourages crime and disorder and exacerbates the poverty and deprivation that contribute towards the causes of crime. Reducing the number of such properties within the city centre will discourage such activity and help create opportunities for the local community in terms of employment and new facilities.

## 16. Consultation

- 16.1 None

## 17. Background Papers

- 17.1



NCC Award Letter  
(Unsigned) Phase 3 (:

Dated 8 March 2017



# Decision Schedule

## Cabinet Member for Education & Young People

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**TO ALL MEMBERS OF NEWPORT CITY COUNCIL**

**Decision Schedule published on 9 March 2017**

The Cabinet Member took the following decision on 9 March 2017. It will take immediate effect, the reason for this decision being the short turnaround required to establish a new school in time for September 2017.

The decision is not subject to the "Call in" Process.

In accordance with Standing Order 24 – Urgent Matters, this matter will be forwarded to the Audit Committee.

Reports relating to staffing issues/Confidential reports are not circulated to all members of the Council as part of the consultation/call-in processes.

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**EYP 08/16**

### **New Primary School (Jubilee Park) – Final Determination**

#### **Options considered/Reasons for Decision**

This referred to the final determination on the school re-organisation proposal to establish a new school. As a direct result of the tight timescales which stemmed from the original delays in the process, it was considered that there was an appropriate justification for the urgency of this decision.

The full statutory consultation process had concluded on the proposal "to establish a new Primary School with effect from September 2017".

The statutory consultation passed through the statutory notice stage without objection and a final decision could be taken by the Cabinet Member for Education & Young People.

#### **Decision**

To take the decision urgently to establish a new Primary School with effect from September 2017.

This decision was so urgent that it could not go through the Council's agreed consultation process and must be implemented immediately and therefore not be subject to the Council's call in procedures for the reasons set out under the reasons for this decision above.

#### **Consultation**

Monitoring Officer, Head of Finance, Head of People and Business Change.

**Implemented by:** Chief Education Officer

**Implementation Timetable:** Immediate

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COUNCILLOR G GILES, CABINET MEMBER FOR EDUCATION & YOUNG PEOPLE

Date: 9 March 2017

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# Report

## Cabinet Member for Education & Young People

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### Part 1

Date: 9 March 2017

**Subject** New Primary School – final determination

**Purpose** To seek urgent Cabinet Member approval “to establish a new Primary School with effect from September 2017”.

### Reason For Urgency

This report refers to the final determination on the school reorganisation proposal to establish a new school. As a direct result of the tight timescales which stem from the original delays in the process there is an appropriate justification for the urgency of this decision.

**Author** Amanda B Davies, Assistant Head of Education (Resources & Planning)

**Ward** Rogerstone

**Summary** The full statutory consultation process has now concluded on the proposal “to establish a new Primary School with effect from September 2017”.

The statutory consultation passed through the statutory notice stage without objection and therefore a final decision can be taken by the Cabinet Member for Education & Young People.

**Proposal** “To establish a new Primary School with effect from September 2017”. To take this decision urgently as it is so urgent that it cannot go through the Council’s agreed consultation process and must be implemented immediately and therefore not subject to the Council’s call in procedures for the reasons set out under ‘Reasons for Urgency’ above.

**Contact** Amanda B Davies, Assistant Head of Education (Resources & Planning)

**Action by** Chief Education Officer

**Timetable** Immediate

**Signed**

## Background

The school reorganisation proposal has been taken forward proposing **to establish a new Primary School with effect from September 2017**, under the statutory consultation process. The Cabinet Member has previously agreed that the statutory consultation process is undertaken at each stage including publication of the statutory notice.

### Current position

The proposal was published as a statutory notice for a period of 28 days during which objections could be lodged with the Chief Education Officer. No objections were received and therefore in accordance with the School Organisation Code, July 2013 a decision can be taken locally by the Cabinet Member.

### Financial Summary

#### CAPITAL:

If the establishment of this primary school goes ahead, there will be capital costs incurred at a level of £385,000 in respect of Fixtures, Fittings & Equipment which are not provided under the legal agreement with the Housing Developer. However these costs are included within the Capital Programme at £10k in 2016/2017, and £375k in 2017/2018.

