

Agenda



Cabinet

Date: Wednesday, 13 February 2019

Time: 4.00 pm

Venue: Committee Room 1 - Civic Centre

To: Councillors D Wilcox (Chair), P Cockeram, G Giles, D Harvey, R Jeavons, D Mayer, J Mudd, R Truman and M Whitcutt

Item	Wards Affected
1	<u>Agenda yn Gymraeg</u> (Pages 3 - 4)
2	<u>Apologies for Absence</u>
3	<u>Declarations of Interest</u>
4	<u>Minutes of the Previous Meeting held on 16 January 2019</u> (Pages 5 - 10)
5	<u>Revenue Budget Monitor</u> (Pages 11 - 38)
6	<u>Capital Programme Monitoring and Additions December 2018</u> (Pages 39 - 62)
7	<u>2019/20 Budget and Medium Term Financial Projections</u> (Pages 63 - 188)
8	<u>2019/20 Capital Strategy and Treasury Management Strategy</u> (Pages 189 - 244)
9	<u>Welsh Government Code of Practice, Ethical Employment in Supply Chains</u> (Pages 245 - 258)
10	<u>Corporate Safeguarding 2017/19</u> (Pages 259 - 328)
11	<u>Market</u> (Pages 329 - 338)
12	<u>City Centre Masterplan</u> (Pages 339 - 348)
13	<u>Work Programme</u> (Pages 349 - 356)
14	<u>Date of Next Meeting - 13 March 2019, 4 pm, Committee Room 1, Civic Centre</u>

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Agenda

Cabinet

Dyddiad: 13 Chwefror 2019

Amser: 4 y.p

Lleoliad: Ystafell Bwyllgor 1 – Y Ganolfan

At: Cynghorwyr D Wilcox (Cadeirydd), P Cockeram, G Giles, D Harvey, R Jeavons, D Mayer, J Mudd, R Truman and M Whitcutt

Eitem

Wardiau
Dan Sylw

Rhan 1

1. Agenda yn Gymraeg
2. Ymddiheuriadau dros Absenoldeb
3. Datganiadau o fuddiant
4. Cofnodian y cyfarod a 16 Ionawr 2019
5. Monitro'r Gyllideb Refeniw
6. Monitro ac Ychwanegiadau Rhaglen Gyfalaf Rhagfyr 2018
7. Rhagamcanion Cyllideb 2019/20 a Thymor Canolig
8. Strategaeth Gyfalaf 2019/20 a Strategaeth Rheoli'r Trysorlys
9. Cod Ymarfer Llywodraeth Cymru, Cyflogaeth Foesegol mewn Cadwyni Cyflenwi
10. Diogelu Corfforaethol 2017/19
11. Marchnad
12. Prfi Gynllun Canol y Ddianas
13. Rhaglen Waith
14. Dyddiad y Cyfarfod Nesaf
13 Mawrth 2019, 4 pm, Ystafell Bwyllgor 1, Y Ganolfan

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Minutes

Cabinet

Date: 16 January 2019

Time: 4.00 pm

Present: Cllrs Debbie Wilcox (Chair); P Cockeram, D Harvey, J Mudd; R Jeavons, D Mayer, M Whitcutt; R Truman, G Giles

In attendance: Mr W Godfrey; Mr J Harris; Mrs B Owen; Mr G Price; Mr M Rushworth; Mr R Cornwall

Part 1

1 Apologies for Absence

There were no apologies.

2 Declarations of Interest

There were no declarations of interest.

3 Minutes

The minutes of the meeting held on 12 December 2018 were confirmed as a true record by the Cabinet.

4 Mid-Year Analysis of PIs

The Leader introduced the report and gave a brief overview of the information contained therein:

- This is a half-yearly position and the overall position is encouraging.
- We are year on year continuously improving.
- At the Cabinet meeting in December, we reported the Wales Audit Office Second Certificate of Compliance.

The Leader explained the purpose of the report is to provide an overview on the progress of delivery against the service plans, part of the Corporate Plan Golden Thread, and performance measures for the first six months of this financial year (2018/19).

The report includes the feedback and recommendations of the People Scrutiny Committee and Place & Corporate Scrutiny Committee following the presentation of the service plans in November and December 2018.

In 2017, the Council's five year Corporate Plan was successfully launched which set out this Administration's vision and goals for delivering Council services and delivering its Well-being objectives for the citizens of Newport.

To ensure those goals are achieved Newport Council's Corporate Plan 2017-22 identified four themes

(Thriving City, Aspirational People, Resilient People, Modernised Council) and 20 commitments to deliver.

To support the delivery of the Corporate Plan, the Council's eight service areas have developed their service plans for the period 2018-22, which outline how they will support and deliver the Council's commitments.

To ensure these objectives are achieved over the next five years, each service area in the Council developed supporting individual service plans, which were approved by each of the Cabinet Members.

The report showed that for the first six months of this financial year:

- 84% of the actions (205/245 actions) identified in the service plans were reported as being '*In Progress*';
- 7% of actions (17/245 actions) reported as being '*Completed*'; and
- 9% of actions (23 out of 245 actions) *awaiting to be commenced*.

As this is the first year of delivering against the service plan objectives, the expectation was not for service areas to have reported that they had successfully delivered a significant proportion of these objectives.

However, what the report does highlight is the notable developments in the delivery of the Corporate Plan, which has seen the Council taking bold decisions against the backdrop of ongoing financial pressures. This period of austerity is beyond compare and the Leader thanked cabinet colleagues for taking up their positions and taking forward some very difficult decisions.

The full detail of the developments are included in the report, but the Leader highlighted some of the progress made to date:

- The purchase of new homes to bring back children in out of county placements, which will ensure their care and support is delivered within the Newport area; the first child moved in today!
- Preparation work for civil parking enforcement is on course for delivery in 2019/20 which will improve the desirability of Newport and in particular the city centre; this will assist in helping to 'sell' our city to developers and external partners and make it a safe place for citizens;
- The regeneration of Newport City Centre is continuing at a good pace with sites such as Chartist Tower, Newport Market and Market Arcade being redeveloped. This is also supported by the development of the new Convention Centre at Celtic Manor and approval of Heritage Lottery Funding for the Transporter bridge.
- The new Hub in Ringland is on course for delivery in April 2019, which will see changes in how services are delivered between us and our partner organisations to the communities of Newport.
- The schools in Newport reported improvements in GCSE and A Level results with positive feedback received from Estyn in the delivery of Educational Services.

With regard to the Performance Measures, the Leader reported that:

- In the first six months of 2018/19, 40 out of 63 performance measures were '*On Target*' in achieving or exceeding their target. (More detail is provided in the body of the report in relation to these measures).
- There were 16 out of 63 performance measures were reported as being '*amber*' or *short of meeting their target*
- 9 out of 63 performance measures reported as being *Red* or '*off target*'. (The report states that four of the nine measures were in relation to National/Public Accountability Measures and the report includes information on the action being undertaken by the service areas to improve their performance).

The Leader emphasised that Cabinet Members need to ensure close monitoring of the measures reporting either an 'Amber' or 'Red' and to further ensure that service areas are taking the necessary action(s) to improve their performance before the end of the financial year.

The Leader also emphasised the importance of the role of Scrutiny and reported the Scrutiny Committee Feedback and Recommendations, which were:

- The mid-year performance updates were presented to the Place & Corporate and People Scrutiny Committees in November and December 2018.
- The Report includes detailed information on the feedback and recommendations raised in the report for consideration by Cabinet. A summary of the feedback and recommendations included:
 - The committees were pleased with the improved structure of reports but believed further improvements can be made with the referencing and clearer explanations when using acronyms;
 - Improved clarity over the timescales to deliver the actions in the service plans so that Members can effectively understand and challenge the progress of delivery;
 - Further training and support for the Scrutiny Committee Members prior to the end of year reporting;
 - Cabinet were asked to address the concerns raised about the slow progress on the development of the Master Plan and if the Council has sufficient resource to work with inward investors on large scale development opportunities. (The Leader confirmed this is being done on a very limited budget and tight timescales);
 - The Committee wanted to seek assurance that the Council was maximising the opportunity to promote Newport as a result of the removal of the Severn Bridge tolls. Again, the Leader confirmed this was being done and all Cabinet Members are engaging with external partners in promoting Newport.

The Leader was keen to ensure the Cabinet, who are responsible for the oversight and delivery of these service plans and where good progress is being made, recognise the work being undertaken by the service areas and their staff.

Equally, that Cabinet Members take responsibility to ensure that where under-performance is reported that the necessary action(s) is taken by the service areas to improve their performance and deliver the services required by the citizens of Newport.

The Leader asked for comments and questions from Cabinet colleagues and the following points were raised:

- Important to acknowledge that Newport City Council continues to achieve in times of austerity;
- Newport City Council's services continue to gain national recognition and awards;
- Improvements in ways of working and modernisation of the Council's IT services were commended;
- Recognition was given to the new ways of working with regard to looked after children and it was noted what good works have been taken forward with assistance of funding from the Transformation Fund, in relation to Domiciliary Care and, going forward, Children's Services;
- Newport City Council's responsibility for Civil Parking Enforcement is on track to commence on the 1 July 2019; the new team structure has been completed and every street in Newport has been physically surveyed;
- Thanks were given to the Education Service for the preparation undertaken prior to the recent Estyn Inspection;
- Thanks were given to all colleagues for the work carried out in relation to the changes in the Council Tax Premium for unoccupied properties; the excellent work in bringing forward the new Community Hub, which is an example of the Council working in partnership both internally and externally, to provide better service delivery and quality of life for citizens; the work being undertaken to regenerate Newport.

Cabinet was asked to consider the following options:

Decision:

Cabinet agreed the report.

5 Education and Pupil Performance Data – Key Stage 4 and 5 Outcomes – Summer 2018

The Leader introduced the report and confirmed that Cabinet will be aware that there have been a number of significant changes to Key Stage 4 and 5 performance measures and the programmes of study that sit behind each examination in Wales. The Leader explained the examinations require a different skill set and knowledge than in previous years, therefore it is not appropriate to compare 2018 verified results with former years.

The Leader was pleased to report that Newport secondary schools have been well prepared for these changes and this has resulted in strong results in the Level 2 Inclusive measure, which sits at 57% compared to an all Wales average of 55.1%. Newport ranks 8th in Wales, which is well above its current Free School Meals position of 13th.

Other additional successes include:

- English A*-C which is verified at 65% for the City. This is above the all-Wales average for the second consecutive year; and
- Maths A*-C which is verified at 65.2% which is above the all-Wales average for the first time since 2011.

These are strong results, which have required hard work, coordinated and bespoke support.

The Leader also reported on those young people in the City who did not gain the level 2 inclusive measure, but did successfully reach their potential and gain the level 1 or 2 measures by acquiring a range of GCSE qualifications or equivalent.

The Leader expressed her congratulations to all these pupils and the expertise of the teaching staff who guided them through this challenging time.

The Key Stage 5 indicator for Wales is exceptionally broad. The Level 3 threshold definition is: *'a volume of qualifications equivalent to 2 A Levels A*-E'*.

This year 95.7% of Newport's 732 post-16 students gained that performance measure. Whilst this is commendable, it does not tell the story of the many young people who have been highly successful in gaining a place in their University of choice or who are now thriving in employment. The Leader congratulated all of those young people who are taking the next important steps in their careers.

The Leader introduced the Cabinet Member for Education and Skills.

The Cabinet Member reported that whilst collectively, Newport has achieved some excellent results, specific praise was warranted for two secondary schools who have accelerated their key stage 4 outcomes;

- St Julian's School demonstrated a 5.5% rise in the Level 2 inclusive indicator and a 4.7% increase in A*-C Maths. This is good progress.
- Newport High School demonstrated a 10% rise in the Level 2 inclusive indicator, a 10% improvement in the level 2 indicator and a 12% improvement in A*-C English. This is excellent news.

Whilst variability in secondary school performance is a theme across Wales, these types of improvements in individual secondary schools help to reduce this issue. The Cabinet Member congratulated the pupils, staff, governors and parents in the Newport High and St Julian's school communities.

Although not part of this report, this aligns to the continuing picture of inclusivity in Newport, ensuring that every young person matters. Over the last seven years, the rate of young children not in education,

employment or training (NEETS) for Year 11 has reduced by 80%. During the last three years, Newport has moved from Local Authority ranking position 14th to 8th position and is committed to ensuring that all young people are engaged in education, employment or training.

Every set of performance outcomes require further work. In Newport, the intention is to focus on accelerating Free School Meal outcomes and improving the new 'Capped 9' performance measure at Key Stage 4. The Authority will work closely with the EAS School Improvement Service and each of Newport's secondary schools to ensure this improvement is recognised in subsequent years.

The Leader thanked the Cabinet Member and agreed this is absolutely a good news story since education is such a game changer for young people giving them the building blocks for the future.

Decision:

Cabinet agreed the report.

8 Work Programme

The Leader of the council presented the latest update to the work programme.

Decision:

Cabinet agreed the updated work programme.

9 PSB Summary Document

The Leader confirmed this document provides a monthly summary update of business undertaken by the PSB and is for Cabinet's information/awareness.

12 Date of Next Meeting

The next meeting will take place on Wednesday 13 February 2019, at 4.00 pm in Committee Room 1, at the Civic Centre, Newport

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Report

Cabinet

Part 1

Date: 13 February 2019

Item No: 5

Subject **December Revenue Budget Monitor**

Purpose To highlight the current forecast position on the Council's revenue budget and the risks and opportunities that present themselves within the December position.

Author Strategic Finance Business Partner (SFBP) - Budget Strategy

Ward All

Summary Newport City Council's budget for 2018/19 is £274.6m, which supports delivery of over 800 activities which are focused on the overall mission - "Improving People's Lives". As at December 2018, the Council's revenue budget is forecasting an underspend of (£1,750k), which is 0.6% of the agreed budget. This position includes the use of all revenue budget contingencies and a significant one-off VAT rebate received in the year.

In common with all authorities across the UK, our financial position is challenging. In particular, the services where it is difficult to control demand are facing very significant cost pressures, leading to an overall service area overspend of £4,745k (excluding schools). Some of the key areas facing significant demand are listed within para. 1.1.

The forecast overspend in service areas has been balanced by underspending/ better income in non-service areas, use of the budget contingencies and a significant one-off income received in the current year. These, together, come to £6,495k and are listed in para. 1.2.

In addition, the vast majority of schools are forecasting overspending on their approved, available funding, in total by £1,920k. This forecast includes additional grant income recently received from Welsh Government of £1.6m, of which £1.2m was already included in previous forecasts. Whilst this one off grant funding has improved the in year schools position the level of overspending remains significant and will reduce individual schools reserves to almost zero.

In summary:

- service area overspending is at challenging levels and whilst the overall forecast position is showing an underspend, this is mainly due to one off income and continued underspending in non-service budgets which cannot be guaranteed into the future;
- undelivered savings will cause pressures for future years' budget setting if these remain undelivered;
- the vast majority of schools will spend more than their available funding in 2018/19.

Appendix:

Appendix 1	Overall budget dashboard – December 2018
Appendix 2	Revenue summary monitor – December 2018
Appendix 3	Revenue summary monitor by activity – December 2018
Appendix 4	Schools funding and balances
Appendix 5	Planned movement in reserves

Proposal

Cabinet is asked to:

- Note the overall budget forecast position including use of all budget contingencies to balance forecast service overspending;
- Agree to instruct all areas of the Council to maintain robust financial management;
- Note the level of undelivered savings within each directorate and the risks associated with this;
- Note the forecast movements in reserves;
- Note the projected balances of individual schools over the next year;

Action by

Cabinet Members / HoF / SLT / CMT confirm plans to:

- promote and ensure robust forecasting throughout all service areas;
- reduce service area over-spending;
- manage/ mitigate those projects that are unable to deliver required Medium Term Financial Projection (MFTP) savings.

Timetable

On going

This report was prepared after consultation with:

Chief Executive
Strategic Directors
Head of Finance
Heads of Service
Budget Holders
Accountancy Staff

Signed

1. Overview

1.1 Newport City Council's budget for 2018/19 is £274.6m, which supports delivery of over 800 activities. Like previous years, the Council has maintained good financial control in overall terms and will have a small, positive variance of only 0.6% in this current year - £1,750k. Like other Councils, there are significant challenges however:

- As shown in appendix 3, most service areas / activities are spending close to budget but a small number are significantly overspending - £4,745k in overall terms. The key issues reported to Cabinet throughout the year still feature within the 2018/19 forecast position and we have seen demand and resulting overspending worsen as the year has progressed to date.

- (i) Children's out of area placements - £2,032k overspend (October - £1,741k overspend)
- (ii) Special education needs - £1,428k overspend (October - £1,343k overspend)
- (iii) Adults community care - £1,103k overspend (October - £1,239k overspend)
- (iv) Independent fostering agencies - £747k overspend (October - £685k overspend)

Whilst the collective forecast overspend in these areas continues to increase £5,310k (October - £5,008k) other areas are underspending against budget therefore providing one off mitigation for these pressures, bringing the overall revenue budget to a small underspend position.

1.2 These overspends have been balanced by underspending/ better income in non-service budget areas and use of the budget contingencies which come to (£6,495k). These are one-off in nature and cannot be guaranteed in the future. Therefore, service area overspending represents a significant risk in the future. Key areas of underspending / one-off income include:

(i)	People Services risk contingency	(£2,200k)
(ii)	Council tax benefit rebates	(£1,729k)
(iii)	General contingency	(£1,473k)
(iv)	Other	(£935k)
(v)	One-off VAT rebate	(£773kk)
(vi)	Council tax surplus	(£1,000k)
(vii)	One-off additional rebate Gwent Crematorium	(£385k)
(viii)	Approved transfer to invest to save reserve	<u>£2,000k</u>
		(£6,495k)

2. Key areas contributing to position

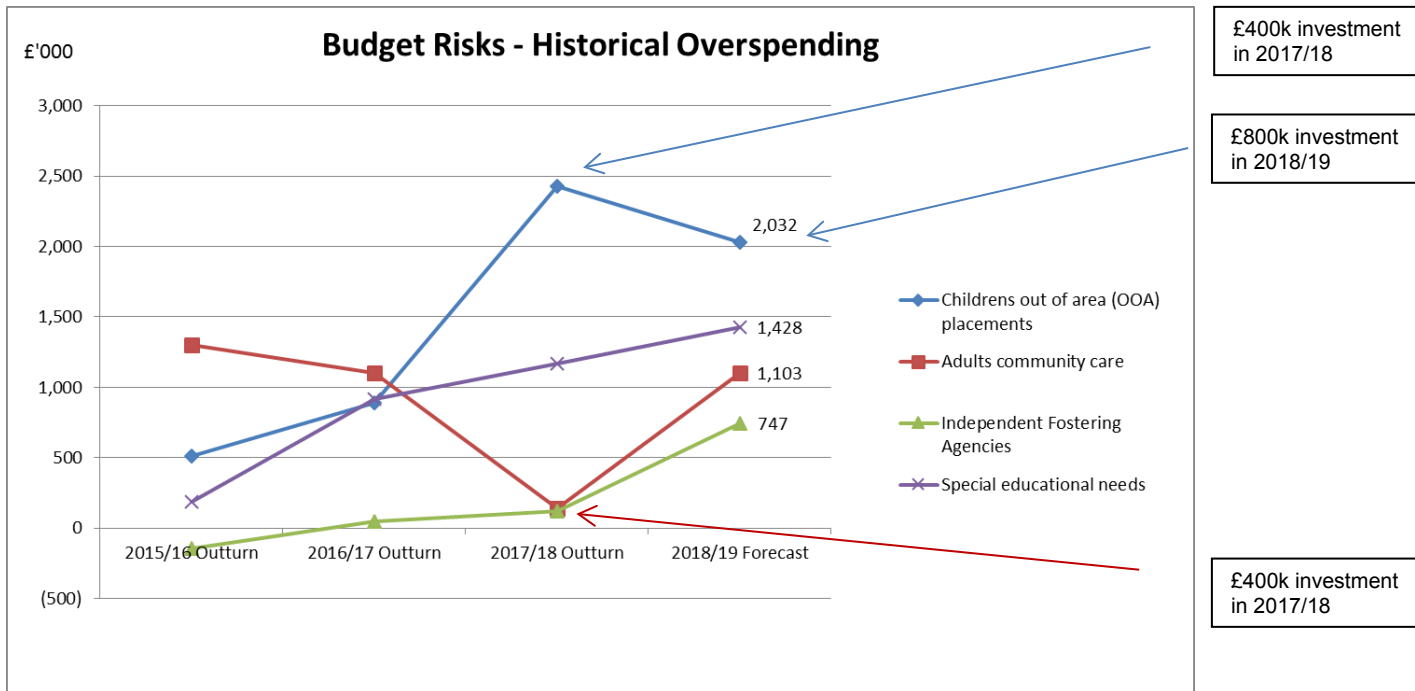
2.1 The following section highlights the key areas that contribute to the overall Council position:

- (i) on-going budget pressures on a small number of Council activities;
- (ii) forecast delivery of 2018/19 savings (and previous years) to date;
- (iii) other key emerging risks/ opportunities.