#### REVENUE:

The revenue costs associated with the opening of the School from September 2017 are included within the table set out below, these are shown cumulatively, with the incremental additionality required in each year dealt with as follows. The funding of all schools is within the Council's 'Individual School's Budget' and this is included and reviewed within the Council's MTFP and annual budget setting regularly.

	Year 1 (Current) £	Year 2 £	Year 3 £	Ongoing £	Notes including budgets heads affected
<b>Costs (Income)</b>	<b>396k</b>	<b>789k</b>	<b>1,014k</b>	<b>1,104k</b>	
<b>Net Costs (Savings)</b>	<b>396k</b>	<b>789k</b>	<b>1,014k</b>	<b>1,104k</b>	
<b>Net Impact on Budget</b>	<b>396k</b>	<b>789k</b>	<b>1,014k</b>	<b>1,104k</b>	

### Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Failure to approve the proposal	L	L	This risk has been mitigated by carrying out a full and public statutory consultation process, which took place without any legal objections.	Chief Education Officer

## **Options Considered/Available**

- Option 1: To confirm the decision and give formal agreement **“to establish a new Primary School with effect from September 2017”**.
- Option 2: To not establish the primary school and for the Council to utilise the premises for other public services.

## **Preferred choice and reasons**

The preferred option is Option 1, as this supports the seamless education vision for 3 – 11 places within Newport; eases the logistics for parents who have siblings in each school; supports families returning to work by schools operating as one school on one site; develops the professional learning communities in all-through primary schools; facilitates the National Implementation Plan for 3 – 16 Education.

## **Sustainability and Environmental Issues**

None.

## **Crime Prevention Impact**

None.

## **Comments of Monitoring Officer**

The proposed action is in accordance with the statutory school reorganisation procedures set out in the School Standards and Organisation (Wales) Act 2013 and the School Organisation Code. The proposal to establish a new “growing” primary school and nursery at Jubilee Park is a regulated alteration under the Code. Therefore, the proposal has been formally published and subjected to formal consultation in accordance with the statutory procedure and there has been meaningful consultation with key stakeholders, including children and young people, who are likely to be affected by the changes. The consultees were largely supportive of the proposal and, therefore, the Cabinet Member has previously taken an urgent decision to proceed with the formal statutory notices. The necessary statutory notice have been published and displayed on the Council’s website and no formal objections have been received within the 28 day objection period. Accordingly, the Cabinet Member can now take the final decision to establish the new school. The proposed new “growing” school meets the requirements of the planning consent and the section 106 Agreement with the developer and also allows the school numbers to increase on a phased basis in line with the development.

## **Comments of Chief Financial Officer**

The establishment of the School will bring financial implications with regard to the operation costs of the new school. The increase in revenue costs will need to be factored into the funding of the ISB as it currently stands and in line with the current Council budget strategy.

## **Comments of Head of People and Business Change**

- As noted in the report aspects of the sustainable development principle of the Well-being of Future Generations (Wales) Act have been considered in the development of this proposal.
- As required a Fairness and Equality Impact Assessments (FEIA) has been completed and is attached. This should be reviewed at all stages of the decision making process.
- From an HR perspective the HR implications in this report are linked to the recruitment to the post of Headteacher and the creation of the structure and recruitment to all other posts ready for implementation in September. This is contingent on the notice dates that a Headteacher would need to give (28th April) in order to take up a new post in September. The current deadlines, albeit are very tight but can be achieved through a project management principal being adopted with clear planning, direction and support given to the temporary governing body as required and as appropriate.

## Scrutiny Committees

None.

## Equalities Impact Assessment

The Equality Act 2010 contains a Public Sector Equality Duty which came into force on 06 April 2011. The Act identifies a number of 'protected characteristics', namely age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation; marriage and civil partnership. The new single duty aims to integrate consideration of equality and good relations into the regular business of public authorities. Compliance with the duty is a legal obligation and is intended to result in better informed decision-making and policy development and services that are more effective for users. In exercising its functions, the Council must have due regard to the need to: eliminate unlawful discrimination, harassment, victimisation and other conduct that is prohibited by the Act; advance equality of opportunity between persons who share a protected characteristic and those who do not; and foster good relations between persons who share a protected characteristic and those who do not. The Act is not overly prescriptive about the approach a public authority should take to ensure due regard, although it does set out that due regard to advancing equality involves: removing or minimising disadvantages suffered by people due to their protected characteristics; taking steps to meet the needs of people from protected groups where these differ from the need of other people; and encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

An updated Fairness & Equality Impact Assessment is attached at Appendix 1.

## Children and Families (Wales) Measure

Although no targeted statutory planning application process consultation takes place specifically aimed at children and young people, consultation on planning applications and appeals is open to all of our citizens regardless of their age. Depending on the scale of the proposed development, applications are publicised via letters to neighbouring occupiers, site notices, press notices and/or social media. People replying to consultations are not required to provide their age or any other personal data, and therefore this data is not held or recorded in any way, and responses are not separated out by age.

Alongside the actual planning consent to build this school by the housing developer, this report is on the statutory reorganisation consultation process, which does aim consultation on affected groups including children and young people.

## Wellbeing of Future Generations (Wales) Act 2015

Report writers need to indicate how they have considered the five things public bodies need to think about to show they have applied the sustainable development principle put into place by the Act. You will need to demonstrate you have considered the following:

- Long term: the importance of balancing short- term needs with the need to safeguard the ability to also meet long – term needs – ***this has been taken into consideration through the development of seamless learning for ages 3 – 11 within a new primary school setting***
- Prevention: How acting to prevent problems occurring or getting worse may help us meet our objectives – ***this has been taken into consideration through the development of seamless learning for ages 3 – 11 within a new primary school setting***
- Integration: Consider how the proposals will impact on our wellbeing objectives, our wellbeing goals, other objectives or those of other public bodies – ***this proposal meets a number of the well-being goals and will have no adverse effect on the others or any other organisation***
- Collaboration: have you considered how acting in collaboration with any other person or any other part of our organisation could help meet our wellbeing objectives – ***this has been taken into consideration through the development of seamless learning for ages 3 – 11 within a new primary school setting***

- Involvement: The importance of involving people with an interest in achieving the wellbeing goals, and ensuring that those people reflect the diversity of the City we serve – ***this has been taken into consideration by following the full statutory consultation process for all interested parties to 'have their say'***

### **Other Relevant Consultation**

None.

### **Background Papers**

None.

Dated: 9 March 2017

Appendix 1: Updated Fairness & Equality Impact Assessment

## APPENDIX 1

### Fairness and Equalities Impact Assessments F&EIAs (2015)

This form presents evidence that equalities, Welsh language and fairness have been considered when taking policy and service delivery decisions in Newport City Council.

Our Equalities focus is taken from the Equalities Act 2010: we consider the nine protected equalities characteristics- age, gender reassignment, disability, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex, sexual orientation.

Under the General Equality Duty we have a duty to:

- Eliminate unlawful discrimination, harassment and victimisation
- Advance equality of opportunity and
- Foster good relations across the nine protected characteristics.

Under the Welsh Language Measure 2011 the Welsh language cannot be treated any less favourably than the English language

In Newport we focus on Fairness through the following themes: Health, Poverty, Skills and Work, Domestic Abuse and Tackling Area Based Deprivation.

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Service Area	Head of Service	Person responsible for the Assessment:	Date of Assessment
Education	James Harris	Amanda B Davies	March 2017

1. What is the policy/ service being assessed?

To take the final determination on the proposal **“to establish a new Primary School for pupils aged 3 – 11, on the Jubilee Park housing development, with effect from September 2017”**.

2. What is the purpose of the policy/ service change?

To provide education within a seamless transition for pupils aged 3 – 11.