(i) On-going budget pressures

2.2 As highlighted within the overall dashboard (appendix 1) there are a very small number of areas which contribute over £5m to projected service area overspends. These are not 'new' issues but those that continue to increase as demand for these services grow. Forecasts have been worsening throughout the year in many of these areas. The following is a graphical representation of level of overspends that these areas have reported since 2015/16.

2.3 The key message here is that despite annual investment into these areas, with the exception of children's out of area placements, demand and therefore costs have continued to grow beyond the level of investment.



2.4 The level of forecast overspending within service areas has significant consequences for the Council’s work on its medium term financial projections (MTFP) and planning. In the context of pressure and uncertainty on Council’s funding levels, the increased demand and cost is a significant pressure on future year’s budget planning and the driver for requiring ever increasing savings from Council services. Therefore, managing demand and reducing costs in service provision are key priorities in terms of financial management in going forward, though the challenge of managing ‘demand’ in these areas are clearly significant and difficult.

2.5 Included in this Cabinet is a paper on the proposed final budget 2019/20. In that, significant investment is highlighted for the main areas of overspending, including further investment over and above what was proposed at the draft budget stage in December. This acknowledges the increasing cost pressures in these areas and the need to invest in them to ensure budgets in going forward are robust.

(ii) Delivery of medium term revenue savings:

2.6 Page 2 of the overall dashboard (appendix 1), ‘2018/19 forecast delivery of savings’, shows good performance on achievement of savings with 92% of total savings forecasted for full delivery. The balance of almost £682k, however, remains significant in financial terms. An assessment of undeliverable savings has informed the 2019/20 budget process and officers continue to deliver these residual agreed savings still outstanding.

(iii) Other emerging risks/ opportunities

2.7 Other emerging risks which have arisen due to increased demand during this year’s monitoring are shown within appendix 1 – ‘other significant variances’.

3. Schools

- 3.1 The 'Schools' section of the overall dashboard (appendix 1) outlines the sectors that are forecasting negative balances at the end of the year and the trajectory of reserve movements over the last two years.
- 3.2 Forecast school balances as at 31st March 2019 highlights that most schools will have much reduced reserves at that time due to forecasted net overspending in the current year of £1,920k. Recent announcements from Welsh Government on additional funding of £1.6m for schools in 2018/19 has reduced the level of anticipated overspend, though not significantly as £1.2m was already forecasted. School reserves are still likely to reduce in 2018/19 and schools will need to take appropriate action in 2019/20 to match costs to their available funding as current levels of overspending cannot be sustained.

4. Use of reserves

- 4.1 Appendix 5 illustrates the planned movements in reserves throughout the year. Cabinet should note the opening balance as at 31st March 2018, forecasted planned transfers in/ (out) of reserves in 2018/19 and the forecast balance as at 31st March 2019. Current projections suggest that 11% of the Councils reserve will be used by the end of the financial year which is in line with planned and expected use. The general fund reserve is at the minimum level required (£6.5m) representing 2% of the overall net budget.

5. Timetable

Ongoing

6. 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?
Risk of overspending	H	M	Regular forecasting and strong financial management Revenue budget contingency	
Poor forecasting	M	M	Better forecasting in non-service areas where large variances occurred in 16/17 Review and refinement in service areas of risk based predictive models CX/HoF setting out clear expectations	AHoF SFBP's and budget managers CX / HoF

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

Strong financial management underpins services and medium term financial planning.

Options Available and considered

In terms of the financial position and financial management, there are no options – the Council needs to operate within its overall budget and that is being achieved, though monitoring highlights key challenges in some small number of areas, including schools.

The proposed 2019/20 revenue budget deals with a significant amount of the current pressure and the issues and risks around this are shown in that report.

Preferred Option and Why

To continue careful review and management of key budgets and risks.

Comments of Chief Financial Officer

The current forecast points towards significant pressure on a small number of service budgets and the under-spend comes mainly from one-off sources, with the inherent risks that come with this given that these cannot be guaranteed for the future, at current levels at least.

On-going demand in People services and associated costs are key considerations in the Council's future budget work as highlighted in the 2019/20 Revenue budget report to this same Cabinet, to ensure budgets set are robust and deliverable. A number of initiatives to manage demand and look at better/cheaper service provisions in these areas are progressing well and will help reduce the pressures here.

There are a number of 2019/20 budget risks and uncertainty around Brexit and consequences of that which needs to be considered when deciding on what use to make of any underspend in the current year. This will need to be reviewed between now and the year-end before any conclusions are made and decisions confirmed.

Comments of Monitoring Officer

There are no specific legal issues arising from the Report, at this stage.

Comments of Head of People and Business Change

The report on the revenue monitor does not show any specific staffing issues, although clearly issues will arise if robust monitoring and management of budgets does not take place.

The report notes that any future reductions in funding will need to reflect and be consistent with the sustainable development principle's five ways of working in the Wellbeing of Future Generation (Wales) Act 2015.

Comments of Cabinet Member

The current financial position shows the Council is managing its financial risks well. The areas of overspending are concerning and the Cabinet will be coming forward with funding solutions for those in our final budget proposals for 2019/20. Managing demand in going forward will continue to be a challenge the Council must deal with, as best as possible.

Local issues

N/A

Scrutiny Committees

N/A

Equalities Impact Assessment and the Equalities Act 2010

N/A

Children and Families (Wales) Measure

N/A

Wellbeing of Future Generations (Wales) Act 2015

This update is against a backdrop of prolonged pressure on public services as a combination of reduced income, rising demands on services, increased expectations, compliance with new legislation and the increasing costs of running services which has seen the delivery of significant budget savings over the last five years. Any future reductions in funding will need to reflect and be consistent with the five principles underpinning the Wellbeing of Future Generation (Wales) Act 2015.

Consultation

N/A

Background Papers

Dated:

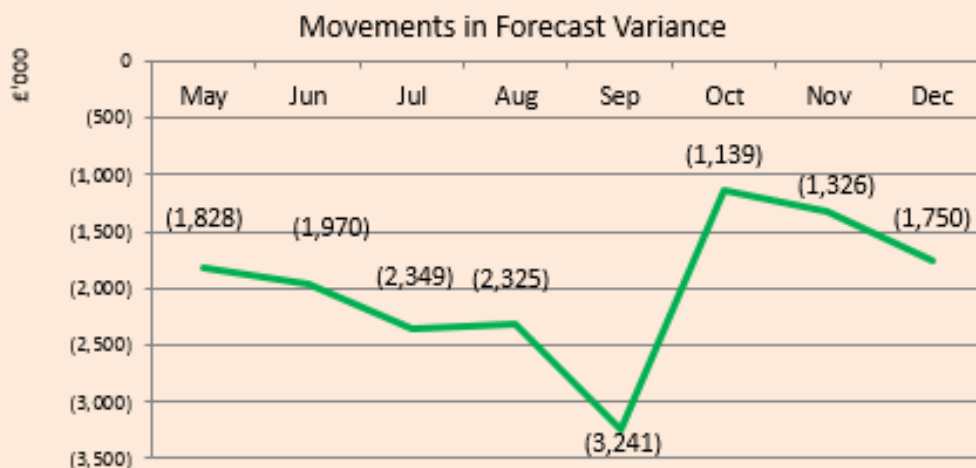
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Budget Monitoring Position – December 2018

Position by Directorate	Current Budget £'000	Forecast £'000	Variance £'000
People (exc Schools)	79,704	84,602	4,898
Place	32,845	32,996	151
Corporate	17,665	17,362	(303)
Service Area Budget	130,214	134,959	4,745
Schools	92,977	94,897	1,920
Service Area Budget (inc Schools)	223,191	229,856	6,665
Schools - transfer from reserve	0	(1,920)	(1,920)
Non Service	49,932	44,912	(5,022)
Total Budget (excluding contingency)	273,123	272,848	(277)
General Contingency	1,473	0	(1,473)
Total Budget (Including contingency)	274,596	272,848	(1,750)

Detailed explanations can be found within service area dashboards

Forecast History



October forecast reflects Cabinet approved I2S transfer of £2m reducing underspend to (£1,139k)

Position Summary

- Revenue budget forecasting (£277k underspend (£1,750k underspend inc .contingency))
- Underspend has improved by £424k since November, in the main, due further non service underspends in respect of council tax benefit rebates.

Key areas contributing to position

- Forecast undelivered 18/19 savings of £682k
- Significant overspending in three key areas:

Children's Out of Area Placements	£2,032k
Community Care	£1,103k
Special Education Needs	£1,427k
Approved I2S transfer	£2,000k

- Mitigated by non service area underspends:

People Services risk contingency	(£2,200k)
Council tax benefit rebates	(£1,729k)
General contingency	(£1,473k)
Other	(£934k)
One-off VAT rebate	(£773k)
Council tax surplus	(£1,000k)
One-off rebate - Gwent Crematorium	(£385k)

Risks

- Service areas are overspending at unsustainable levels
- Majority of the underspend due to one off income only
- Vast majority of schools forecast to spend more than their funding in 18/19
- School balances already increasingly/ becoming negative

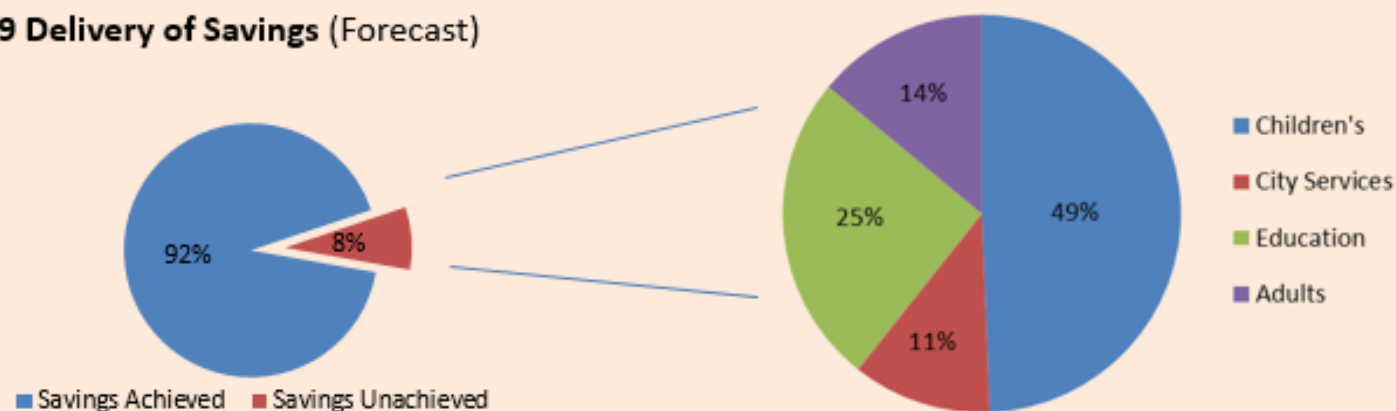
Budget Monitoring Position – December 2018

Staff Forecasts

Overall Staffing	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Budget (£'000)	59,450	59,449	59,491	59,491	58,521	58,537	58,552	58,497	58,497
Forecast (£'000)	59,450	59,639	59,641	59,909	58,477	58,217	57,967	57,912	57,655
Variance (£'000)	0	189	149	418	(44)	(320)	(584)	(585)	(841)

- Staff budgets account for almost a quarter of the Councils net budget

2018/19 Delivery of Savings (Forecast)



- The first chart shows that 92% of the total savings are forecast for full delivery in 2018/19
- The second chart illustrates the areas where savings are forecast not to be delivered (8% of overall target)
- 2018/19 balance of £682k undelivered savings remains significant in financial terms
- This is in addition to £10k undelivered savings dating back to 2017/18

Overall Summary	People	Place	Corporate	Non Service	Total
Total	3,246	1,244	615	3,488	8,593
Year End 2018/19	2,644	1,164	615	3,488	7,911
Variation to MTRP Target	(602)	(80)	0	0	(682)
Target	-19%	-6%	0%	0%	-8%

Budget Monitoring Position – December 2018

Risk Based Areas/ Budgets

	Annual Budget £'000	Forecast £'000	Variance £'000	Graph Reference
Children & Young People				
Independent Fostering Agencies	1,294	2,041	747	i
Out of Area Residential	2,719	4,751	2,032	ii
In House Fostering	2,810	2,875	65	
Kinship	1,096	949	(147)	
Looked after Children (LAC) Remand	0	63	63	
Adult & Community Services				
Community Care - Residential	19,334	20,153	819	
Community Care - Supported Living	7,552	8,833	1,281	iii
Community Care - Non Residential	9,027	9,555	528	iv
Community Care Income - Residential & No	(6,150)	(7,437)	(1,287)	
Education				
SEN Out of County - Local Authority	1,409	1,439	30	v
SEN Out of County - Independents	2,239	3,101	862	v
SEN Transport	2,127	2,247	120	
Breakfast Clubs	324	463	139	
Catering - Free School Meals	1,153	1,208	55	
Music Service	0	0	0	
Regeneration, Investment & Housing				
Development Control Fees	(646)	(639)	7	
Building Control Fees	(234)	(265)	(31)	
Commercial & Industrial Properties Income	(1,234)	(1,294)	(60)	
City Services				
Commercial/ Asbestos Income	(1,124)	(1,455)	(331)	
Burial Fees	(612)	(588)	24	
Car Parking Income	(650)	(625)	25	
Finance				
Council Tax Benefit Rebates	12,597	10,868	(1,729)	
Law & Regulation				
Public Protection	(1,053)	(1,023)	30	
Land Charges Income	(167)	(138)	29	
Total Net Budget	51,811	55,082	3,271	

- Currently, in 2018/19, there are over 20 budget areas identified at the start of the year by HoS as those areas that have the potential to be high risk or highly volatile. This list is reviewed on an on-going basis
- Although some of these areas are currently forecasting an underspend against budget, they continue to be monitored

Budget Monitoring Position – December 2018

Risk Based Areas/ Budgets (cont.)

- There are six budget 'hotspot' areas within the risk based monitoring which demonstrate the significant financial impact and risk that only a small number of areas pose to the financial position of the Authority (graph ref i – v)
- These areas alone contribute almost £5.5m to the service area overspends
- This overspend has been consistently high throughout the year, therefore, it is critical that managers take action to reduce the spend wherever possible

Other Significant Variances

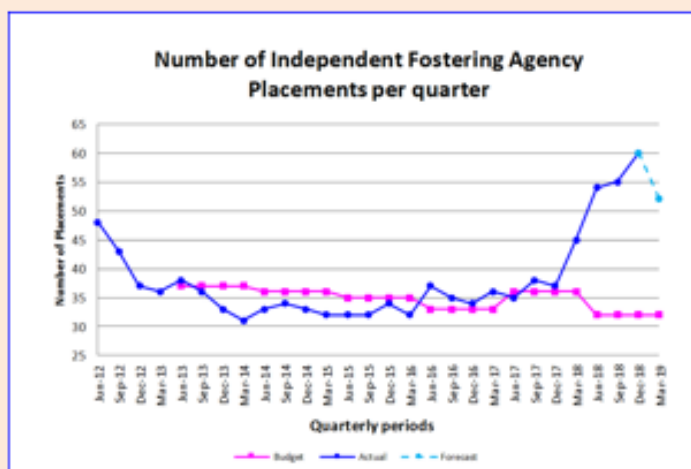
	Annual Budget £'000	Fore cast £'000	Variance £'000
Children & Young People			
Inter Agency Adoption	512	722	210
Total Net Budget	512	722	210

The following page highlights the non-financial cost drivers for the risk based areas such as pupil and service user numbers.

Budget Monitoring Position – December 2018

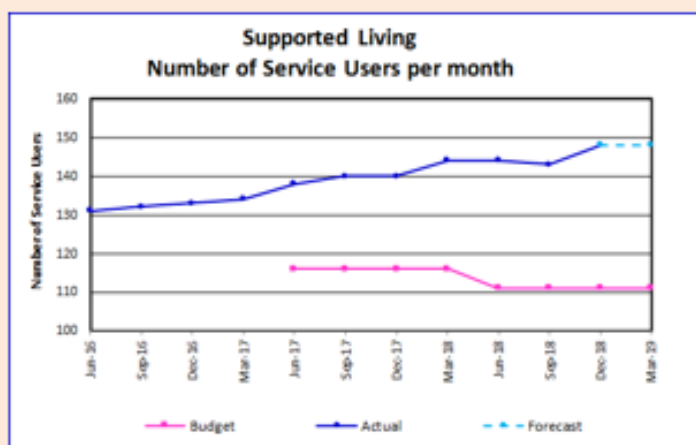
Risk Based Monitoring graphs

(i) Independent Fostering Agencies



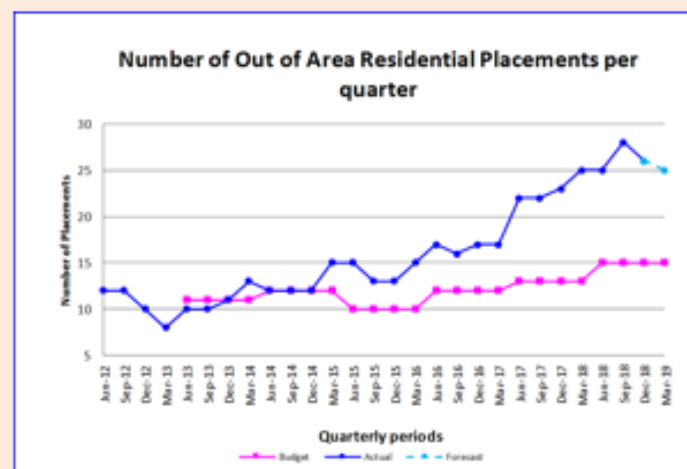
- The 2018/19 budget can afford 32 placements per month at an average cost. The current forecast has a total of 52 placements resulting in an overspend of £747k.

(iii) Community Care – Supported Living



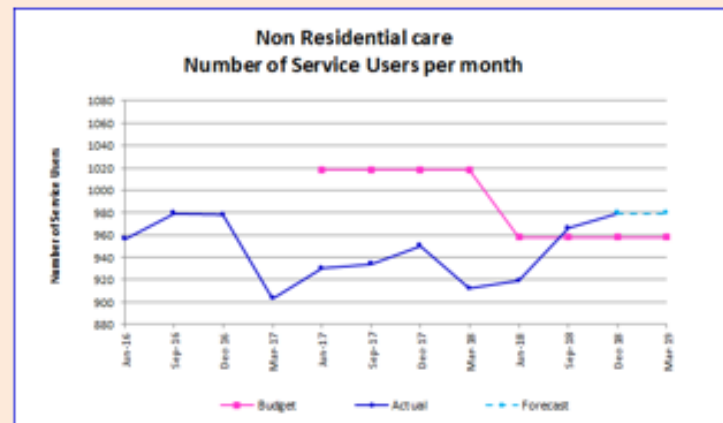
- Budget pressure identified at the start of 2018/19 in relation to costs of existing community care packages for the full year and costs of new packages

(ii) Out of Area (OOA) Residential Placements



- Budget can afford 15 placements per month at an average cost. There are currently 26 placements resulting in an overspend of £2m.