### 3. Protected Characteristics

Protected Characteristic	Who are the customers/service users/ potential service users?	If we take this decision what is the potential impact?  The impact may be either positive or negative  Explain how people may be affected and give the evidence for this	Action Plan to address issues raised  What changes or practical measures would reduce adverse impact on particular groups.  What changes would increase positive impacts e.g. improve access or opportunity  May be revisited post consultation	Who is responsible?	Timeframe to review
Age  Page 169	School aged children  Parents / Carers	The expected impact of the proposal is to provide education within a seamless transition for this new primary school within a new school setting.			
Gender reassignment					
Disability					
Marriage/Civil Partnership					
Pregnancy and Maternity	Prospective parents	The availability of places at this new all-through primary school will be positive for prospective parents.			
Race					
Religion/belief					

(or the absence of)					
Sex					
Sexual Orientation					
Welsh language	No – the proposal concerns English language provision	The decision will not affect Welsh-medium education provision; the Welsh language elements of the curriculum will apply to the new primary school for pupils in line with provision across the city		Chief Education Officer	

**4. Who has the service consulted regarding the proposed change? When should new consultation take place?**

NB: It is essential that service users and other interested parties are involved in the planning process at the earliest opportunity. Consultation at an initial stage should be along broad themes. It is appropriate to ask what services are valued, how services could be changed and or what could be done differently. This feedback should then inform your business case proposals and the F&EIA. When specific proposals have been drawn up, they too will need to be consulted upon. All stakeholders and their views need to be represented.

A full statutory consultation process has been carried out on the proposal **“to establish a new Primary School for pupils aged 3 – 11, on the Jubilee Park housing development, with effect from September 2017”**.

**5. What evidence/ data has been used to complete this F&EIA (This will include local and national guidance)**

The full statutory consultation has been carried out in accordance with the School Standards and Organisation (Wales) Act 2013, and the Statutory Code, 2013.

**6. How will the relevant groups be advised of the changes and the F&EIA?**

The final determination of the proposal will be published on the Council web site and will also be in the public domain.

**7 How will the policy/ practice make Newport more or less fair in relation to:**

- Health Inequalities
- Child Poverty
- Skills and Work
- Tackling Domestic Violence
- Alcohol and Substance misuse
- Homelessness
- Armed Forces Veterans

Taking the final determination on this proposal to establish a new primary school supports the:

Improved equality of access locally – to a new primary school, with a seamless transition for pupils aged 3 – 11

**8. How will the service / policy affect local areas of the city?**

Will it have a positive or negative impact in terms of fairness and addressing local area deprivation (you will need to use spatial data available through the Newport Profile and specific Ward Profiles to address this question)?

As an authority we aspire to delivering education for all Newport pupils within a single education journey from 3 – 11.

**9. In summary, how does the changed service /policy promote good community relations (cohesion)?**

The final determination of this proposal will support access to a local primary school where pupils can enjoy a seamless education journey. This will help to build positive relationships in and around the school.

**10. In summary, how does the changed service /policy promote equality?**

The final determination on this proposal will support the establishment and delivery of a new 3 – 11 school for pupils. The School Admission Policy will apply to this school and parental preference also applies.

**11. In summary, how does the changed service /policy eliminate discrimination?**

The final determination on this proposal will provide equality of access to pupils to enjoy the same seamless transition for education services as other all-through community maintained schools in Newport and all other Monmouth Diocesan Trust schools.

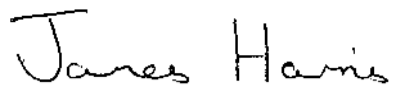
**Completed by: Amanda B Davies: Assistant Head of Education (Resources & Planning)**

**Date: March 2017**



**Signed off by: James Harris: Chief Education Officer**

**Date: March 2017**





# Report

## Audit Committee

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### Part 1

**Date:** 30 May 2017

**Subject** **Work Programme**

**Purpose** To report the details of this Committee's work programme.

**Author** Overview and Scrutiny Officer

**Ward** General

**Summary** The purpose of a forward work programme is to help ensure Councillors achieve organisation and focus in the undertaking of enquiries through the Audit Committee function.

This report presents the current work programme to the Committee for information and details the items due to be considered at the Committee's next two meetings.

**Proposal** **The Committee is asked to endorse the proposed schedule for future meetings, confirm the list of people it would like to invite for each item, and indicate whether any additional information or research is required.**

**Action by** Audit Committee

**Timetable** Immediate

This report was prepared after consultation with:

- Head of Law and Regulation
- Head of Finance
- Head of Human People and Business Change

## Background

The purpose of a forward work programme is to help ensure Councillors achieve organisation and focus in the undertaking of enquiries through the Audit Committee function.