(iv) Community Care – Non Residential

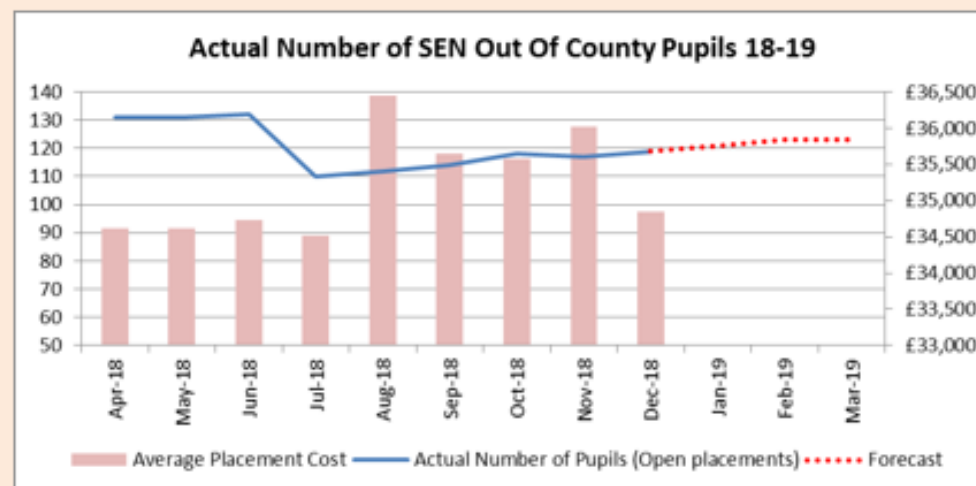


** Due to changes in reporting average budget data is unavailable prior to April 2017.

Budget Monitoring Position – December 2018

Risk Based Monitoring graphs

(v) SEN Out of County Placements – Local Authority and Independent



- SEN OOC budget can accommodate 107 placements at an average cost of £34k
- 16% of total placements costing between £60k and £70k. One placement in particular costs the Authority £112k due to the complex needs of the individual

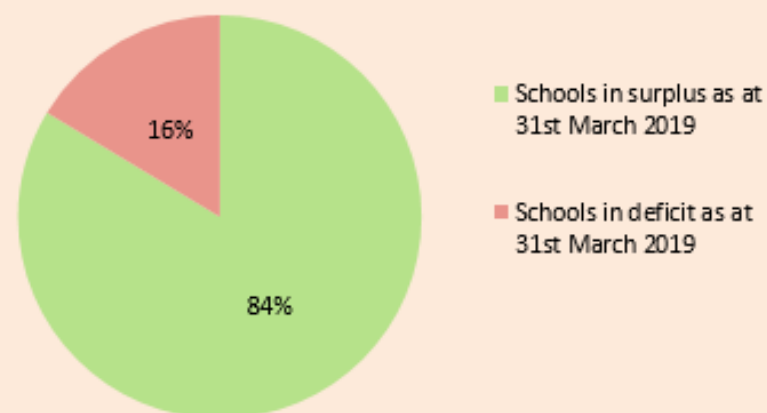
Budget Monitoring Position – December 2018

Schools

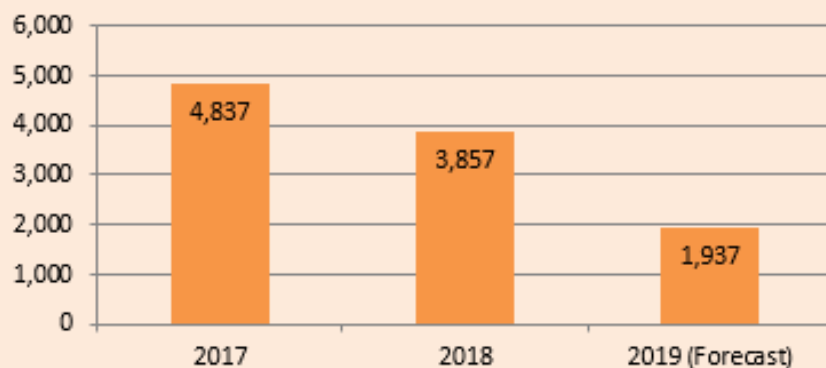
- The forecast overspending in schools for 18/19 includes additional grant income received from the Welsh Government of £1.6m, therefore, reducing the forecast in year overspending down to £1.9m
- Currently 9 schools forecasting negative balances at the end of the year (1 x nursery, 3 x primaries, 1 x special and 4 x secondary's). The cumulative, forecast deficit for these 9 schools is £1.6m. Forecast school balances as at 31st March 2019 highlights that most schools will have minimal balances at that time and the likelihood is that vast majority / all schools will have negative balances in 19/20 next year; unless action to reduce spend / increase funding is taken

Schools Forecasting Budget Overspends	Dec £'000
Kimberley Nursery	(38)
Glan Usk Primary	(35)
High Cross Primary	(5)
St. Woolos Primary	(8)
Caerleon Comprehensive	(745)
Llisbury High	(543)
St Julians School	(161)
Ysgol Gyfun Gwent Is Coed	(9)
Maes Ebbw Special	(40)
Total Net Budget	(1,584)

Proportion of Schools Forecasting Negative Balances as at 31st March 2019



Balances held by Schools as at 31st March



Schools are forecasting an in year overspend of £1,920k therefore reducing the school balances from £3,857k to £1,937k as at the end of March 2019.

APPENDIX 2 - Revenue Summary Monitor – December 2018

	April 18 Approved Budget	Current Budget	Projection	(Under) / Over	Change Since Last Statement
	£'000	£'000	£'000	£'000	£'000
Summary Revenue Budget 2018/19					
People					
Children and Young People	22,400	22,405	24,682	2,277	90
Adult and Community Services	44,529	44,529	45,399	871	(159)
Education	14,561	12,771	14,521	1,750	15
Schools	93,262	92,977	94,897	1,920	(483)
	174,752	172,681	179,499	6,818	(536)
Place					
Regeneration, Investment and Housing	10,028	9,931	9,932	1	(3)
City Services	20,805	22,914	23,064	150	(81)
	30,833	32,845	32,996	151	(84)
Chief Executive					
Directorate	599	599	555	(44)	(8)
Finance	3,087	3,084	2,991	(93)	(25)
People and Business Change	6,989	7,080	6,917	(163)	5
Law and Regulation	6,904	6,902	6,899	(3)	(9)
	17,579	17,665	17,362	(303)	(37)
Capital Financing Costs and Interest					
Capital Financing Costs MRP	7,489	7,489	7,489	(0)	-
Interest Payable	9,085	9,085	9,085	(0)	-
Interest Receivable	(37)	(37)	(150)	(113)	-
PFI	8,543	8,543	8,543	(0)	-
	25,080	25,080	24,967	(113)	-
Sub Total - Service/Capital Financing	248,244	248,271	254,823	6,552	(657)
Contingency Provisions					
General Contingency	1,473	1,473	-	(1,473)	-
Restructuring / Other Savings	-	-	-	-	-
Centralised Insurance Fund	570	570	570	0	-
Non Departmental Costs	5	-	5	5	5
Other Income and Expenditure	3,169	3,150	(1,074)	(4,224)	42
	5,217	5,192	(499)	(5,691)	47
Levies / Other					
Discontinued Operations - pensions	1,592	1,577	1,533	(44)	-
Discontinued Operations - Ex Gratia Payments	2	2	3	1	-
Levies - Drainage Board, Fire service etc	8,330	8,346	8,426	80	65
Non distributed grants	-	-	-	-	-
CTAX Benefit Rebates	12,599	12,597	10,868	(1,729)	(12)
Extraordinary Items	-	-	-	-	-
Charity Rate Relief	-	-	-	-	-
	22,523	22,521	20,830	(1,691)	53
Transfers To/From Reserves					
Base budget - Planned Transfers to/(from) Reserves	(1,388)	(1,388)	612	2,000	-
Earmarked reserves: Queensbury Loan	-	-	-	-	-
Earmarked reserves: Transfer to/(from) Capital	-	-	-	-	-
Earmarked reserves: Transfer to/(from) Schools	-	-	(1,920)	(1,920)	483
Earmarked reserves: Transfer to/(from) Schools Redundancy	-	-	-	-	-
Invest to Save Reserve	-	-	1,188	1,188	(88)
Invest to Save Reserve (from)	-	-	(1,188)	(1,188)	88
	(1,388)	(1,388)	(1,308)	80	483
Total	274,596	274,596	273,846	(750)	(74)
Funded By					
WAG funding (RSG and NNDR)	(212,790)	(212,790)	(212,790)	-	-
Council Tax	(61,806)	(61,806)	(61,806)	-	-
Council Tax Surplus	-	-	(1,000)	(1,000)	(350)
Total	0	0	(1,750)	(1,750)	(424)

APPENDIX 3 - Revenue Summary Monitor by Activity – December 2018

	April 18 Approved Budget	Current Budget	Projection	(Under) / Over	Notes - Explanation as Required
Summary Revenue Budget 2018/19	£'000	£'000		£'000	
People					
Children and Young People	22,400	22,405	24,682	2,277	
SOC19 Pathway Team	1,597	1,624	1,573	(51)	Reduced costs due to vacant post in Pathway Team and an increased recovery from Unaccompanied Asylum Seeker Child account which has been partly offset by additional staffing costs from 2 maternity cover posts within the Team.
SOC20 Leaving Care	811	784	529	(256)	Budget pressure of £92k added into 18-19 budgets not being used due to lower than anticipated take up from When I'm Ready provision. Reduction in forecast supported lodging costs due to lower than expected numbers using this part of the Leaving Care Service, an expensive support package for one individual being withdrawn and retention of the 17-18 St Davids Day grant income (£29k) from Welsh Government for which spend has been subsequently identified.
SOC21 Sthwrk 16+ Homeless	26	26	26	-	
SOC22 LAC Family Contact	98	98	112	14	
SOC23 Child Safegrd + Miss	139	139	119	(20)	
SOC24 Child + Fam Mgt Acct	311	370	(109)	(480)	Savings from vacancies in Service Manager posts -£69k and a grant from Welsh Government -£38 have been offset from the non achievement of a Service MTRP saving of £105k to reduce Social Workers. One-off in year grant funding £476k has been received from Welsh Government to support costs associated with Supporting Sustainable Social Services
SOC26 Integ Fam Supp Serv	1,478	1,480	1,447	(33)	
SOC27 SE Wales Adoption	512	512	722	210	Forecast now includes provision for 12 placements to be made during 18-19 with an increase in fees of £4k per placement factored in from 1st Oct for estimated placements. Increase in costs of £13k from South East Wales Adoption Service for the 18-19 financial year.
SOC28 Child Protection	4,307	4,261	4,251	(10)	
SOC30 NCC Child Res	2,059	2,059	2,295	236	The Medium Term Revenue Plan saving of £60k for Oaklands will not be achieved during the current financial year. Staffing updated in line with I2S account to show Unit Manager funded for 12 months with post being back filled. Additional agency costs to cover sickness forecast in from Aug 18. Some savings in staffing (approximately £12.5k) have been accounted for in the final 2 months of the financial year, due to the facility closing for refurbishment which has been funded by an Integrated Care Fund bid. Forest Lodge - new staffing rota will not be implemented to achieve a reduction in employee costs, the unit is currently forecasting an overspend of £29k. Brynglas Unit - a net forecast of £183k for staffing costs associated with operating this facility on a temporary basis accommodating several individuals during the 2018-19 financial year. Cambridge House -£28k savings from reduced staffing / operational costs.

Summary Revenue Budget 2018/19

	April 18 Approved Budget	Current Budget	Projection	(Under) / Over	Notes - Explanation as Required
	£'000	£'000		£'000	
People					
Children and Young People	22,400	22,405	24,682	2,277	
SOC31 Out of Auth Res Plac	2,719	2,719	4,814	2,095	Increased number of Out of Area placements, we've had up to 28 individuals having been placed in Out of Area residential units during the year. We currently have 26 individuals placed in Out of Area provision with an increase in costs in December being due to 2 new placement being made. The forecast also incorporates a reduction in the cost of bringing 1 OOA placement into Rose Cottage.
SOC32 Ind Foster Ag Plac	1,294	1,294	2,041	747	Although the number of Independent Fostering placements has decreased to 52 individuals in December 18, the budget can only afford 32 placements.
SOC33 In-House Fostering	4,084	4,084	4,149	65	there has been a small decrease in the number of in-house fostering placements this month, which now stands at 207. The current budget is able to afford 193 in 18-19. This is being offset by a slight underspend on Career & Specialist Carers.
SOC34 Kinship Payments	1,096	1,096	949	(147)	Guardianship numbers seemed to have plateaued. A £144k Net MTRP pressure that has been added into 18-19 budgets appears now not to be required.
SOC35 Education Supp Team	118	118	113	(5)	
SOC36 Direct Pay Child Serv	161	161	153	(8)	
SOC37 S17 Child Dis Aid	30	30	30	-	
SOC38 Adoption Allowances	296	296	336	41	
SOC39 Child Safeguard	590	579	561	(19)	
SOC40 Youth Offending Service	675	675	572	(103)	Forecasted underspend for the YOS due to time taken to recruit to some vacant posts and a reduction in the level of sessional work being required to be undertaken by the Service
Adult and Community Services	44,529	44,529	45,399	871	
SOC1 Home Care + Extra Care	1,742	1,742	1,809	68	18-19 MTRP Saving requirement not being achieved
SOC2 Older People Res Units	2,560	2,487	2,405	(82)	Increased in-house residential income £153k and a saving from a vacant post in the Residential Management Team £22k, has been offset by increased (primarily from staffing / agency) costs (Blaeny-pant £47k, Parklands £33k, Spring Gardens £16k) in the in-house residential units
SOC3 Supp Living Agency	690	690	923	233	Following Cabinet Member agreement [Dec 18], this 18-19 MTRP project in Supported Living is now being extended to close the remaining two properties by the end of the 2018-19 financial year. The forecasted over spend now reflects the anticipated costs for the 2nd tranche of redundancy costs which have been agreed to be borne within the Service in the current financial year.
SOC4 Day Opportunities	1,237	1,230	1,129	(101)	Most of the current underspend (£96k) relates to reduced staffing costs from vacancies. 2 vacant posts which includes the Unit Manager post. There are also vacant hours across a number of Day Care Assistant posts. The reduction in the forecast for Dec relates to in year operational savings from reduced Taxi costs and Food Purchases.

	April 18 Approved Budget	Current Budget	Projection	(Under) / Over	Notes - Explanation as Required
	£'000	£'000		£'000	
Summary Revenue Budget 2018/19					
People					
Adult and Community Services	44,529	44,529	45,399	871	
SOC5 First Contact	426	465	466	1	
SOC6 SMAPF	-	-	-	-	
SOC7 Integrated OT Total	623	623	630	7	
SOC8 Centrica Lodge Resp	222	222	203	(19)	
SOC9 Community Care Teams	1,899	1,942	2,122	181	Increased staffing / Agency costs in the Teams and a reduction in Supporting People Partnership Grant funding being received
SOC10.1 Com care Residential Packages	17,988	18,542	19,331	789	There has been an increase of 39 new Service Users since April 18 increase in users within Supporting Living placements has seen pressure on budgets inc users moving out of Newport City Homes housing. £100k pressure for transitional users who will be turning 18 in this financial year
SOC10.2 Com care Supported Living Packages	6,642	7,192	8,526	1,334	
SOC10.3 Com Care Non Residential Packages	11,266	10,659	10,914	255	Over 100 additional users are now receiving services since April 18. £30k pressure for transitional costs for users turning 18 years old in this financial year. £120k costs due to external provider fee changes.
SOC10.4 Com Care Packages Income	(8,394)	(8,243)	(9,530)	(1,287)	Increased contribution from users
SOC11 Community Care Packages-Mental Health	2,377	1,723	1,741	18	
SOC12 Frailty Pooled Budget	1,974	1,920	1,788	(132)	Reduced contribution to the pooled arrangements based on current forecasts
SOC13 Adults Mgt Account	574	651	347	(304)	Over achievement of Medium Term Revenue Plan - £8k, Service Manager Vacancy for 3 months -£18k and unexpected income of -£5k from Ceredigion County Council. Reduced projections against Health & Safety -£24k and DBS fees expenditure -£17k. One off Grant Income received from Welsh Government of £224k. This will be added into the correct activity code in the January 19 monitor.
SOC14 Service Dev + Comm	917	839	801	(37)	
SOC15 Supporting People Gen	183	183	196	13	
SOC16 Adult Serv Cont Sup	1,072	1,120	1,018	(102)	Saving from reductions in contracts from Grants to various organisations
SOC17 Telecare Contract	82	82	55	(27)	
SOC18 Adult Safeguard Tot	449	459	523	64	Increased charges from Aneurin Bevan University Health Board for work associated with Deprivation of Liberty Safeguards / Mental Capacity Act

	April 18 Approved Budget	Current Budget	Projection	(Under) / Over	Notes - Explanation as Required
	£'000	£'000		£'000	
Summary Revenue Budget 2018/19					
People					
Education	14,517	12,648	14,399	1,750	
EDU2 School Based Counsel	206	206	206	-	
EDU3 Autistic Spectrum Disorder	-	-	-	-	
EDU4 Psychology Services	357	357	331	(26)	
EDU5 SEN Team	296	292	273	(20)	
EDU6 SEN Recoup OOC	3,149	3,149	4,234	1,085	Demand higher than budget. Projection includes £50k projected new placements from Dec18-Mar19. Income less than target, insufficient places to sell. Pressure paper submitted for 2019-20.
EDU7 SEN Equip & Resource	95	95	178	84	Additional therapy support packages agreed at panel, additional SNAP agreement not previously accounted for.
EDU8 SEN Local Provision	156	159	417	258	Costs avoidance, in house provision at less than half the cost of sending Out of County.
EDU9 Inclusion Mngt Account	442	296	299	3	
EDU10 Education Welfare Service	344	344	352	8	
EDU11 Bridge Achievement Centre	728	1,013	1,240	227	Increase in demand, high levels of sickness (no budget cover). Currently under review.
EDU12 EIG-Education Improvement Grant	471	471	468	(2)	
EDU13 GEMS	(14)	(14)	(14)	-	
EDU14 Breakfast Clubs	324	324	463	139	Increase in number of breakfast clubs provision. Budget not increased in line with demand.
EDU15 School Meals Repairs & Maintenanc	282	282	327	45	
EDU16 Educ Mngt-Mngt Team	200	406	390	(16)	
EDU17 Educ Mngt-Non Team	(394)	(449)	(543)	(94)	Schools Maternity credits higher than budget (Non-Del). Spending freeze in contribution of funds from Management Account.
EDU18 Service Dev & Bus	225	199	172	(27)	
EDU19 School Admissions & Appeals	267	242	240	(3)	
EDU20 21CS Programme	84	84	86	1	
EDU21 Early Years & Integ	1,057	1,057	1,009	(48)	
EDU22 Redund & Superann	1,013	1,013	1,013	-	
EDU23 Joint Services	1,447	1,447	1,463	16	
EDU24 Transport	3,782	1,674	1,794	120	Demand higher than budget. SEN Transport pressure partially offset by Special Transport savings. September contracts and forecast confirmed by Transport Unit. Potential additional pressure with regards to Home to School escorts, awaiting confirmation from City Services.

	April 18 Approved Budget	Current Budget	Projection	(Under) / Over	Notes - Explanation as Required
	£'000	£'000		£'000	
Summary Revenue Budget 2018/19					
Place					
Regeneration, Investment and Housing	10,028	9,931	9,932	1	
RIH1 Homelessness	871	723	636	(86)	Underspends mainly relate to the Private Sector Leasing scheme; there are reported underspends across repairs and maintenance since using NORSE as well as renegotiated rents with landlords this has been offset in part by a reduction in Housing benefit income expected. Budgets across Homelessness will remain volatile and will be closely monitored by the manager.
RIH2 Strategy & Dev	264	274	239	(35)	
RIH3 Housing Needs	709	847	767	(80)	Manpower savings make up a significant element of variance (£-149k); team restructured in year, delays to recruitment and in year sickness issues resulting in manpower underspend; this has been offset by in part by an under recovery of Supporting People grant (£34k) and legal costs in respect of three legal challenges that are ongoing (£29k). Mutual termination being discussed - forecast of £9.3k added in November.
RIH4 Private Sector Housing	93	72	94	22	
RIH5 Com & Ind Portfolio	(976)	(1,129)	(1,081)	48	
RIH6 Provision Market	(133)	(200)	(127)	73	Overspends against building repairs and refuse expected. Quarterly reconciliation of income has shown that whilst we are expecting to under recover against budget there is an expected increase in rental income reported to date. The NCC client officer has liaised with NORSE colleagues to confirm the position is accurate.
RIH7 Civic Centre Facilities Management	659	634	896	262	Main overspends relate to response, grounds maintenance and refuse costs. A review of utilities has found that there are costs outstanding for 1718 which have now been paid therefore forecasts have been increased to cover the additional cost. In October period significant additional expenditure has been forecasted for the Modernised Council review which is ongoing (£142k); there could be further expenditure however this value is not yet known. Water forecast and costs removed to centralised properties where budget held however this is offset by expenditure included for the purchase of additional defibrillators for the civic centre.
RIH8 Station Buildings	365	342	291	(52)	Cost of borrowing figures has reduced by £25k also rates recharges relating to the information station have been reduced to reflect actual charges (£55k) these reductions have been offset by additional response repairs and repairs to the water meter.
RIH9 Centralised Properties	3,896	4,072	3,922	(149)	Over recovery of profit share income relating to 2017/18 (£-135k). Cipfa commissioned review of NORSE has commenced, NCC costs anticipated to be £9k with NORSE picking up the remaining balance. Reduction in contract payment to Norse from November 1819 - in respect of Energy (£-12.9k). Utilities forecasts have increased in line with the energy team data received. Additional forecasts also added for expenditure required on the PAC security system and response repairs increasing across the premises.

	April 18 Approved Budget	Current Budget	Projection	(Under) / Over	Notes - Explanation as Required
	£'000	£'000		£'000	
Summary Revenue Budget 2018/19					
Place					
RIH10 Carbon Reduction	328	327	242	(85)	Reductions across the energy budget pending the implementation of a new energy strategy; further savings could be achieved if delays continue. Further reduction on staffing costs assumed. Draught excluding work forecasted need to ensure the work is going ahead.
RIH11 Building Control	24	14	16	2	
RIH12 Plan & Dev Mngt Acc	114	114	228	114	External fees for the development of Newport Knowledge Quarter and Northern Gateway Strategy and Demand Modelling
RIH13 R+R Pooled Admin	44	48	49	1	
RIH14 Urban Regeneration	260	296	297	1	
RIH16 Development Mngt	314	299	275	(24)	
RIH17 Planning Pol & Imp	215	216	221	5	
RIH18 Local Dev Plan	72	72	72	-	
RIH19 Community Centres	203	201	298	97	Pill Active Inclusion and Norse fees
RIH20 Comm Dev Core	199	196	167	(29)	
RIH21 Youth Core	276	270	219	(51)	Transfer of unused Dilapidation Reserve
RIH22 City Playschemes	91	93	83	(10)	
RIH23 Adult Education	(100)	(100)	(128)	(28)	
RIH24 Libraries	1,066	1,078	1,063	(15)	
RIH25 Museum & Art Gallery	397	403	427	24	
RIH26 Medieval Ship	73	66	67	1	
RIH27 Partnerships	174	174	168	(6)	
RIH28 Tredegar House & Grounds	399	399	399	-	
RIH29 14 Locks	21	21	21	-	
RIH30 Transporter Bridge	116	116	142	26	
RIH31 CD Communities First	1	-	(19)	(19)	
RIH32 Work & Skills Employ	(0)	-	15	15	
RIH33 Work & Skills Europe	-	-	-	-	
RIH34 Families First	-	-	-	-	
RIH35 Flying Start	1	-	-	-	
RIH36 Monwel	(7)	(6)	(26)	(21)	
RIH37 Youth	0	-	-	-	
30420 Ellen Ridge Site	-	-	-	-	
41065 Rivermead Centre	-	-	-	-	
41066 Cefn Wood Centre	-	-	-	-	
41070 Community Centre General	-	-	-	-	
City Services	20,805	22,914	23,064	150	
STR1 Env Serv	748	771	817	46	
STR2 Cemeteries	(494)	(461)	(463)	(2)	
STR3 Public Transport	1,104	1,101	1,186	85	Reduced income due to non delivery of charges and adjustments to current service levels
STR4 Asset Management	353	326	336	10	

Summary Revenue Budget 2018/19

	April 18 Approved Budget	Current Budget	Projection	(Under) / Over	Notes - Explanation as Required
	£'000	£'000		£'000	
Place					
City Services	20,805	22,914	23,064	150	
STR5 Street Lighting	2,365	2,144	2,181	37	
STR6 Senior Management Team	(24)	353	402	49	
STR7 Traffic Mngt & Street	(15)	263	285	22	
STR8 Road Safety	212	182	121	(61)	savings from vacant school crossing patrol posts
STR9 Leisure Trust	2,870	2,842	2,901	59	Refund of Grant received twice in 17/18 (£40K) and increased supplies cost (£19K).
STR10 Waste Disposal Site	(287)	(469)	(770)	(301)	Additional commercial income
STR11 Recycling	2,714	1,769	1,824	55	Additional supplies costs associated with recycling
STR12 Refuse Collection	2,540	3,023	3,108	85	Reduction in external trade waste contracts (£65k) and increased haulage costs to Trident Park (£20k)
STR13 Civic Amenity Site	361	676	721	45	
STR15 Drainage Operations	662	655	516	(139)	Vacancy savings (£40k); savings on supplies budget (£54k), increased contract income (£20k) and increased cesspit emptying income (£25k)
STR16 Fleet Management	2,139	2,099	2,114	15	
STR17 Grounds Maint	927	796	941	146	Variance due to Income not expected to meet budget
STR18 Highways	1,566	1,560	1,484	(76)	Glan Llyn roundabout confirmed as grant funded
STR19 SDR South Distrib Road	(115)	(116)	(116)	0	
STR20 Off Street Parking	(278)	(278)	(300)	(22)	
STR21 Street Cleansing	1,510	1,599	1,684	85	Increased staffing costs (£52k); reduced internal income (£30k) and increased supplies (£3k)
STR23 Depot Salaries	160	197	249	53	Increased premises costs for site maintenance and repairs (£50k) and supplies (£3k)
STR24 Winter Maintenance	128	128	192	64	Costs of Stand-by and Call-out payments previously underestimated
STR25 Public Features	52	42	42	-	
STR26 Customer Services	1,491	1,533	1,387	(145)	Significant savings on staff costs offset by some unbudgeted cost
STR27 Benefits	115	73	48	(25)	
STR28 Home to School Transport	(0)	2,108	2,174	66	Increased secondary home to school transport contract costs
Total Place	30,832	32,845	32,996	151	
Chief Executive					
Dire CD100 Directorate	599	599	555	(44)	
Finance	3,084	3,084	2,991	(93)	See comment below
FIN1 Accountancy	2,060	2,060	2,082	22	
FIN2 Internal Audit	347	347	333	(14)	
FIN3 Purchase to Pay	(1)	(1)	(3)	(2)	
FIN3 Purchase to Pay	126	126	127	1	
FIN4 Strategic Procurement	100	100	53	(47)	

Summary Revenue Budget 2018/19

Chief Executive

	April 18 Approved Budget	Current Budget	Projection	(Under) / Over	Notes - Explanation as Required
	£'000	£'000		£'000	
FIN4 Strategic Procurement	236	236	177	(60)	Staff cost savings and unbudgeted Income. In Dec additional £28K forecast for Licence fee that may arise.
FIN5 Council Tax & NNDR	58	58	88	30	
FIN6 Debtors	158	158	136	(22)	
People and Business Change	6,990	7,080	6,917	(163)	
PBC1 HR Strategy & Op	478	534	460	(74)	Staff cost savings due to Vac. Posts & Mat. Leave and some additional costs. Also, overall there is additional unbudgeted income.
PBC2 HR Emp Serv	502	373	342	(31)	
PBC3 Business Chg Improv	65	47	(59)	(106)	Savings on staff budget largely due to posts post vacant in year, maternity leave and staff reducing hours.
PBC3 Business Chg Improv (£292k) / PBC4 Performance Mgt Plan (£69k)	360	300	351	50	This is offset with 125 posts for which Funds Transfers have been made
PBC5 Com Cohesion	7	7	8	0	
PBC6 Partnership	518	518	518	(0)	
PBC7 Partnership & Policy	495	501	506	5	
PBC8 Health and Safety	178	178	187	9	
PBC9 Social Services	233	233	233	-	
PBC10 Digital	245	317	297	(20)	
PBC11 Info Gov & Dev	162	144	128	(16)	
PBC12 Shared Res Serv	3,202	3,211	3,211	-	
PBC13 Document Services	257	257	277	20	
PBC14 Spatial Data Unit / PBC15 Gazetteer & Address / PBC16 Edu Info Sup Dev	286	459	459	0	
Law and Regulation	6,906	6,902	6,899	(3)	
LAW1 Comms & Market	595	564	558	(6)	
LAW2 Registrars	123	126	177	51	Overspend mainly relates to staffing which is in line with 17/18 and actual spend for 18/19. Budget will be monitored closely as it needs to cope with demand following an increase in registration activity.
LAW3 Demographic Services	519	553	523	(30)	
LAW4 Members Allowances	1,050	1,067	1,088	21	
LAW5 Electoral Reg	228	228	245	17	
LAW6 Legal	1,299	1,294	1,273	(22)	
LAW7 Land Charges	(117)	(117)	(91)	25	
LAW8 Insurance	881	881	799	(81)	Vacant Highways Claims Investigator post (Apr - July) which has now been filled. £37K reduction in insurance premiums for 18/19. £12K refund from the Court relating to previous years. Reduction in supplies forecast and in increase in income due to schools offsite activities.
LAW9 Comm Safety	744	757	835	79	£64K reduction in CCTV income based on confirmed contracts for 18/19. Due to the delayed implementation of a restructure the forecast includes £19K salary for the Anti-Social Behaviour Manager. Savings on employees and the realignment of the Noise & Neighbourhood budget offsets a reduction in income.
LAW10 Environmental health	991	955	951	(4)	
LAW11 Trading Standards	724	724	748	24	
LAW12 Licensing	(131)	(131)	(208)	(77)	Income forecast based on actual to date along with trends and outturn in previous years.
Total Chief Executive	17,579	17,665	6,091	(303)	

APPENDIX 4 – Schools Funding and Balances

School	Opening Balance	Movement In	Closing Balance	Final Funding	Schools In Deficit 31	
	31/03/18	Reserves 2018/19	31/03/19	2018/19	2018	2019
	£	£	£	£		
Fairoak Nursery	16,527	16,865	33,392	201,747		
Kimberley Nursery	(15,122)	(23,014)	(38,136)	269,375	Y	Y
Total Nursery Schools	1,405	(6,150)	(4,745)	471,122		
Alway Primary	49,365	6,925	56,290	1,412,135		
Caerleon Lodge Hill Primary	42,035	(22,848)	19,187	938,128		
Charles Williams Cw Primary	134,136	(13,151)	120,985	1,605,780		
Clytha Primary	30,213	(8,355)	21,858	773,078		
Crindau Primary	169,288	(23,417)	145,871	1,298,984		
Eveswell Primary	254,930	(68,518)	186,412	1,409,638		
Gaer Primary	33,244	35,038	68,282	1,474,579		
Glan Usk Primary	47,265	(82,106)	(34,841)	1,944,247		Y
Glasllwch Primary	68,103	(46,317)	21,786	698,725		
High Cross Primary	31,456	(36,010)	(4,554)	896,982		Y
Jubilee Park Primary	46,499	2,254	48,753	802,372		
Langstone Primary	88,510	(32,396)	56,114	1,012,559		
Llanmartin Primary	44,324	(20,628)	23,696	751,087		
Lliswerry Primary	48,883	8,409	57,292	1,915,823		
Maesglas Primary	27,081	(5,312)	21,769	913,580		
Maindee Primary	35,101	(8,480)	26,621	1,556,413		
Malpas Church In Wales Primary	69,915	8,053	77,968	1,117,831		
Malpas Court Primary	74,068	(34,767)	39,301	1,045,556		
Malpas Park Primary	55,804	(21,896)	33,908	741,088		
Marshfield Primary	77,780	(27,021)	50,759	1,285,794		
Millbrook Primary	95,198	(34,989)	60,209	953,667		
Milton Primary	21,097	41,353	62,450	1,507,464		
Monnow Primary	145,753	17,154	162,907	1,362,574		
Mount Pleasant Primary	22,136	(18,602)	3,534	788,515		
Pentrepoeth Primary	49,759	(12,534)	37,225	1,304,659		
Pillgwenlly Primary	151,884	(33,061)	118,823	2,068,572		
Ringland Primary	22,225	28,646	50,871	1,009,806		
Rogerstone Primary	41,201	9,842	51,043	1,984,012		
Somerton Primary	45,520	(590)	44,930	636,707		
St. Andrews Primary	38,248	12,518	50,766	2,131,012		
St. Davids Rc Primary	72,110	(25,232)	46,878	677,322		
St. Gabriels Rc Primary	36,762	(9,477)	27,285	537,246		
St. Josephs Rc Primary	39,655	1,837	41,492	649,305		
St. Julians Primary	183,548	474	184,022	1,961,361		
St. Marys Rc Primary	68,693	(7,342)	61,351	1,155,344		
St. Michaels Rc Primary	20,602	1,615	22,217	683,577		
St. Patricks Rc Primary	45,578	2,608	48,186	678,687		
St. Woolos Primary	6,800	(14,608)	(7,808)	1,007,940		Y
Tredegar Park Primary	76,756	61,377	138,133	1,438,975		
Ysgol Gymraeg Bro Teyrnion	164,795	(82,313)	82,482	574,901		
Ysgol Gymraeg Casnewydd	93,607	15,995	109,602	1,094,659		
Ysgol Gymraeg Ifor Hael	130,492	(22,497)	107,995	664,105		
Total Primary Schools	3,000,418	(187,301)	2,542,046	48,464,789		
Bassaleg School	317,850	(164,655)	153,195	6,871,773		
Newport High	15,410	36,506	51,917	4,891,004		
Caerleon Comprehensive	(109,030)	(635,685)	(744,715)	5,980,959	y	y
The John Frost School	81,748	44,787	126,535	5,387,172		
Llanwern High	138,830	(71,963)	66,867	4,432,875		
Lliswerry High	(255,561)	(288,405)	(543,966)	3,729,805	y	y
St Josephs R.C. High	179,172	(96,219)	82,954	5,673,165		
St Julians School	237,305	(398,546)	(161,241)	6,983,164		y
Ysgol Gyfun Gwent Is Coed	142,361	(151,327)	(8,966)	914,000		y
Total Secondary Schools (inc Post 16)	748,086	(1,597,599)	(977,421)	44,863,917		
Maes Ebbw Special	(13,993)	(26,440)	(40,433)	3,576,567	Y	Y
Bryn Derw	121,524	(102,442)	19,082	970,463		
Total Special Schools	107,532	(128,882)	(21,351)	4,547,030		
Assumed additional grant and other compensation		0				
Total	3,857,441	(1,919,934)	1,538,529	98,346,858	4	9

APPENDIX 5 – Planned Movement in Reserves

Reserve	Balance at 31-Mar-18	Planned movements in year												Balance at 31-Mar-19
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Council Fund:	(6,500)													(6,500)
Balances held by schools for future use	(3,857)												1,920	(1,937)
Earmarked Reserves:														
Insurance Reserve	(1,594)												300	(1,294)
MMI Insurance Reserve	(602)													(602)
Health & Safety	(16)												16	-
Music Service	(124)												89	(35)
Education Achievement Service	(92)													(92)
Schools Redundancies	(708)													(708)
Friars Walk	(8,405)												500	(7,905)
European Funding I2A & CFW	(173)												(17)	(190)
Metro Bus	(9)													(9)
Pay Reserve	(1,418)													(1,418)
NEW - GEMS Redundancies	(78)												2	(76)
SUB TOTAL - RISK RESERVES	(13,219)	-	-	-	-	-	-	-	-	-	-	-	891	(12,328)
Capital Expenditure	(5,761)												616	(5,145)
School Works	(347)			100										(247)
School Reserve Other	(924)												924	-
Investment Reserve	(966)												475	(491)
Invest to Save	(9,557)												(812)	(10,369)
Super Connected Cities	(554)												128	(426)
Landfill (fines reserve)	(345)													(345)
Usable Capital Receipts	(8,901)												3,489	(5,412)
NEW - City Services Manager Support	(200)												52	(148)
SUB TOTAL - ENABLING RESERVES	(27,555)	-	-	100	-	-	-	-	-	-	-	-	4,872	(22,583)
STEP School Computers	(357)												357	(0)
Municipal Elections	(54)												(37)	(91)
Local Development Plan	(599)												(30)	(629)
Glan Usk PFI	(1,605)												10	(1,595)
Southern Distributor Road PFI	(44,515)												340	(44,175)
NEW - Building Control	(48)												(74)	(122)
SUB TOTAL - SMOOTHING RESERVES	(47,179)	-	-	-	-	-	-	-	-	-	-	-	566	(46,613)

Reserve	Balance at 31-Mar-18	Planned movements in year												Balance at 31-Mar-19
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Works of art	(21)													(21)
Theatre & Arts Centre	(232)													(232)
Cymorth Income	(33)												33	-
Blaen Y Pant Remodelling (Formerly Pupil Referral Unit)	(60)												60	-
Gypsy and Traveller Site	(7)												7	-
Homelessness Prevention	(38)												-	(38)
Environmental Health - Improve Air Quality	(49)													(49)
Refurbishment of a Children / Older People Homes	(62)				8		10						44	(0)
Apprenticeship Scheme	(84)												35	(49)
City Economic Development Reserve	(90)												45	(45)
Welsh Language Standards	(174)												60	(114)
YS Dilapidation Costs Information Shop	(41)												41	-
Port Health	(8)												(5)	(13)
Customer Relationship Management (CRM) Project	(681)												681	-
Welsh Community Care Information System (WCCIS)	(38)		36	2										-
NEW - Events	(190)												130	(60)
NEW - MTFP Reserve	(2,715)												1,200	(1,515)
NEW - Development of Leisure Masterplan	(15)												15	-
NEW - Voluntary Sector Grants	(66)												44	(22)
NEW - Bus Wifi	(35)												18	(17)
SUB TOTAL - OTHER RESERVES	(4,639)	-	36	2	8	-	10	-	-	-	-	-	2,408	(2,175)
RESERVES TOTAL	(102,948)	-	36	102	8	-	10	-	-	-	-	-	10,657	(92,135)

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Report

Cabinet

Part 1

Date: 13 February 2019

Item No: 6

Subject **Capital Programme Monitoring and Additions December 2018**

Purpose To submit to Cabinet for approval, requests for new capital schemes to be added to the Council's Capital Programme, which will form the basis for new remaining 4 years of the 5 year programme to be included in the new capital strategy, treasury management strategy and its revenue funding within the 2019/20 MTFP budget report.

To update Cabinet on current spending against the Capital Programme schemes highlighting the forecast outturn position for the programme as at December 2018.

Author Assistant Head of Finance

Ward All

Summary In 2018/19 a substantial 5-year capital programme to enable service delivery and invest in the City. The capital programme is also a key enabler in delivering the ambitious plans set out in the Corporate Plan and commitments set out within it. As we approach the end of the first year of the five-year programme, the original programme has been built upon and updated as new demands/opportunities have been forthcoming.

The programme includes some substantial schemes to help deliver the service objectives of the organisation, and the commitments set out in the Corporate Plan, these include:

- inclusion of £70m investment in 21st Century Schools Band B project;
- investment in various regeneration schemes across the City, such as the market arcade and commercial street;
- substantial fleet replacement programme
- investment into new children's homes
- delivery of Civil Parking Enforcement

The development of the capital programme needs to be made up in the context of affordability and sustainability and capital expenditure can place a long term revenue commitment on the authority. This is set out in the capital strategy to be approved by full Council in its February meeting.

This report updates Cabinet on the current capital expenditure position as at the end of December 2018 along with the forecast outturn for the remainder of 2018/19. The position shows an overall variance of £4,662k, this is broken down into slippage into 2019/20 of £4,469k and an underspend of £192k. It is requested that the slippage is moved from 2018/19 into the 2019/20 budget.

Included within 2018/19 capital additions of £4,436k which is requested to be added into the overall 5-year programme, these are funded by a variety of borrowing, grants and

section 106 monies. The overall 5-year programme has increased by £25,214k the detail of which is included in Appendix C. The additions are still within the affordability headroom for capital expenditure.

The report also updates Cabinet on the current position regarding capital receipts. To date £223k of capital receipts have been received this year, it is anticipated there will be approximately £1.74m of capital receipts received by the end of 2018/19.

Proposal To approve the additions to the Capital Programme requested in the report (Appendix C) and approve slippage from 2018/19 budget into 2019/20.

To note the available remaining headroom over the life of the capital programme and the need to prioritise capital expenditure within this envelope to ensure the programme remains affordable.

To note the capital expenditure forecast position as at December 2018.

To note the balance of and approve the allocation of in-year capital receipts.

Action by Assistant Head of Finance

Timetable Immediate

This report was prepared after consultation with:

- Heads of Service
- Accountancy teams for relevant service areas
- Relevant Service Area Project Managers
- NORSE Property Services

Signed

Background

The table below shows the updates of the Capital Programme since the original was approved as part of the budget report in February 2018. Since the last report which was the monitoring for September, there has been an additional £25,214k added to the programme, taking the total 5-year programme to £159,283k (detailed in Appendix C). Additions to the programme to date have all been within the headroom available, which is detailed later in the report.

Report	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's	Total £000's
	Budget	Budget	Budget	Budget	Budget	
Original Programme	35,805	24,884	23,309	23,606	19,282	126,885
Outturn Report (29.05.2018)	48,877	24,884	23,309	11,606	19,282	127,958
Monitoring Report – July	50,629	29,163	27,192	6,810	18,110	131,904
Monitoring Report – Sept	34,417	35,540	27,192	18,810	18,110	134,069
This Report	34,383	56,788	28,892	20,110	19,110	159,283

Changes to the approved Capital Programme

- The changes to the capital programme identified in this report have decreased the overall size of the current year programme by £34k since reported in the Monitoring and Additions Report in September. This includes both additions of £4,436k, offset by slippage into 2019/20 of £4,469k, taking the total amount that has been slipped from 2018/19 during the year to £9,968m. These budget changes and their associated funding are listed in Appendix C and are requested to be approved by Cabinet, whilst Appendix B shows the capital expenditure and detailed forecast for 2018/19. The additions to the programme are summarised in the paragraphs below.

Education

- **21st Century Schools (Band B)** – Whilst this is not an addition to the programme it should be noted that since the Monitoring and Additions Report in September, Welsh Government have changed the intervention rate awarded for any Band B programme from 50% to 65%, this has enabled the overall headroom to increase across the capital programme but has not increased the Band B programme further than that what has already been approved.
- **Welsh Medium Primary** – This is a grant funded by Welsh Government to establish a new Welsh-medium Primary School with nursery and SEN facilities.

Regeneration, Investment & Housing

- **Arva Investment (£720k)** – This is a loan to Arva Investments for the development of 195-198 Upper Dock Street which is funded by repayable funding. This funding is from Welsh Government as a one off amount to support town centre regeneration to Newport City Centre. The project will renovate three commercial units on the ground floor as well as converting eight apartments on the upper floors with a new entrance. There was a delay to the project due to waiting for planning consent but all matters have now been resolved and the expected completion date is October 2019, this potentially means that some of the funding will be slipped into 2019/20.
- **Renewable Energy (£1,729k)** – This scheme has been added to the programme in 2019/20 to explore opportunities for investment in renewable energy.