Attached at Appendix 1 is the forward work programme for this Committee. Below are the items scheduled to be presented at the Committee's next two meetings. Committee Members are asked to endorse this schedule, confirm the list of people they would like to invite for each item, and indicate whether any additional information or research is required.

### 22 June 2017

Internal Audit Unsatisfactory Audit Opinions (6 monthly report)
Annual Governance Statement
Draft Financial Accounts 2016/17
Referrals to Audit Committee

### 21 September 2017

Internal Audit Plan 2017/18 – Progress (Quarter 1)
Statement of Accounts 2016-17
Audit of Financial Statements Report 2016-17
SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 1, April to June)
Corporate Risk Register Update (Considered by Cabinet in September)
Report on Audit Committee Self Evaluation Exercise
Referrals to Audit Committee

## Financial Summary

Please see comments from Chief Financial Officer below.

## Risks

If proper work programming procedures are not put in place, the organisation and prioritisation of the work programme is put at risk. The work of the Audit Committee could become disjointed from the work of the rest of the Council, which could undermine the positive contribution Audit Committee makes to service improvement.

This report is presented to each Committee every month in order to mitigate that risk. The specific risks associated with individual topics on the work programme will need to be addressed as part of the Committee's investigations.

### **Comments of Chief Financial Officer**

There will be financial consequences for some of the reviews undertaken. These will be commented upon as the reports are presented. The preparing and monitoring of the work programme is done by existing staff for which budget provision is available.

### **Comments of Monitoring Officer**

I have no comments, as there are no legal implications.

### **Staffing Implications: Comments of Head of People and Business Change**

There are no staffing implications within this report. Any staffing implications of the reviews in the work programme will need to be addressed in individual reports.

### **Background Papers**

None.

***(Audit Committee to meet every other month unless circumstances dictate otherwise)***

<b>30 May 2017</b>
Appointment of Chairperson
Internal Audit Annual Report 2016/17
Internal Audit Annual Plan 2017/18
SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 4, Jan to March)
Treasury Management Year End Report 2016/17
Corporate Risk Register Update (considered by Cabinet in April)
Regulatory Reports
Audit Committee Self Evaluation Exercise
Referrals to Audit Committee

<b>22 June 2017</b>
Internal Audit Unsatisfactory Audit Opinions (6 monthly report)
Annual Governance Statement
Draft Financial Accounts 2016/17
Referrals to Audit Committee

<b>21 September 2017</b>
Internal Audit Plan 2017/18 – Progress (Quarter 1)
Statement of Accounts 2016-17
Audit of Financial Statements Report 2016-17
SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 1, April to June)
Corporate Risk Register Update (Considered by Cabinet in September)
Report on Audit Committee Self Evaluation Exercise
Referrals to Audit Committee



<b>30 November 2017</b>
Internal Audit Plan 2017/18 – Progress (Quarter 2)
SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 2, July to September)
Treasury Management Report
Lessons Learned 2016/17
Corporate Risk Register (Considered by Cabinet in October)
Regulatory Reports Summary (every 6 months - May and November)
Referrals to Audit Committee

<b>25 January 2018</b>
Internal Audit Plan – Progress (Quarter 3)
Financial Memorandum on the 2016-17 Financial Audit
Treasury Management Report
Corporate Risk Register (Considered by Cabinet in Jan)
Internal Audit Unsatisfactory Audit Opinions (6 monthly report)
Referrals to Audit Committee

<b>29 March 2018</b>
Annual Audit outline for the 2017/18 Financial Audit
WAO Annual Report on Grants Works 2016-17
SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 3, October to December)
Annual Governance Statement (draft statement)
Member Development Self Evaluation Exercise
Referrals to Audit Committee

<b>Unallocated work (Dates to be agreed)</b>
Report on Risks associated with Hosting (IT)
Treasury Management Training
Issues Outstanding – Member Development Self Evaluation Exercise

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