People and Business Change

- **Customer Relationship Management (CRM) system (£681k)** – This scheme is for the development of a customer facing system which integrates and rationalises a number of council systems. This scheme has been profiled across two financial years, with the majority of the spend occurring in this financial year. There are four phases to this rollout with phases 1 – 2 due to be completed this financial year.
- **Local Full Fibre Network (£10,000k)** – Newport City Council have submitted a bid to the Department for Digital, Culture, Media & Sport for the development and implementation of a Full Fibre Network. Newport is the lead authority for the bid and this is expected to be funded by both grant funding and contributions from the other authorities.

Children's and Families Services

- **Children's Residential Home (£650k)** – A bid has now been approved for ICF funding to purchase a four bed residential home for children with complex needs within Newport. A property has been located and is expected to complete by the middle of February 2019.
- **Oaklands Children's Respite (£505k)**- This is another bid which has been approved by ICF grant funding. This is to carry out renovations to the building following on from the feasibility study which was carried out by Norse last year. The scheme is expected to complete by the end of March 2019.

City Services

- **Road Safety Grant (£1,800k)** – Following the announcement from Welsh Government for additional grant funding being made available for highway refurbishment works, Newport have received £600k in 2018/19, 2019/20 and 2020/21. Due to how late the confirmation of the funding allocation has been given, not all spend will be able to be achieved, so it is expected that this grant will be awarded on a capital displacement basis. This money can be spent on any non grant funding within 2018/19, provided that within 2019/20 the money is spent on highway refurbishment.
- **Increased Recycling (£1,250k)** – This scheme has been agreed as a result of the MTFP budget proposal for ‘Increased Recycling’. This is for the purchase of new bins and food caddies to increase recycling from household collections to allow the Council to achieve statutory recycling targets. The scheme has been profiled across two financial years with £1,128k requested to be added to the capital programme in 2019/20 as part of the Capital and Treasury Management Strategy report. This is due to the fact that whilst the food caddies can be delivered by the end of March, because the tenders for the bins have only just been awarded the cost of the bins will now come out of 2019/20.
- **Newport Station Footbridge (£3,077k)** – This is a new grant through the Local transport which was awarded in Newport for a new footbridge from Devon Place into the town centre, full spend is forecast this year, and we have also received indicative figures for 2019/20 and 20/21.
- **18-19 Correction Collaborative Change Programme (£1,175k)** – This is grant from Welsh Government which has been paid directly over to Wastesavers for improvements to infrastructure and the recycling equipment. Full spent has been achieved.
- **Local Transport Fund Monkey Island Bridge Lliswerry (£30k)** – This scheme is again funded by LTF which was awarded at the end of November to set up a project group and undertake feasibility studies on the proposed scheme to build a bridge across Monkey Island in Lliswerry. Full spend is expected.
- **LTF Sustainable Transport (£25k)** – This grant has been awarded by LTF at the end of November for the purpose of undertaking a Sustainable Transport Study within Newport. The project is on track and full spend is expected, with the view to be able to complete a ‘continuation’ bid once the study has been finalised.

Update on available headroom

The budget report set by Cabinet in February 2018 set out a framework to ensure the Council would maximise its capital expenditure while keeping within the current affordability envelope, “headroom”, which would not cause additional pressure on the revenue budget to that currently set.

The headroom is impacted by capital expenditure that is not funded by external resources i.e. grants or cannot be funded through the revenue savings it achieves. The framework approved at Council agreed the following:

- Funding from sources other than borrowing needs to be maximised, by securing grant funding whenever possible and, maximising capital receipts
- Regeneration schemes would be funded from ring-fencing the capital expenditure reserve only and Joint Venture funds. Other kinds of support through making of loans etc. would then be considered to support schemes, where it was needed and appropriate.
- Any change and efficiency schemes or schemes which save money requiring capital expenditure would be funded by netting off the savings achieved
- Schemes and projects which generate new sources of income would need to fund any capital expenditure associated with those schemes.

The table below gives the latest position on the available headroom as at December 2018/19 across the five-year programme.

The headroom as increased since the September monitoring report due, in the main, to the increased intervention rate for 21st Century Band B and additional capital grants within the final settlement over three years, starting 2018/19.

Capital Headroom to 2023/24	£'000	
Uncommitted Borrowing Headroom	8,514	Where capital cannot be funded from external sources (i.e. grants) or through the savings it makes, it will need to be funded by borrowing or capital receipts. This source of funding will reduce the headroom available.
Uncommitted Usable Capital Receipts*	289	
Forecast Capital Receipts**	2,258	
Uncommitted Headroom	11,060	
Uncommitted JV Receipts	1,150	As per framework available JV receipts and the capital expenditure reserve will be earmarked for regeneration schemes.
Uncommitted Capital Expenditure Reserve	5,022	
Available for Regeneration schemes	6,172	
Total Available	17,232	

*Usable Capital Receipts only include the amount that has actually been received by the authority through disposals.

** The forecast for future capital receipts only includes ones where there is a high level of certainty that they will be achieved in the year. The above headroom does not include any receipts gained through selling vehicles; this work is currently being undertaken.

Any decision to add projects to the programme must be aware of the impact that it will have on the headroom until 2023/24. As the table shows above, there is £11,060k available headroom that has not been earmarked for other purposes. Over the remaining life of the programme this is a very challenging amount. Therefore, when making decisions on capital expenditure, officers and Cabinet need to be mindful of the available headroom and the affordability of the programme, and will need to prioritise expenditure accordingly. Any expenditure over the value of the headroom will cause a pressure on the revenue medium term financial plan. A capital strategy has been drafted, which outlines the long-term challenge the Council faces in regards to capital expenditure, this is to be approved by Full Council alongside the Treasury Strategy 2019/20 at February Council.

Any slippage or re-profiling of budgets within the 5-year programme does not affect the headroom, as it focuses on the overall funding required over the life of the programme and not on an individual year basis.

2018/19 Capital Expenditure Position as at December 2018

- The 2018/19 capital programme allocation now totals £34,383k after slippage. Capital expenditure incurred up to the end of December 2018 totalled £13,618k, which is still quite low at 39.6% of the overall budget with three quarters of the year gone. Whilst it is appreciated that a significant level of capital expenditure tends to be incurred in the final quarter of the financial year, as has been the trend for many years, this is still low. Considering, as well, the level of slippage which occurred in 2017/18, it is vital that budget holders forecast their outturn accurately. Project managers will be expected and are obliged to continue to control their schemes robustly and monitor them closely to ensure accurate forecasting. Failure to do so has a detrimental impact on the Council's medium term capital planning.
- The forecast outturn position for the 2018/19 programme is currently estimated to be £34,191k as detailed in the following table. This includes additions of £4,436k, additional slippage of £4,469k and an underspend of £192k. An update on the headline/ high value schemes is provided in the next section; Appendix B summarises the progress on the remainder of this year's programme.

Service Area	Updated Budget 2018/19 £000's	Forecast Outturn £000's	Slippage £000's	(Under)/Over Spend £000's
Education	12,133	10,495	(1,546)	(92)
Regeneration, Investment & Housing	12,029	10,761	(1,268)	0
People & Business Change	884	794	(90)	0
Adult & Community Services	195	195	0	0
Children & Young People Services	1,831	1,831	0	0
City Services	11,780	10,115	(1,565)	(100)
Total	38,852	34,191	(4,469)	(192)
Budget following slippage	34,383	34,191	N/A	(192)

Update on Headline / High Value Schemes

Education

- Within the 21st Century Schools Band A Programme, two of the original six project streams remain ongoing: Maes Ebbw Special School expansion, and Ysgol Gyfun Gwent Is Coed (YGGIC) / John Frost School. All works are complete in relation to the demountables, nursery and Welsh-medium primary programmes. The Caerleon Lodge Hill Primary rebuild was handed over to the Council in October half-term with all furniture and IT systems installed prior to the pupils entering the school. The infant building is now vacant and currently being managed by Education. Work is ongoing to consider the future use of the building. Following a delay, the contractor working on Maes Ebbw is working hard to reduce the delay and is confident that the project will be completed by Easter 2019. Following a meeting in December the final account position for Ysgol Gyfun is Coed is near to being agreed. Once the figure is agreed a report will be issued to consider options for the remaining budget.
- Newport Norse and the Education Department have been working closely together in order to robustly plan the 21st Century Schools Band B. Four schools have been identified as projects to commence in this financial year. Is Coed Secondary Band B (£75k), Bassaleg Secondary (£105k), Caerleon (£100k) and Whiteheads Primary (£110k). Reports from the scoping workshops have been issued to the schools. The information will now be used to develop the individual school briefs. This information will also support the development of costs for the programme Costs have been developed for Ysgol Gyfun is Coed and the outline business case is due to be submitted at the end of January. Costs have come in significantly more than the original indication and schemes will need to be prioritised to keep the programme within the £70m envelope.
- Due to the delay in the opening of Glan Llyn, the budget required for the furniture fixtures and equipment has largely been slipped in 2019/20.

Regeneration, Investment and Housing

- Gypsy/ Traveller Site Development – The project is progressing well with the majority of the ground works completed and the building of the plots are due to finish mid-March with handover expected by 31st March 2019. Some slippage has been requested into 2019/20 for archaeology fees and

refurbishment to the community centre on site, however all Welsh Government grant monies are expected to be spent by the end of the financial year.

- The Renovation Grants budget, currently split between Disabled Facilities Grants (£765k) and Safety at Home (£346k) but can be flexed as necessary. Expected slippage has reduced from September report by £61k due to a slight increase in expected applications. The DFG budget is enhanced yet again by the ENABLE Support for Independent Living grant (£197k) awarded by Welsh Government.
- The asset maintenance programme is showing further slippage of £56k into 2019/20. This is due to it being looked at as a two-year programme by Norse, and the size and complexity of the projects means the weighting of the spend is shifted towards 2019/20.
- The redevelopment of 123-129 Commercial Street continues on programme. The completed scheme will be named Liberty Gardens. The next phase will start in 2019/20 which will see the external facades of the now completed structural shell installed.
- Market Arcade - HLF have agreed to a partial 'permission to start' in light of ongoing complexities with the scheme as a result of the disparate ownerships involved. Newport City Council can proceed with technical development and tender the scheme in order that all stakeholder have clarity over costs before committing to the full refurbishment. This has effectively introduced a third stage to the project which allows some ability to reclaim abortive costs incurred in reaching this stage, which largely relate to professional fees. The technical design is scheduled to be completed and tender docs issued by June 2019.
- Neighbourhood hubs – The Ringland pilot is incorporated within the TRI capital programme and the application is to go to February panel for approval, however, it is uncertain whether approval will be given in this financial year, but it is likely to be approved in 2019/20. Full spend of the MALD and Flying Start grants are expected this financial year.
- Transporter Bridge - HLF have given permission to start on development stage. A new project co-ordinator has been appointed and consultants have been also employed to develop the interpretation plan. Norse are going out to tender, and look to have all appointed by April 2019. The programme is currently on target despite some delays with HLF confirming funding.

People and Business Change

- The IT System & Equipment Replacement Programme budget was reduced in 2018/19 from £225k to £150k in line with the SRS business case. Following the September report, £167k was slipped into 2019/20 with additional slippage now requested of £90k.

Adult and Community Services

- Both the Telecare Service Equipment and GWICES schemes are progressing as planned. Full spend forecast.

Children and Family Services

- Children's Residential homes – Following approval by Cabinet, work has been ongoing to procure three new properties which will be suitable for use as children's residential homes. One property has already been purchased. We have now received confirmation of ICF funding to purchase another four bed property for use as a residential home for children with complex needs. A further potential property has been identified, and a grant of £41k has been awarded by ICF to carry out feasibility works. £900k from the original budget has been slipped into 2019/20, but the programme has been updated the £650k grant that has been approved by ICF.

City Services

- Fleet Replacement Programme – Detailed work has been undertaken to understand the total requirement for the Fleet replacement, and whilst this may change slightly as demands change, such as moving more towards the use of Electric vehicles, all known requirements have been included. Due to the lead time of vehicles needed to be purchases, slippage further slippage is expected.
- LFT Eco Stars (£55k) – This is a grant that has been awarded by Local Transport Fund in order for the council to carry out public transport enhancements to undertake work with a company called EcoStars, and an underspend of £12.5k is forecast due to a delay in the project and work not being able to commence until quarter three of 2018/19.
- Decriminalised Parking – The Council is looking to introduce Civil Parking Enforcement in 2019. The signs and lines statutory review has now been finalised. The review conducted divided the city into 9 zones, a significant amount of slippage is requested, but the project is on track. Because of the varied nature of the zones, there was no real clarity until recently on how best to phrase the scheme. The ‘Sign’ element of the project is due commence soon when the tender is awarded by procurement and it is hoped that potentially, up to two of the nine zones will be able to be completed by the end of March. The ‘Lines’ element of the project has completed two out of the nine zones. However, both elements of the scheme are dependent on the weather and contractor resource. The forecast has assumed that a proportion of the work will carry over into 2019/20 together with some associated staff and equipment costs. It must be stressed that this is a best estimate due to how heavily weather and resource dependant the project is. It is anticipated at this time that the full budget will be required to deliver this project.
- Streetlighting LEDs – Due to delays in being able to award the contract, testing requirements and the wait to get specialist contractors on site to carry out the testing as well as bad weather, the scheme is now behind schedule. However, the contact was awarded at the beginning of January and orders for the LED’s are expected to be placed soon, but there is a six weeks lead time, therefore installation is now expected to begin in late March. Salix have confirmed that they are able to make an interim payment based on orders raised, but a significant amount of slippage is forecast.
- Schemes have been identified under the sub-headings of road safety, street-wide improvements and lighting column replacement, within the £500k annual budget allocation for Highways Capital Maintenance. Full spend is anticipated for 2018/19.

Update on Capital Receipts

The table below shows the latest position in regards to capital receipts. Capital Receipts of £223k have been received to date with another £1.74m is forecast to be received this financial year. The table below also shows capital receipts held for Newport Unlimited, which are attributable to the previous joint arrangement between Newport City Council and Welsh Government. As previously reported to Cabinet, these funds are earmarked for city centre regeneration.

Asset Disposed	Receipts Received in Year	Total Available Receipts 2017/18
	£	£
GENERAL CAPITAL RECEIPTS		
Balance b/f from 2017/18		7,251,703
Clevedon Road	122,000	122,000
Ebenezer Terrace	26,000	26,000
Land at Willenhall Street	60,000	60,000
Land at Usk Way	15,115	15,115
Total Committed – 21 st Century Schools		(3,451,794)
Total Committed – Fleet Replacement Programme		(3,734,200)
Total Amount Uncommitted		288,824
NEWPORT UNLIMITED		
Balance b/f from 2017/18		1,649,570
Total Committed from JV monies		(500,000)
Total Amount Uncommitted		1,149,570

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?
Overspend against approved budget	M	L	Regular monitoring and reporting of expenditure in accordance with the timetables set by Cabinet/Council should identify any issues at an early stage and allow for planned slippage of spend.	Corporate Directors / Heads of Service / Head of Finance
Programme growing due to unforeseen events	M	M	Good capital monitoring procedures and effective management of the programme should identify issues and allow for plans to defer expenditure to accommodate urgent works. Priority asset management issues are now being dealt with through a specific programme allocation.	Corporate Directors / Heads of Service / Head of Finance

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

The programme supports a large number of the Council's aims and objectives

Options Available and considered

- To approve the changes to the Capital Programme and note the monitoring position as set out in the report, including the use of capital receipts.
- To note the current available headroom and prioritise future capital expenditure in order to maintain spend within the current affordability envelope.
- The Cabinet has the option not to put forward some or all of the changes to the Capital Programme set out in the report.

Preferred Option and Why

- To approve the changes to the Capital Programme and note the monitoring position as set out in the report, including the use of capital receipts.
- Agree to prioritise capital expenditure to maintain spend within current affordability envelope.

Comments of Chief Financial Officer

The overall position shows that as in previous years there is anticipated to be significant slippage on the capital programme into future years. Service managers are required to be robust in their forecasting and modelling as this has a significant impact on treasury management decision making.

As the report highlights, the available non-earmarked headroom available across the life of the programme is low considering the expected demands on capital in the future. Therefore prioritisation of capital spend is essential, and any capital spend over and above this headroom will have a significant impact on the revenue pressures on the MTFP.

Comments of Monitoring Officer

There are no legal issues arising from this report.

Comments of Head of People and Business Change

There are no direct HR implications associated with the report.

The prioritisation of the capital spend will need to continue be considerate of the requirements of the Well-being of Future Generations Act

Comments of Cabinet Member

N/A

Local issues

As the report deals with the Capital Programme for the Authority as a whole, there are no local issues.

Scrutiny Committees

N/A

Equalities Impact Assessment and the Equalities Act 2010

N/A

Children and Families (Wales) Measure

N/A

Wellbeing of Future Generations (Wales) Act 2015

This update is against a backdrop of prolonged pressure on public services as a combination of reduced income, increased expectations, compliance with new legislation and the increasing costs of developing an affordable capital programme. Any changes to the capital programme will need to reflect and be consistent with the five principles underpinning the Wellbeing of Future Generation (Wales) Act 2015.

An effective capital programme enables the Council to support long term planning in line with the sustainable development principle of the Act.

Consultation

N/A

Background Papers

2018/19 Budget & Medium Term Financial Plan – February 2018
Capital Programme Outturn 2017/18 – June 2018
Monitoring and Additions Report – July 2018
Monitoring and Additions Report – September 2018

Dated: 23rd January 2019

APPENDIX A – Changes to 2018/19 Capital Programme

SCHEME	2018/19 Budget at Council	July Monitoring (September Cabinet)		September Monitoring (November Cabinet)		December Monitoring (February Cabinet)		Final Adjusted (Outturn)	Adjusted 2018/19	Under / Overspend
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
		Additions	Slippage	Additions	Slippage	Additions	Slippage			
EDUCATION										
21C Schools - School Reorganisation - Lodge Hill New Build	4,351				(655)		(442)		3,254	
21C Schools - Ysgol Gyfun Gwent Is Coed / John Frost School	1,958								1,958	
21C Schools - Special Sector Maes Ebbw	3,178			(40)	(378)				2,760	
Gaer Unit Floor				40					40	
Iscoed Secondary Band B	554				(37)				517	
Bassaleg Secondary Band B	703				72		(670)		105	
Caerleon Secondary Band B	0						100		100	
Whiteheads Primary Band B	285				(47)		(128)		110	
Maesglas Primary - Band B									0	
St Woolos Primary - Band B				8					8	
21st Century Schools - Band B		100		(8)			(92)		0	
Jubilee Park Primary FF&E	87								87	(64)
Glan Llyn FF&E Works	615				(515)		(50)		50	
St Gabriels RC Primary IT Replacement	10								10	
Pentrepoeth - IT Replacement	7								7	
John Frost School ICT Hardware Investment	52								52	(52)

Blaen-y-Pant Bungalow (Educational Use)	60								60	
St Mary's Toilet Refurbishment	15								15	
Somerton Primary - ICT Equipment	12								12	
Feminine hygiene hardware & toilet facilities	34								34	
Llswerry High (106 Funds)		172					(67)		105	
Llswerry High (IT Replacement Programme)				54					54	(1)
Reducing Classroom Size - Maesglas		521					(471)		50	
School Asset Improvements	890	21		288	(274)		274		1,199	25
Prior Scheme Accruals									0	
Total Education	12,811	814	0	342	(1,834)	0	(1,546)	0	10,587	(92)
REGENERATION, INVESTMENT & HOUSING										
Gypsy Traveller Site Development	2,736	400			(200)				2,936	
HLF Market Arcade Townscape Heritage Scheme	562	(368)			(115)		(42)		37	
Indoor Market Facilities Improvements	48	(48)							0	
Civic Centre / Info Station Service Relocations	694						(96)		598	
Info Station NSA Enabling	479						96		575	
123 - 129 Commercial Street (Pobol Regen)	1,692	(446)					(623)		623	
City Deal	1,738								1,738	
Mill Street Development	12,000			(12,000)					0	
Neighbourhood hubs	0			842			(438)		404	
Arva Investment Loan	0					750			750	
Disabled Facilities	1,200				(450)		15		765	

Safety at Home	300						46		346	
ENABLE Adaptations Grant		197							197	
Homelessness Grant	98								98	
Asset Management	1,901	48			(594)		(56)		1,299	
Flying Start Schemes	20	(20)							0	
FS Maintenance 1819		30							30	
FS Shaftsbury Community Centre		185							185	
Central Library Structural Safety Works	663				(563)		(20)		80	
Transporter Bridge		250					(150)		100	
Prior Scheme Accruals									0	
Total R I & H	24,131	228		(11,158)	(1,922)	750	(1,268)	0	10,761	0
PEOPLE & BUSINESS CHANGE										
IT Replacement Schemes	317				(117)		(90)		110	
Corporate EDMS Rollout	13								13	
CRM						461			461	
Replacement of High Volume Printing/ Copying Machines	210								210	
Total P & BC	540	0	0	0	(117)	461	(90)	0	794	0
ADULT & COMMUNITY SERVICES										
Telecare Service Equipment	30								30	
Appliances/Equipment for Disabled	165								165	
Total A & CS	195	0	0	0	0	0	0	0	195	0
CHILDREN & FAMILIES SERVICES										
3 New Homes	1,500	0			(900)	650		0	1,250	
Oaklands Respite Home		35				505			540	
Windmill farm Feasibility						41			41	

Total C & YP	1,500	35	0	0	(900)	1,196	0	0	1,831	0
CITY SERVICES										
Fleet Replacement Programme	1,033	1,225			(458)				1,800	
Bus station - Friars Walk Development				103					103	
Flood Risk Regulation Grant		91							91	
Local Transport Fund - Active Travel 2017/18									0	
Cemetery Infrastructure Improvements	138								138	
Peterstone Sewage Scheme	223						(198)		25	
Road Safety Capital 2018/19	0					600			600	
Composting	665								665	(88)
Docksway Cell 4 Development	1,301						200		1,501	
Smaller Bins MTRP BC	0					122			122	
Newport Station Footbridge LTF	0					77			77	
Decriminalised Parking	1,386				(86)		(723)		577	
Update Facilities in Parks		56							56	
Decommissioning of Cemetery Office & Toilets	20	(10)							10	
Building Improvements to Lodges		80							80	
Small Scale Works Grant		34							34	
Road Refurbishment Grant Scheme	1,038								1,038	
Street Lighting LEDs	3,158	(1,658)					(865)		635	
Local Transport Fund - Active Travel Northern 2018/19		270							270	
Local Transport Fund - Active Travel Design 2018/19		243							243	
LTNF - ECO Stars		55							55	(13)
Safe Routes - St David's RC Primary		84							84	

Gwastad Mawr Flood Attenuation Improvement Works		43						43		
18-19 Collection Collaborative Change Programme	0					1,175		1,175		
LTF Monkey Island Bridge Lliswerry Pill	0					30		30		
LTF Sustainable Transport	0					25		25		
Pye Corner Development Works	21			(21)			21	21		
Road Safety and Training	49							49		
General Traffic Management	33							33		
Streetwide Improvements	224							224		
Street Lighting Column Replacement	230							230		
Lliswerry Recreation Ground Changing Rooms	181	162		(161)				182		
Prior Year Schemes								0		
Total City Services	9,700	675	0	103	(726)	2,029	(1,565)	0	10,216	(101)
TOTAL EXPENDITURE	48,877	1,752		(10,713)	(5,499)	4,436	(4,469)	0	34,384	(193)
Funded By:										
General Capital Grant	2,465	0		0	0	2,300		0	4,765	
Supported Borrowing	4,051	0		0	0	0		0	4,051	
Unsupported/ Prudential Borrowing	26,388	(1,261)		(11,843)	(4,478)	(2,178)	(2,043)	0	4,585	
Capital Receipts	4,092	1,225		0	0	0	(979)	0	4,338	
External Grants	7,958	1,803		842	0	3,853	(1,536)	0	12,920	
Revenue/ Reserve Contributions	2,573	182		0	(563)	461	(118)	0	2,535	
S106 & Other Contributions	1,140	(197)		288	(458)	0	207	0	980	
Finance Lease	210	0		0	0	0		0	210	
TOTAL FUNDING	48,877	1,752	0	(10,713)	(5,499)	4,436	(4,469)	0	34,384	0

Appendix B – Update on Capital Programme

SCHEME	BUDGET 2018/19 (excl Slippage)	ACTUAL 2018/19	FORECAST OUTTURN	TOTAL VARIANCE	SLIPPAGE	(UNDER)/ OVER SPEND	COMMENT
EDUCATION							
21C Schools - School Reorganisation - Lodge Hill New Build	3,696	3,681	3,696	(0)	(0)	0	Scheme progressing, slippage expected due to delays and completion due in 18/19
21C Schools - Ysgol Gyfun Gwent Is Coed / John Frost School	1,958	874	1,958	(0)	(0)	0	School is now operational, underspend to be utilised on other areas of John Frost buildings per approval.
21st Century Schools - Special Sector Maes Ebbw	2,760	1,091	2,760	(0)	(0)	0	Scheme progressing as planned slight underspend which is being vired to Ysgol Bryn Derw
Gaer Flooring	40		40	0	0		Health and Safety works to be done on flooring
Iscoed Secondary - Band B	517	17	75	(442)	(442)	0	Surveys and Feasibility works to begin this financial year. Band B to commence 19/20
Bassaleg Secondary - Band B	775	69	105	(670)	(670)	0	Surveys and Feasibility works to begin this financial year. Band B to commence 19/20
Caerleon Secondary Band B	0	38	100	100	100	0	
Whiteheads Primary - Band B	238	39	110	(128)	(128)	0	Surveys and Feasibility works to begin this financial year. Band B to commence 19/20
Rogerstone Primary B		0	0	0	0	0	
Malpas Primary B		0	0	0	0	0	
St Woolos Primary B	100	8	8	(92)	(92)	0	Surveys and Feasibility works to begin this financial year. Band B to commence 19/20
Jubilee Park Primary FF&E	87	11	23	(64)	0	(64)	Majority spent in 17/18 IT costs to come through in 18/19
St Julian's High Building Improvements	0	(36)	0	0	0	0	Final Retentions to be paid
Glan Llyn FF&E Works	100	6	50	(50)	(50)	0	Small budget this Financial Year as school opening delayed until Sept 19.
St Gabriel's RC Primary IT Replacement	10	0	10	(0)	(0)	0	Funded by school

Neighbourhood hubs	842	112	404	(438)	(438)	0	Scheme delayed due to discussions with WG, reprofiled and new cashflow provided
Arva Investment Loan	750	235	750	0	0	0	
Disabled Facilities	750	352	765	15	15	0	Due to Backlog of OT recommendations PSH has not had the same level of applications to ensure full committal of budget but slippage of budget will be required in to 19/20
Safety at Home	300	272	346	46	46		On-going scheme – an anticipated overspend of circa £45K can be covered within the Disabled Facilities budget
ENABLE Adaptations Grant	197	148	197	0	0	0	On going scheme - full spend expected
Homelessness Grant	98	98	98	0	0	0	Scheme complete full spend.
Asset Management	1,355	569	1,300	(55)	(55)	0	Scheme progressing but slippage expected
FS Maintenance 1819	30	10	30	0	0		Scheme progressing as planned, full spend expected
FS Shaftsbury Community Centre	185	5	185	0	0		Scheme progressing as planned, full spend expected
Central Library Structural Safety Works	100	13	80	(20)	(20)	0	Additional spend has been identified in connection with Toilets and Children's Library
Transporter Bridge	250	13	100	(150)	(150)		Permission to start granted surveys and feasibility works to begin.
Prior Year Scheme Accruals		(162)	0	0	0		17/18 Outstanding Accruals under 20K
Subtotal Regeneration, Investment & Housing	12,029	3,370	10,761	(1,268)	(1,268)	0	
PEOPLE & BUSINESS CHANGE							
IT System & Equipment replacement	200	43	110	(90)	(90)	0	Delayed, slippage into 19/20
Corporate EDMS Roll Out	13	0	13	(0)	(0)	0	Scheme ongoing
CRM	461	0	461	0	0	0	
Replacement of High Volume Printing/Copying Machines	210	0	210	0	0	0	3 year lease @ £70k per annum.
Subtotal People & Business Change	884	43	794	(90)	(90)	0	
ADULT & COMMUNITY SERVICES							

Telecare Service Equipment	30	5	30	0	0	0	Change in supplier has delayed the service causing slippage
Appliance/Equipment for Disabled	165	165	165	0	0	0	Ongoing Scheme one payment per year for management fee.
ICF Centrica Lodge Improvements	0	(12)	0	0	0	0	Scheme completed 17/18 supps only
Subtotal Adult & Community Services	195	158	195	0	0	0	
CHILDREN & YOUNG PEOPLE SERVICES							
3 New Homes	1,250	478	1,250	0	0	0	One home purchased, looking likely to purchase another before year end, refurbishment works ongoing
Oaklands Respite Home	540	0	540	0	0	0	Scheme ongoing
Windmill Farm Feasibility Study	41	0	41	0	0	0	
	1,831	478	1,831	0	0	0	
CITY SERVICES							
Fleet Replacement Programme	1,800	340	1,800	0	0	0	Annual allocation, slippage due to lead times on vehicles
Bus station - Friars Walk Development	103	16	103	0			Final infrastructure works to be completed in 18/19
Flood Risk Regulation Grant	91	21	91	0			Scheme progressing as planned full spend expected
Local Transport Fund - Active Travel 2017/18	0	7	0	0	0	0	17/18 Scheme supps only
Cemetery Infrastructure Improvements	138	13	138	0	0	0	Scheme ongoing.
Peterstone Sewage Scheme	223	0	25	(198)	(198)	0	Scheme currently being developed further, additional budget likely to be required.
Road Safety Capital 2018/19	600	0	600	0	0	0	
Composting	665	567	577	(88)	0	(88)	Scheme complete
Docksway Cell 4 Development	1,301	1,471	1,501	200	200	0	Scheme progressing
Smaller Bins - MTRP BC	122	0	122	0	0	0	

Newport Station Footbridge LTF	77	0	77	0	0	0	
Decriminalised Parking	1,300	67	577	(723)	(723)	0	Scheme progressing as planned full spend expected
Update Facilities in Parks	56	6	56	0	0	0	Scheme due to commence
Decommissioning of Cemetery Office & Toilets	10	10	10	0	0	0	Scheme complete
Building Improvements to Lodges	80	0	80	0	0	0	Scheme due to commence
Small Scale Works Grant	34	8	34	0	0	0	Scheme progressing as planned full spend expected
Road Refurbishment Grant Scheme	1,038	705	1,038	0	0	0	Scheme due to commence
Streetlighting LEDs	1,500	8	635	(865)	(865)	0	Scheme progressing as planned, full spend expected
Local Transport Fund - Active Travel Northern 2018/19	270	25	270	0	0	0	Scheme progressing as planned, full spend expected
Local Transport Fund - Active Travel Design 2018/19	243	0	243	0	0	0	Scheme progressing as planned, full spend expected
LTNF - ECO Stars	55	0	43	(13)		(13)	Scheme progressing as planned, underspend expected - Grant funded
Safe Routes - St David's RC Primary	84	15	84	0	0	0	Scheme progressing as planned, full spend expected
Gwastad Mawr Flood Attenuation Improvement Works	43	0	43	(1)	(1)	0	Scheme progressing as planned, full spend expected
18-19 Collection Collaborative Change Programme	1,175	0	1,175	0	0	0	
LTF Monkey Island Bridge Lliswerry Pill	30	0	30	0	0	0	
LTF Sustainable Transport	25	0	25	0	0	0	
Pye Corner Railway Station Development Works	0	21	21	21	21	0	Full spend of remaining WG funding anticipated this year on Japanese Knot Weed Treatment and Landscaping. (To be transferred to revenue).
Road Safety and Training 18/19	49	1	49	0	0	0	Annual allocation 18/19 full spend expected
General Traffic Management	33	(5)	33	(0)	(0)	0	Annual allocation 18/19 full spend expected
Streetwide Improvements	224	4	224	0	0	0	Annual allocation 18/19 full spend expected
Street Lighting Column Replacement	230	118	230	(0)	0	(0)	Annual allocation 18/19 full spend expected

Liswerry Recreation Ground Changing Rooms	181	4	181	(0)	(0)	0	Scheme ongoing.
Prior Year Scheme Accruals	0	(61)	0	0	0	0	Prior year retentions waiting to be paid.
Sub total City Services	11,780	3,361	10,115	(1,665)	(1,564)	(101)	
TOTAL COST OF PROGRAMME	38,852	13,615	34,191	(4,662)	(4,469)	(192)	

Appendix C - Changes to the 5-year Programme

Report / Scheme Change	Funding Source	Service Area	18/19 Budget Change (£000's)	19/20 Budget Change (£000's)	20/21 Budget Change (£000's)	21/22 Budget Change (£000's)	22/23 Budget Change (£000's)	Total Budget Change (£000's)
2018/19 budget - September monitoring report to Cabinet			34,416	35,542	27,192	18,810	18,110	134,069
Welsh Medium Primary	Grant	Education		600	600	1,300	1,000	3,500
Arva Investment Loan	Repayable Grant Funding	Regeneration, Investment & Housing	750					750
Customer Relationship Manager	Reserves	Regeneration, Investment & Housing	461	220				681
Renewable Energy Investment	Borrowing (Repayable by Service)	Regeneration, Investment & Housing		1,729				1,729
Local Full Fibre Network	Grant / Revenue Contributions	People and Business Change		10,000				10,000
New Children's home	ICF Funding	Children and Family Services	650					650
Oaklands Refurbishment	ICF Funding	Children and Family Services	505					505
Feasibility Study - ICF Funding	ICF Funding	Children and Family Services	41					41
Road Safety Capital 2018/19	Grant	City Services	600	600	600			1,800
Smaller Bins - MTRP Business Case	Borrowing (Repayable by Service)	City Services	122	1128				1,250
Newport Station Footbridge	Grant	City Services	77	2500	500			3,077
18-19 Collection Collaborative Change Programme	Grant	City Services	1175					1,175
LTF Monkey Island Bridge Lliswerry Pill	Grant	City Services	30					30
LTF Sustainable Transport	Grant	City Services	25					25
Additional Slippage	N/A	Various	-4,469	4,469				0
Updated Budget 2018/19			34,383	56,788	28,892	20,110	19,110	159,283

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Report

Cabinet

Part 1

Date: 13 February 2019

Item No: 7

Subject 2019/20 Budget and Medium Term Financial Projections

Purpose To present the consultation results and final proposals for the 2019/20 budget; and ask Cabinet to recommend a final budget and council tax level to full Council on 26 February 2019.

Author Head of Finance

Ward General

Summary Local Government continues to be under significant financial pressure. This comes from increasing demand for essential services and lower funding. As a growing city, Newport has to deal with pressures coming out of new developments and the increasing demand and costs that come with that.

Within this context, Newport has continued to manage its finances well, has good financial resilience and performance, although relatively poorly funded due to its low council tax level.

It has a new Corporate Plan and the medium term financial projections include the delivery of an ambitious plan and aspirations within that.

Further funding from Welsh Government was highlighted to Cabinet in its December meeting when the draft budget was agreed. This report confirms funding allocations and sets out the current position on the budget for 2019/20 enabling Cabinet to make final decisions, including recommending a council tax level to Council.

The draft proposals for 2019/20, agreed in the December Cabinet meeting have been subject to detailed consultation which is outlined in the report.

The final proposals for the 2019/20 budget are explained and detailed in this report and its appendices.

Section:

- 1 Background
- 2 Financial summary
- 3 Budget consultation
- 4 Welsh Government funding and council tax base

- 5 Schools position
- 6 Medium term financial projections (MTFP)
- 7 2019/20 budget requirement
- 8 Risk, reserves, financial resilience and performance
- 9 2019/20 proposed council tax

Appendix:

- Appendix 1 Minutes from the Employee Partnership Forum
- Appendix 2 Extracts from Scrutiny Committees
- Appendix 3 Extracts from Schools Forum minutes
- Appendix 4 Public budget consultation responses and feedback
- Appendix 4a Fairness Commission review
- Appendix 5 Service area draft budgets
- Appendix 6 Budget investments
- Appendix 7 Budget savings
- Appendix 8 Medium term financial projections (MTFP)
- Appendix 9 Reconciliation of movements since budget consultation
- Appendix 10 Equalities issues
- Appendix 11 Financial resilience snapshot
- Appendix 11a Projected earmarked reserves
- Appendix 11b Summary of invest to save spend and forecast
- Appendix 12 Fees and charges

Proposal Cabinet is asked:

Medium term financial projections (section 6)

1. To note the formal consultation meetings on the budget as outlined in section 3 and the feedback received, shown in appendices 1 to 4
2. To note the equalities impact assessment summary on the budget proposals, shown in appendix 10
3. To agree the implementation of the full four-year change/ savings programme, including all budget investments and saving options (appendices 6 - 7), as summarised within the medium term financial projections (appendix 8), noting they are subject to on-going review and updating
4. To agree the 2019/20 fees and charges of the council shown in appendix 12

Overall revenue budget and resulting council tax 19/20 (section 7 and 9)

5. To note the Head of Finance's recommendations that minimum General Fund balances be maintained at £6.5million, the confirmation of the robustness of the overall budget underlying the proposals, and the adequacy of the general reserves in the context of other earmarked reserves and a revenue budget contingency of c£1.5million
6. To note the current level of council tax for Newport City Council and the monetary value of various percentage increase and how this compares to levels of council tax at other councils as shown in table 7

7. To review changes to the draft budget proposals shown in appendix 9, and which are included in the list of budget investments and savings in appendices 6 and 7
8. To recommend an overall net budget for the City Council and resulting council tax to the Council, noting that a formal resolution including the Police and Crime Commissioner for Gwent and Community Councils' precepts will be presented to Council on the 26 February
9. To approve expenditure and use of the Invest to Save reserve in line with summary shown in appendix 11b, noting they are based on detailed business cases reviewed by Cabinet in their December 2018 meeting

Action by Head of Finance - finalise council tax calculations for Council's February meeting and subsequent billing

Timetable Immediate

This report was prepared after consultation with:

- Chief Executive
- Strategic Directors
- Head of Law and Regulation
- Head of People and Business Change

Signed

1 Background

- 1.1 Our Corporate Plan for 2017 – 2022 – “Building on Success: Building a Better Newport” sets out the key priorities which underpin the budget proposals outlined in this report.
- 1.2 The Council has a clear mission statement – “Improving People’s Lives”, which is aligned to the aspirations set out in the Well Being of Future Generations Act. The plan outlines how we will put this mission into practise, through the well- being objectives which have been adopted:
- Improve skills, educational outcomes and employment opportunities
 - Promote economic growth and regeneration whilst protecting the environment
 - Enable people to be healthy, independent and resilient
 - Build cohesive and sustainable communities
- 1.3 Every day this mission is executed through around 800 discrete activities in various service delivery methods, ranging from services the council delivers to services delivered in partnerships with a number of other organisations.
- 1.4 In organisational terms we have distilled these activities into four themes:
1. Resilient Communities
 2. Thriving City
 3. Aspirational People
 4. Modernised Council
- 1.5 Local Government continues to be under significant financial pressure and the proposed budget needs to be seen in this context. The table below sets out the overall projected expenditure for 2019/20 compared to the original budget set for 2018/19.

Table 1: 2019/20 proposed budget

	2019/20 £'000
Original budget 2018/19:	274,596
Cost Pressures (inc reserve tfr and Ctax reduction scheme)	14,562
Investments	411
Savings	(6,958)
Specific grants	(2,030)
Proposed budget 2019/20	280,581

These are indicative budgets for 2019/20. Final Cash limits will be agreed during February Council.

2 Financial summary

- 2.1 Financial pressures and demands on our services were explained when agreeing the draft budget in December Cabinet. These cost pressures include:
- Pay and inflationary cost increases
 - Significant increases in demand led services – children’s social care, adult’s social care and special educational needs
 - Cost of new schools

- 2.2 These cost pressures were further exacerbated when the draft settlement received from Welsh Government (WG) confirmed that there would be a minimal increase in the level of funding that would be received for 2019/20. This was a significant issue for Newport given that over 75% of the Councils net revenue budget is from WG in the form of the Revenue Settlement Grant (RSG). At that stage, further updates were required in respect of:
- Potential pressures requiring funding given that demand for services continue on an upward trajectory
 - Additional funding signalled by WG for the final settlement and other, new, specific grants
- 2.3 The budget process has continued since Cabinet agreed the detailed budget proposals for consultation in December 2018. Since that time the funding position for 2019/20 has improved by £1.2m as a result the better final settlement and the increased tax base, giving rise to an increase in council tax income. A full reconciliation of movements since December Cabinet can be found in appendix 9.
- 2.4 Whilst the position for 2019/20 has eased slightly the medium term outlook is still very uncertain which makes planning for the future extremely challenging.

3 Budget consultation

- 3.1 The budget proposals agreed by Cabinet in December have been consulted on through a range of stakeholder groups and formats which are as follows:
- With Trade Unions via the Employee Partnership Forum on 10 January 2019 (minutes included within appendix 1)
 - With all Scrutiny Committees in their January 2019 meetings where Members discussed the detailed change/ saving proposals plus the MTFP. Their reports and conclusions are included in appendix 2
 - With the Schools' Forum on 23 January 2019. Responses are included in appendix 3
 - With the public from 13 December 2018 to 30 January 2019. An analysis of responses is included at appendix 4
 - Newport Fairness Commission has reviewed the proposals in terms of their parameters of fairness – their response is included in appendix 4a.
- 3.2 In summary, there was a general acknowledgement of the financial pressures facing the Council. Whilst comments were made on a range of budget proposals, the main focus of comments are set out within appendix 4.

Public Consultation

- 3.3 During the 2019/20 formal budget consultation stage people were engaged, which is a 21% increase on the previous year (416 responses). This is thought to be as a result of innovative use of technology through bus Wi-Fi surveys and an improved collaborative approach to consultation which was developed during consultation on the wellbeing assessment, which itself received over 5,000 responses.
- 3.4 During the budget consultation we have carried out a number of awareness exercises with the public, which included:

- A pre-budget public survey to identify the services that matter most to people, as a means of informing medium term budget planning. This survey will recommence in March and will form part of an approach to make engagement on the budget and service planning a yearly process
 - Carrying out an online survey via the public Wi-Fi on Newport buses that received 3,968 responses
 - An in-depth online survey which received 238 responses and over 200 comments on proposals
 - A significant number of responses through e-mails, letters and social media
 - Holding a public budget event at the Newport Centre involving the Chief Executive and Strategic Directors. This gave members of the public an opportunity to find out more about the financial pressures the Council faces, the already steps taken to deliver savings and to give feedback on the proposals for 2019/20. The points raised in this event have been included in this report along with the proposals they relate to
 - Promotion via the media to all households using Newport Matters, Council Facebook & Twitter and Council Website
 - Requesting partner networks to circulate details of the consultation e.g. One Newport Network, Newport Youth Council, the Partnership Engagement Group and Voluntary Sector Network
 - Consultation with Newport Fairness Commission – their response is included as appendix
 - A session with Newport Youth Council facilitated by the Fairness Commission to allow young people to give their views on the budget proposals for 2019/20.
- 3.5 The Council received 29 responses from Newport schools on their view of the proposed budget for 2019/20. Included in these responses were letters from the Conference of Secondary Head teachers (CONSHE) and Newport Association of Primary Head teachers. (NAPHs). These letters represented the collective views of all schools within the city. All correspondence recognised and referenced the ‘pressures currently being placed on Newport City Council’ and the challenges it faces in delivering front line services in the backdrop of austerity, but also noted the increased challenges which schools face with limited funding. These challenges include; less support for vulnerable pupils, larger class sizes, reduced curriculum and extra curriculum opportunities, greater demands on school based staff and teachers (with less staff available), a reduction in classroom and learning resources and the decline of building maintenance.
- 3.6 The 29 school letters are not included in the report pack due to their high volume, but have been shared with the Leader and Cabinet Member for Education and Skills. School responses also included; steps they had previously taken to address budget reductions, future actions which may be taken and the potential impact.

4 Welsh Government funding and council tax base

- 4.1 As noted above, in October and November 2018, the WG signalled additional funding for the final RSG plus additional specific revenue and capital grants.

RSG final grant

- 4.2 The Council received its final [RSG settlement from Welsh Government](#) (web link) on 19 December 2018. Overall, it confirmed that the Council would receive £214,343k for 2019/20. After allowing for net specific grant transfers into the RSG, and new

responsibilities being funded, this is a cash increase of £563k (0.26%) from the current years funding and an improvement of £227k from the draft settlement amount.

- 4.3 This represented the Council's share of the additional 'general' £13m put into the RSG and £7m to increase the capital limit in charging for residential care to £50,000, commencing from April 2019.

Tax Base

- 4.4 The tax base is the estimated number of Band D equivalent properties within the City. As this number increases, it generates additional income through council tax, however, a reduction is made to the Council's settlement from WG if any increase is disproportionate to average increases across Wales.
- 4.5 The Head of Finance has set the tax-base for 2019/20 and it will increase by almost 1.2% (58,465.51 in 2018/19 to 59,165.99 in 2019/20), significantly higher than the all Wales average of 0.5%-0.8% over the last few years. This resulted in £634k increase in council tax income but reduced the RSG increase above by £391k.

New specific grants

- 4.6 Whilst most new specific grants announced were for the current 2018/19 financial year, a number of new revenue grants were included for 2019/20, as follows:
- £1,500k for social care
 - £390k to help authorities meet the cost pressures of implementing teachers' pay award
 - £140k to help prevent children being taken into care.
- 4.7 These have been allocated as per the expected conditions of the grants and reflected within the service area budgets in appendix 5 to help fund the additional budget pressures highlighted below. This brings with it some risk for the future financial year as these are also one-off, though it is hoped that they will transfer into the RSG in 2020/21. Whilst detailed grant conditions have not been confirmed for these, WG have indicated that the grant conditions, in particular on specific spend areas/ objectives will be 'general' in nature and therefore can be included in the base budget.
- 4.8 In addition to the above, a further significant investment (£30m across Wales) in the form of specific grants for social care is being directed through Regional Partnership Boards. These are not included in the final budget as details remain uncertain. Updates will be reported within the in-year budget monitoring reports.

The following table summarises the above improvement in Council funding expected for 2019/20.

Table 2: 2019/20 additional funding

	2019/20 £'000
Increase in RSG	-954
Less adj. for higher increase in tax base	391
Net increase in RSG	-563
Increase in council tax income from increased tax base	-634
New specific grants	-2,030
Total new funding	-3,227

4.9 Also included is an additional £2.4m funding to local authorities, for them to provide additional discretionary rates relief for local businesses and other ratepayers to respond to specific local issues. There is no obligation for councils to use it for this purpose as the RSG is un-hypothecated and the Cabinet have considered this. Given:

- The current statutory rates discount scheme will continue in 2019/20
- A revenue budget of £60k already exists to support businesses
- Other grant schemes for making of loans etc. are also available
- The Council supports businesses and re-development through other routes such as making of loans etc.

It was decided not to make further allocations.

Further spending pressures

4.10 The draft budget included £3,795k of budget investment to fund the anticipated increase in social care/ SEN demand. In the current year however, demand in these areas have increased much more significantly than anticipated back in early summer when the draft budget investments were calculated. The current years' financial forecast is a key component in setting the 2019/20 budget. The draft budget report at the December Cabinet identified some £1.3m of these unfunded costs and noted that a solution to this would be found at this stage, with the additional WG funding and grants. Since that time, the level of demand and subsequent overspending has increased further to c£1.9m – details can be seen within table 3. Whilst this can fluctuate as demand changes, officer's view is that this is a permanent increase in demand, therefore requiring funding. The additional investment is noted below and is included in the list of budget pressures/ investment in appendix 6 and service area cash limits in appendix 5.

Table 3: Additional budget investments

	2019/20 £'000
Adult Services	
Demand on Community Care budget – numbers have increased from 892 to an average of 927 since May. This is non-residential.	203
Children & Young People Services	
Fostering Service – May budget pressures were based on assumption of 37 Independent Fostering placements (IFAs), but these have continued to grow at a significant rate and average currently at 53. The increase is based on average of 50 placements.	502
Inter-Agency Adoption (SE Wales Consortium) – there has been an unexpected price increase of £4k of provider fees per adoption which for 12 placements is a pressure of £48k.	48
Out of Area Residential Placements – Estimated average of 20 placements in May 2018, which was a significant increase on previous years. Currently the average stands at 24 as at November 2018, though month to month this figure can be higher.	520
Education Services	
SEN Provision – budget monitoring has flagged significant budget shortfalls within the SEN provision over and above what is currently included as a pressure. This includes provision at the Bridge Achievement Centre (£226k overspend); Newport Live (£224k); and Catch 22 (£44k) .	494
Breakfast Clubs – Original budget pressure based on breakfast clubs being offered at 38 schools. It is anticipated that an additional 4 clubs are open in 2019/20 and in 2020/21 all primary schools will offer breakfast club provision.	91
Additional investment required	1,858

5 Schools position

- 5.1 Cabinet considered the schools' funding position during their December meeting which included a cash increase of £3,178k for the overall school budget. It is now proposed that schools receive investment of £3,568k in 2019/20. This has increased since the December update by £390k due to a new specific grant to fund teachers' pay award. It is unknown, however, whether the additional funding will continue beyond 2019/20. The total proposed investment represents a 3.8% growth in school's budget but will still require savings to be made, up to a similar amount, given the additional cost of new/ growing schools in particular.

Table 4: Proposed schools funding 2019/20 to 2022/23

	2019/2020 £'000	2020/2021 £'000	2021/2022 £'000	2022/2023 £'000
Investment into schools 2019/20 (inc specific grant)	3,568	0	0	0
Teachers - Pay award and increments	0	1,447	1,276	1,168
Non Teaching school staff - pay award and increments	0	628	547	522
Contract & Income Inflation	0	82	83	83
New Schools	0	1,931	1,688	1,446
Secondary School Transitions	0	432	738	1,024
Reduced Class Sizes	0	0	39	28
	3,568	4,520	4,370	4,272
Proposed growth as a % of net budget	3.8%	4.9%	4.7%	4.6%

- 5.2 This level of increase gives rise to significant savings requirement in 2019/20 for schools to produce balanced budget. Schools will need to cover 2019/20 cost increases over and above the proposed additional funding but also Cabinet will be aware that in the current year, schools are overspending and are having to drawn down £1,920k from reserves. This will not be possible again during 2019/20, at current levels, as it is estimated that at the end of 2018/19, £1,937k will remain in schools' reserves.
- 5.3 Indicative grant allocations have been received from the Education Achievement Service (EAS). The Pupil Deprivation Grant (PDG) remains at 2018/19 levels and the Education Improvement Grant (EIG) appears to have a small increase of approx. 3% (£178,634 exc additional money for the growing and new school). It should be noted that these are indicative figures and subject to final confirmation.
- 5.4 In recognising the challenges the draft budget assumptions give, school funding in overall terms has increased over the last few years and is better than other parts of the council. The table below sets out the proposed percentage change to cash limits in 2019/20 for both schools and other areas of the council. This excludes the impact of specific grants that have transferred into the RSG (£276k) and estimated specific grants (£2,030k) but includes new responsibilities (£302k).

Table 5: Budget changes for schools and other areas of the council

(£'000)	2018/19 Base	Inflation	Other pressures	savings	2019/20 Est cash limit	Growth/ (Reduction) in cash limit	Growth/ (Reduction) as % of net budget
Schools	92,977	0	3,568	0	96,545	3,568	3.8%
Other	181,619	3,402	5,972	-6,958	184,036	2,417	1.3%
	274,596	3,402	9,540	-6,958	280,581	5,985	

- 5.5 Budget proposals currently make no allowance for the proposed increase to teachers' pensions employer contributions. It is proposed that employer contributions increase from 16.48% to 23.6% from September 2019 which will see costs increase by £2.2m in 2019/20 and a further £1.9m over the three years to 2022/23. It is anticipated, similarly to other Welsh Councils, that this will be funded by one off grant from WG which will be passported to schools. Ongoing, the Department for Education have confirmed that the funding will be included within the 'Comprehensive Spending Review' (CSR) which is to be announced in 2019. This, therefore, provides a level of uncertainty over the medium term.

6 Medium term financial projections

- 6.1 The Council's future plans and its change/ savings programme will need to ensure a strategic approach is taken on the future direction of council services. The current 'medium term financial projections' (MTFP) included in appendix 8 includes funding for the key priorities and promises set out in the plan. In light of the medium term financial sustainability challenge, further work is required to ensure the budget is balanced over the medium term whilst meeting our duties under the well-being objectives.
- 6.2 The MTFP is the articulation of the financial challenges, the current organisational change programmes and savings over the next four years. It includes those service changes/ savings which have already been approved for these years from the February 2018 Cabinet meeting as well as new proposals. Whilst the Council is required to set a balanced budget for 2019/20, this is to the backdrop of sustaining over £45m of savings over the last five years, future uncertainties such as the impact of future pay awards, public sector pension valuations, increases to teachers' pension, WG financial settlements and Brexit. The current projections, therefore, will inevitably develop and change as assumptions are updated or confirmed for future years.
- 6.3 The detailed assumptions used in the MTFP were noted in the December 2018 Cabinet meeting when the draft budget and MTFP were agreed for consultation.
- 6.4 Cabinet is asked to take a strategic and medium term view and following this consultation period, recommended to agree the implementation of the MTFP including all budget investments and saving options (appendix 6 and 7), as summarised within appendix 8.
- 6.5 As set out in table 2, the 2019/20 budget makes use of additional grant funding confirmed by WG, in particular within social care. These grants have not been confirmed beyond 2019/20 and whilst it is hoped that this funding will be continued, there is a potential risk should this not be the case. Updates will be reported to Cabinet once the position is known.
- 6.6 A key issue for the Councils medium term financial projections is the future funding levels for Local Government. As noted above, there is uncertainty on the continuation of the additional funding allocated to Local Government for 2019/20 and in 2019, the UK Chancellor will set out a five-year path for departmental spending through the CSR. It is this which will have the significant impact on future funding levels, as well as WG decisions thereafter, in particular on the balance of spending between the NHS and other parts of the Welsh public sector.

7 2019/20 budget requirement

- 7.1 As noted above, the final proposed budget has developed significantly given additional funding and grants, which have been invested in social care and education, including schools. Final proposed funding levels for service areas, based on the draft proposals, are shown in appendix 5 with the detailed budget investments / pressures and savings shown in appendix 6 and 7 respectively. Proposals for 2019/20 include over £9m of budget investments/ pressures over and above the costs of inflation. The most significant areas of additional expenditure are linked to:

- £3,898k for increasing demand in social care demand for both children and adult services

- £3,568k investment in school budgets
- £1,664k due to increasing demand for SEN provision
- £525k costs associated with increasing pressures placed on City as a result of growth and development
- £276k due to transfers into the RSG in respect of free school meals
- £220k investment to deliver the promises set out within the Corporate Plan.

7.2 As is the case each year, WG transfers some specific grants into the Council's overall grant settlement. The proposals make the assumption that these are included in those service area budgets which were funded from the specific grants. This allows continuation of those services in the first year. Service funding levels shown within appendix 5 reflect these transfers.

7.3 For 2019/20, the WG also transferred 'new responsibilities' to local councils and the settlement included provision for the cost of this. The new responsibilities relate to increasing the capital limit threshold for residential care. This new responsibility has also been included within appendix 5.

7.4 Significant specific grants are received from WG each year and at this time we still await the finer details of funding levels for 2019/20. It is likely that we will see decreases in some of these grants. It is proposed, in line with the Council's current working policy, that service areas deal with these matters with Cabinet Members in terms of identifying issues as they become aware of them and developing necessary solutions to resolve them. This may involve reducing/ stopping services that WG specific grants no longer fund.

7.5 The need to identify a significant level of savings to balance the budget, both for 2019/20 and the next three years was recognised at the early stages of budget preparation and a robust process has identified new savings of £5,529k of savings over the four years, of which £4,976k is for 2019/20. These are in addition to already agreed savings of £2,028k of savings over the next four years, of which £1,982k is for 2019/20. The savings are shown in appendix 7.

7.6 There have been over £38m of investments between 2013/14 and 2017/18 over and above inflation. This has been incorporated into budget planning and investment allocated to services to ensure that the best possible services are provided to the people of Newport. The necessary investment seeks to continue as the Authority faces more and more difficult decisions.

8 Risk, reserves, financial resilience and performance

8.1 The proposed budget includes a number of assumptions in terms of income and expenditure levels over the medium term. There are, therefore, inevitably a number of financial risks inherent in the proposed budget. The key financial risks are highlighted below.

Financial risks

8.2 Any overspend in 2019/20 over and above the revenue contingency budget would be an issue. After taking account of the revenue contingency budget, no overspend is forecast for 2018/19 and the final proposed budget includes significant investment in the demand led areas of the budget currently overspending. Issues to draw to the attention of Cabinet include:

- The schools budget challenge is very significant and will require savings to be implemented for 2019/20. Individual schools are using most/ all of their reserves to fund their current 2018/19 financial year spending and this will no longer be available for most schools in 2019/20. The view on the robustness of the budget makes the assumption that schools will make the necessary savings required at this point but is a significant on-going risk.
- 8.3 New saving proposals over the four-year period amount to £5,529k, the vast majority of which relate to 2019/20. Timely implementation is key in ensuring savings and a balanced budget are achieved. Realistic part year assumptions have been made where implementation cannot be immediate but there is an inherent financial risk around achieving service changes in time to deliver the planned savings.
- 8.4 Significant one off costs will be required to implement the budget saving proposals set out in the MTFP. Forecasts indicate that there will be sufficient funds within this reserve to meet the one off costs over the medium term. A summary of the position is shown in appendix 11b based on the detailed budget proposals agreed by Cabinet in December 2018. Cabinet is requested to approve this expenditure, funded from the reserve, noting it will be regularly reported to Cabinet as part of revenue budget monitoring.
- 8.5 Inflationary increases in budgets have been set at a low level, consistent with most other Local Authorities. Invariably, this introduces a degree of financial risk as key inflationary pressures are not known with certainty at this time but this financial risk is no higher than in any other year.

Reserves

- 8.6 In terms of contingencies and reserves, the Head of Finance needs to review these in their totality in conjunction with the base budget and the financial risks associated with delivering the budget in 2019/20. This review should incorporate a medium term view and take into account key developments that may impact on the need for and use of one off resource.
- 8.7 Protection against budget risks is provided through earmarked reserves and contingencies. In addition, the Council has a number of earmarked reserves for known, but not always easily quantifiable, financial risks.
- 8.8 A 'rule of thumb' analysis for determining the level of general reserves suggests this is at least 5% of net revenue expenditure (excluding schools' budgets); unless a formal risk assessment justifies a lower level. This implies a level of c£9.1million for Newport.
- 8.9 In the context of the above and the financial risks inherent in the proposed budget, the Head of Finance recommends that the minimum level of general reserves remain at its current level of £6.5m, supported by the base general budget contingency of £1.5m.
- 8.10 An analysis of projected earmarked reserves can be found in appendix 11a.

Financial Resilience

- 8.11 A robust view is being taken in managing budget risks and protecting the financial health of the Council. In that respect, the Council's financial resilience is a key consideration and appendix 11 shows the current 'snapshot' of the key data and information showing an overview of the health of the Council at this time. Key headlines include:

- The Council maintains a good level of reserves. The contingency base budget and other risk reserves held by the Council are all taken into consideration when assessing the level of the general reserve, and help to mitigate the risk to the Council. A cautionary note should be made in respect of the decline in school reserves over the last few years. Schools are using reserves to manage spending and this is proving increasingly difficult to maintain. In future, schools will need to ensure that they manage within the approved annual budgets.
- The Council has identified and continues to monitor budget reductions of £8.6m in 2018/19. This is alongside delivering outturn within budget over recent years, despite the delivery of c£45m savings over the last 5 years. This needs to be viewed within the context of continued significant pressures within service areas, namely social care, education and schools into 2019/20, which have been highlighted as part of the budget monitoring process.
- Although the 2018/19 forecast overspending across service areas is significant this has been offset by one off underspending/ better income in non-service budget areas. A forecast underspend of almost £2m allows Cabinet to assess the potential for one off investment to support Corporate plan priorities and risks.
- In light of the continuing financial pressures and demands placed on the Council further savings of at least £33m need to be found by 2023.

8.12 Overall, the Council's financial resilience remains strong and it has financial capacity to develop and change services in response to continuing pressure on funding and increased demand for services.

Risk register and performance

8.13 As part of setting the Councils budget, key consideration is given to the risks the Council faces and the improvement objectives that the Council has put in place.

8.14 The Council maintains a corporate risk register which is regularly reviewed by the Corporate Leadership Team and Cabinet, as well as the Audit Committee from a procedural/ risk management framework viewpoint. The Council's budget strategy and MTFP framework needs to reflect risks and incorporate appropriate financial mitigation, where required. The quarter 2 [corporate risk register](#) update (hyperlink) was presented to Cabinet in December.

Equalities Impact Assessments (EIA)

8.15 In delivering its services, the Council has to be mindful of its duties to discharge its statutory obligations for Equal Pay, Disability Discrimination Act (DDA) and other equalities legislation including The Race Relations (Amendment) Act 2000 and the Equality Act 2006.

8.16 The Council carries out an impact assessment to identify equalities issues across the breadth of the budget as part of the MTFP and annual budget setting process to inform spending decisions. As part of the budget process, equalities implications are considered for all budget proposals and an EIA is carried out by the relevant service manager, supported by the council's policy team.

8.17 Appendix 10 provides an overarching impact assessment as well as the impact assessment for all those new saving proposals individually listed in appendix 7, showing any issues, after mitigation, of any equalities issues that Cabinet and Council need to be aware of.

9 2019/20 proposed council tax

- 9.1 The additional income received since draft settlement from RSG, specific grants and increase in tax base equates to c£3.2m compared to required investment in services of £13.6m. The resulting 'budget gap' has to be dealt with through making savings and increased council tax income. Whilst the draft budget proposal resulted in increased council tax income of £2.6m, it also included savings of £8.2m – a much higher amount. The 'balance' between these are challenging but if council tax income is not increased, more savings/ cuts to front line services need to be made, resulting in less resources to fund much needed services, in particular those that may support our most vulnerable population. The current position is shown below and Cabinet need to finalise the budget whilst confirming the balance of increased council tax income against making savings.
- 9.2 The proposed council tax increase of 6.95% is above the base assumptions of 4% made in future years. This additional 2.95% in monetary terms adds c£2m to the Councils overall funding. This is required as investment within social care and SEN stands at £5.6m in 2019/20.
- 9.3 The final settlement, as previously highlighted included an improved grant position and an increase in council tax base funding, has given a credit balance of £655k. Cabinet will decide on how this credit budget is to be utilised to give a balanced position.

Table 6: 2019/20 available and required budget

The table below shows the available and required budget funding with a 6.95% increase in council tax. Cabinet will be aware that beyond 2019/20 there has been a 4% increase implicit in our MTFP planning parameters. In setting council tax, the Council needs to be aware of the need to set a balanced budget.	
Council Tax at Band D at 6.95%	£1,130.61
Budget requirement	£000
Base budget 2018/19	274,596
Inflation & increments	4,394
Transfer to reserves	300
BASE BUDGET 2019/20 (before investments/savings)	279,290
Budget investments – (£9,564k shown in list of pressures less RSG grant tfr (£302k) plus increase of £1,017k required in council tax benefit based on 6.95% council tax increase)	10,279
Budget savings	(6,958)
Specific grants	(2,030)
DRAFT BASE BUDGET 2019/20	280,581
Funding available	
Final WG settlement	214,343
Current council tax at new tax base	62,546
Increased council tax @ 6.95%	4,347
Total	281,236
Balance available 'in hand'	(655)

9.4 Before Cabinet can recommend a budget to Council, it now requires decisions based on the figures shown in the above table. These decisions include:

- Delete specific saving items
- Providing additional capacity within services
- Fund new initiatives and policies
- The level of council tax increase required to balance the budget. A 0.1% change in council tax equates to £50k. The current MTFP assumes an increase of 6.95%.

9.5 For contextual purposes, the table below shows the weekly increases in council tax based on a number of scenarios and current values at other Welsh Councils. Given the low starting point on Newport council's tax, it will still be lower than most (if not all) of the council's shown, even at a 5% increase and the actual monetary increases in tax are low in themselves. Newport City Council proposed tax increase will maintain its position as one of the lowest in Wales.

Table 7: Scenarios illustrating weekly council tax increases

Weekly Increase	20p	41p	61p	81p	£1.02
Increase per annum	£ 10.57	£ 21.14	£ 31.71	£ 42.29	£ 52.86
Newport Band D tax 2019/20	£1,067.71 (1%)	£1,078.28 (2%)	£1,088.85 (3%)	£1,099.43 (4%)	£1,110.00 (5%)
Comparison with existing Band D council tax (rounded)					
Current year (2018/19) before any increase					
NEWPORT	£1,057				
Caerphilly	£1,058				
Wrexham	£1,093				
Cardiff	£1,155				
Torfaen	£1,242				
Swansea	£1,269				
Monmouthshire	£1,242				

Risks

Detailed financial risks are included in the various sections of the report and appendices where applicable

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?
Budget savings not delivered	M	L	(i) robust budget proposal process (ii) robust budget monitoring (iii) programme governance (iv) service planning (v) retention of reserves and budget contingency	Head of Finance/ Heads of Service
Budget savings not delivered on time leading to in year overspending	M	M	(i) robust budget monitoring (ii) programme governance (iii) retention of reserves and budget contingency	Directors / Heads of Service Head of Finance

Unforeseen Pressures	H	L	(i) retention of reserves and budget contingency (ii) robust budget review	Head of Finance Directors / Heads of Service
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* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

In drawing up budget proposals, due regard has been given to key Council policies and priorities

Options Available and considered

Taking a strategic and medium term view Cabinet should approve the four year change and efficiency programme as summarised in the MTFP, though they could approve 2019/20 proposals only. For 2019/20 Cabinet must agree a revenue budget and then the resulting council tax for Council. Cabinet have various options open to them on the detailed change and efficiency programmes contained within this report.

Preferred Option and Why

That Cabinet continues to approve a four-year change and efficiency programme and the detailed projects over the four-year period.

Cabinet must set a balanced revenue budget and recommend the related council tax amount required for this level of spending to Council.

Comments of Chief Financial Officer

The key financial issues are contained within the body of the report, including the comments on the robustness of the budget and level of reserves.

The budget is being set in a challenging and uncertain environment and the Council has maintained good financial management to date which has contributed to a good level of financial resilience.

The budget here and the medium term financial projection plans in the funding required to deliver on its key corporate plan promises and aspirations, where required. The key assumptions in it will need to be kept under review and updated as necessary. In the context of on - going funding challenges/uncertainties and increased demand for services, it becomes more important to plan over the medium term to ensure the Council deliver sustainable services into the future whilst meeting the key objectives and commitments.

Comments of Monitoring Officer

There are no specific legal issues arising from the Report at this stage. Cabinet is being asked to consider the budget consultation responses and agree the final savings proposals in order to deliver a balanced budget for 19/20. Where the relevant business cases are not delegated to Heads of Service and Cabinet Members in accordance with the Council's scheme of delegation, Cabinet are required to take the final decisions on those business cases in the light of the responses to the public consultation, prior to making a recommendation to Council regarding the budget for 19/20. The implementation of all these business cases are executive matters, with the exception of any consequential staffing proposals which are non-executive matters delegated to Heads of Service. However, whichever decision-making process applies,

all of the business cases have been the subject of equality and fairness impact assessments to ensure that the Council has regard to its public sector equality duties under the Equality Act and is also acting fairly in terms of the impact of the proposed changes on service delivery. In addition, where specific proposals require more focussed consultation with staff and key stakeholders, this will be carried out prior to the implementation of any proposed changes. The setting of the overall base budget and council tax rate for 19/20 is a matter for full Council as these are non-executive reserved matters under the Constitution. Therefore, Cabinet will need to recommend the final budget and the proposed Council tax increase to full Council for approval in accordance with the Local Government Finance Act.

Comments of Head of People and Business Change

The 2019/20 Budget and Medium Term Financial plan report gives Cabinet the opportunity to consider the implications and opportunities in the deployment of resources across a range of functions and services over the next four years. This is set against the backdrop of ongoing financial pressure which has created a challenging environment. Staff have been impacted by changes to date in a number of ways and the Council now employs significantly fewer staff than it did five years ago. Inevitably there will be further staffing impacts as a result of the financial settlement for 2019/20 and the extent of this will be finalised following the decision making process. All staff potentially impacted upon by this have been offered the opportunity to be consulted with and the relevant Trade Unions have made representations, contained within this report.

As part of the annual process in place a range of opportunities have been made available for the public to express their views and again these are included in the report for the consideration of Cabinet. Views have been gathered through face-to-face sessions, via email, letter and petition, via the on-line consultation pages and in sessions with Newport Fairness Commission and Newport Youth Council.

The Local Authority is required to ensure it considers the impact of decisions made today on future generations. This has been done through the expanded use of the Fairness and Equality Impact Assessment process. It should be noted that this is becoming ever more difficult to do in the wake of on-going reductions in funding.

Comments of Cabinet Member

The Cabinet Member for Finance and the Chair of Cabinet confirm that they have approved this report.

Local issues

The budget proposals as shown affect the city as a whole although some specific proposals may affect certain localities more than others.

Scrutiny Committees

Comments from Scrutiny Committees are included in appendix 2 of the report

Equalities Impact Assessment and the Equalities Act 2010

The detail of Equalities Impact Assessment undertaken is included in appendix 10 of the report.

Children and Families (Wales) Measure

All proposals have been consulted on widely, as required.

Wellbeing of Future Generations (Wales) Act 2015

The Act is referenced in the report.

Crime and Disorder Act 1998

N/A

Consultation

Wide consultation on the budget has been undertaken, as outlined in section 3 of the report and within the appendices.

Background Papers

Dated:

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APPENDIX 1 – Minutes of the Employee Partnership Forum

10 January 2019

Meeting Attendance

Committee Members:	Councillor D Mayer – Chair,
Apologies:	Rhys Cornwall (Head of People & Business Change), Rowena Hayward, Mark Rowland, Andrew Woodman, Rowena Hayward
Officers in attendance:	R Davies (HR & OD Manager), M Rushworth (Head of Finance), Sarah Morgan (Chief Education Officer), Michele Chesterman (Governance Officer), L Davies (Governance Officer)
Trade Union Representatives in Attendance:	G Hawksworth (NASUWT), R Dawkins (GMB), P Garland (UNISON), I Reese (UNISON), Richard Hughes (NAHT), D Rees (NEU)

1. Declarations of Interest

None

2. Minutes of previous Meeting

The minutes of the meeting held on 18 October 2018 were approved as a true and accurate record.

3. Matters Arising

The HR & OD Manager confirmed that the Electronic Payslip sessions had taken place at various sites including Telford, but this did not include schools. The Manager confirmed that the Authority would be happy to arrange some additional session if required, with the intention to contact Schools, Business Managers and School Court Officers as this would be done on an individual basis. The UNISON Representative asked if there were any technical difficulties in accessing the electronic payslip system. The HR & OD Manager explained that some staff struggle but were now able to reset their passwords. The Council was looking at a data cleansing exercise and had also arranged a meeting with Midland, the providers of I Trent. The Chair informed the Forum that checks would be made with GDPR on any data protection issues

4. Budget Update

The HR & OD Manager confirmed that an informal briefing had taken place. The EPF was now the formal process with the minutes being captured as part of the formal submission.

APPENDIX 1 – Minutes of the Employee Partnership Forum

The Head of Finance commented that if any unions wished to write in – the minutes would be contained in the papers but any letters from individual unions would be passed on to the appropriate Cabinet Members.

The UNISON Representative (PG) asked the Officers to comment on the Education Welfare Officers budget being cut by 50% and the impact of that across the whole of the Council and the schools involved. The NEU Representative also commented that attendance is a huge issue for the Authority. The need to have children in school is paramount as there were many non-attending children within the Authority. There were many children and families who need the support of Education Welfare Officers. The NEU Representative noted that the proposal was that Education Welfare Officers would have two clusters groups, whereas currently they only have one cluster group. That would be an enormous task to cover. The Authority had an increasing problem where some families think it was acceptable to take the odd day's absence from schools which posed a great worry as some children were not being seen by the Education Welfare Officers.

The NAHT Representative raised the issue that the cuts would mean an additional impact on attendance and welfare and with the school budget deficit of £100k for 2019/20 that could mean that he would have reconsider the position of the Attendance Officer in his school.

The UNISON Representative (PG) commented that early intervention meant the costs were less to support those families affected. Where intervention occurred at a later stage there was more of a hardship on Social Services.

The NEU Representative understood the difficulties facing the Council but these issues had to be raised. There was a 3.1% increase in the school's budget but much of that (almost £3mil) would be spent on a new school. Effectively it meant it amounted to a cash flat situation as pay rises and pension costs would be much greater and could lead to a loss of staff.

The Chair informed the Forum that a few years ago Cabinet had spent 6 months analysing spending and had developed a top 10 list of areas where cuts should not be made. This debate would cut into some of those precious issues. The budget had been discussed at both of his governorships and they are aware of how important this was.

The NAHT Representative informed the Forum that a Teaching Assistant currently supporting around 15-20 children had to leave his post. The school could not afford to replace that person and it would have an impact on the attainment, behaviour and emotional wellbeing of those pupils.

The NASUWT Representative shared an experience of a support Teacher contacting him as he was the only member of staff with responsibility for 16 SEN pupils.

The UNISON Representative (PG) asked the Forum for feedback from the Cabinet Member regarding Supported Living losing 15 jobs. It was not a budget saving exercise. The Authority had decided not to go ahead with Supported Living. The initial consultation finished on January 6th. However, on the afternoon of 9 January 2019

APPENDIX 1 – Minutes of the Employee Partnership Forum

staff were asked to attend another meeting which led straight back into consultation, with the aim of closing down Supported Living. At the last consultation meeting staff were told that the mandate had been met with no further plans. The Unison Representative would like feedback on the rationale and confirmation as to when the Cabinet Member, Cllr Cockeram knew about this.

The UNISON Representative (PG) asked for an update on SENCOM for a better understanding of the TUPE process. The Chief Education Officer confirmed that a decision had been made regarding the SENCOM TUPE process. Eligible staff should naturally TUPE over from Torfaen. It was confirmed by the Officer that 7 members of staff had been identified, 6 of the Staff were Teaching Assistants and one Mobility Officer. The Officer said that it may be likely that there would be more teaching assistants TUPE across on 1st April than required but this would be determined in the future redesign of the service. The Officer confirmed that the Authority needed to recruit the following staff, Teaching Advisor, Visual Impairment & Hearing Impairment Staff, Speech and a Language Expert.

The UNISON Representative (PG) asked how the Authority had identified the staff. The HR & OD Manager confirmed that it had been calculated on a percentage of how much the person worked in Newport (30, 40, 50 or, 60 %). The NEU Representative asked if a considerable saving had been made. The Chief Education Officer explained that Newport Council was expected to provide £651k towards a regional service. It was worth noting that the whole of the SEN, Education Psychology and ALN Service did not come close to that figure. It was believed that by developing greater strength there would be an improve service to schools and everything linked together which was the reason it was being considered.

Action

The minutes of the meeting to be forwarded by the Governance Officer to the Head of Finance as part of the formal submission for the Budget.

5. Any other Business

The GMB Representative raised a Health & Safety issue in connection with the waste bins being reduced in size. Would this raise a problem with the manual handling on refuse and was there anything in place to prevent the public chasing after the wagon with their rubbish bags? It was appreciated training would be put in place.

Action

The HR & OD Manager agreed to provide feedback on the manual handling issues in connection with the introduction of smaller waste bins.

6. Dates of Next Meetings

The dates of the next meetings were as follows: -

10.00 am Thursday 4 April 2019 – Committee Room 1

10.00 am Thursday 18 July 2019 – Committee Room 1

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DRAFT SCRUTINY COMMENTS – EXTRACT FROM DRAFT MINUTES

Overview and Scrutiny Management Committee

Budget Process and Public Engagement

The Head of Finance introduced a brief overview of the budget process and advised that the budget was built upon the Medium Term Financial Plan, using key assumptions to update the MTFP where needed. The Officer informed the Committee that there was a growing demand in the Social Care and Education service areas, which required adjustments to be made. A cash limit budget had been drafted in summer 2018 for the 2019/2020 financial year. The Strategic Directors and Heads of Service were then given a specific total budget target for the year and Officers were required to provide their service within that specific budget. The Senior Officers were made aware of the cash budgets in early autumn and conversations were held with Cabinet Members to establish areas where savings might be made. The business cases were then decided upon and the formal processes for Cabinet Member decisions and public consultations begun.

This was the same process the Authority had used over the previous few years, and was a process that ran year round. The main challenge faced by the finance team was the medium term view, but officers were constantly engaged in conversations with service areas to add clarity and understanding to the assumptions and plans for the future.

The Head of Finance explained that it was difficult but not impossible to plan for the future. To be able to accurately understand the impact of pressures and savings on the budget, the Council was constantly reviewing and refining its assumptions. This was made more difficult by one off payments and grants that were made available throughout the year. In the previous year a one off payment was made available for schools, and during the next financial year a one off payment would be made available for Social Care. This allowed the Council to expedite some of the savings needed, but also made it difficult to plan.

The Head of Finance explained that when creating the budget proposals and business cases the Officers had to make certain assumptions, based on the most detailed information available to them. The finance team were also involved in any discussions around income generation if that would be an intended outcome of the business case.

The Members asked the following questions and received the following responses from the Officers:

- The Committee were concerned at the level of detail in the business cases. The Head of Finance explained that they needed to be selective with what information made it to the business cases to ensure that it was only the most essential information being used in the business case for consultation. There had always been information that was used in creating and writing the business cases that was deemed unnecessary, but that did not mean it was not important to the Officers. Business cases were designed to be as concise as possible.

The Committee felt that this was unacceptable and stated that for the public to make an informed decision on an issue they would need as much information as possible.

- The Officer explained that the all Local Authorities were in a difficult financial position, but Newport City Council was committed to funding everything in the

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Corporate Plan. The Discovery Centre was the only part of the Corporate Plan not included in the Medium Term Finance Plan. Sometimes the Council's Aims and Objectives did not have a financial impact. For instance, Civil Parking Enforcement would fund itself, and any money raised from fines would be ring-fenced for road improvement.

The Committee requested a statement from the Head of Finance on the aspirations and impact of the final budget on the long term aims and objectives of the Corporate Plan.

- The Committee accepted that there were some overspends that were unavoidable, especially in areas like Education and Social Services. These overspends could sometimes become very large and it became unrealistic for the service area to manage them alone. At this time the overspend would become managed at a council level. The non-service area budget enabled the Council to manage its bottom line.
- The Committee was encouraged by how the Heads of Service were aware of the amounts of savings they needed to make by early autumn, as this would allow for them to test their ideas with the people the potential savings would impact before the business cases were created. The Head of Finance stated that it was important to remember that the spring budget setting was not the only part of the annual budget saving process. The Officer explained that Heads of Service could take delegated decisions at any point of the year, or Cabinet Members could take decisions at any point, these were processes that were in place.

The Committee stated that they were aware of Head of Service delegated powers and that all Members were consulted on Cabinet Member decisions, but they wanted to comment on how public engagement, especially engagement with those who will be most affected by a potential decision. Members referred to SenCom as a prime example of how consultation with those service users could change an outcome for the Council.

- The Head of Finance stated that when the Council were looking three to four years ahead and consulting with people as they went along, they would be where they needed to be. This was especially true in the current financial climate, but other Local Authorities did manage to achieve this and so could Newport if all Officers and Members committed to looking ahead.

The Head of People and Business Change joined the table as the Committee's questions were beginning to address public consultation around the budget.

- The Head of People and Business Change explained that his team worked with service areas in developing the business cases, but they were doing so with dwindling resources. The aspirations were there to engage with service users and that this was sometimes the part that was missing from the process. The Committee accepted dwindling resources had impacted on the ability to engage with service users but stated that the Cabinet Members and Officers should look to do more to engage with the those impacted by potential decisions in particular.
- The Head of People and Business Change stated that if they were to engage with potentially impacted upon people and organisations there needed to be

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organisational and cultural change within the Council. The Officer continued to say that the Consultation and Engagement Group were meeting on March 5th and that the Group would be happy to feedback to Scrutiny what was discussed and what they planned to take forward.

- The Head of People and Business Change clarified his role and the roles of other Heads of Service in engagement with the public, and specifically impacted people. The Committee felt that Heads of Services and Strategic Directors needed to be challenged to engage with key stakeholders to develop savings before decisions were decided upon.
- The Head of People and Business Change informed the Committee that the Council had recently been audited to find out how the Wellbeing of Future Generations Act's Five Ways of Working was being implemented. The Council had a long way to go and it was a great way of thinking and planning for the long term. The Head of Finance agreed and stated that the Act was a tough ask in today's financial climate but they were embedding it in the Council's working practices. The Head of People and Business Change stated that the regeneration work the council carried out was a great example of the impact the Act could have upon on service delivery.

The Officers continued to inform the Committee of how the Act could be used a framework for planning services, using an outline budget forecast over the next couple of years.

- The Committee wished to know if the Fairness and Equality Impact Assessments (FEIAs) were being utilised to measure the potential impact on people or organisations. The Officers agreed and stated that the FEIAs should be used prior to the business case being written, and a business case should be developed from the information gained in a FEIA. The Committee stressed the importance of the FEIAs in ensuring a service area consults with an impacted group or person prior to a business case or decision being taken. The Members also said it was important that the FEIAs were completed properly to a specific standard with a required depth of analysis.
- The Head of Finance stated that Newport financially needed a 'bigger slice of the pie' due to a number of factors, including a growing population and building and developing schools. Newport City Council was in the top five or six councils in Wales, but its costs were above its Standard Spending Assessment (SSA) if the Council were to close the gap between spending and SSA with funds raised from Council Tax, there would need to be a hike of more than 20%.
- The Head of Finance informed the Committee that a rolling four year planning horizon should be used to establish a cost plan for the four years. Budget modelling should be used to take into account key potential budget strains from education, young people in care and a 4% base assumption. The Committee wished to recommend that the Officers looked to develop this rolling four year planning horizon for the budget.
- The Committee wanted to provide schools with an education/school specific 4-year budget plan to allow them to plan more effectively.

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The Chair thanked the Officers for attending.

Conclusions:

The Committee wished to make the following comments and recommendations to the Cabinet:

- The Committee wished to highlight their frustration and disappointment of the poor level of detail in the business cases again this year, as this recommendation was made to the Cabinet in last year's budget consultation. The level of information contained in the business cases and consultation mechanisms was important to allow for an informed comment to be made by the consultee.
- The Committee requested a statement from the Head of Finance to be provided to the Committee on the aspirations and impact of the final budget on the Council's long term aims and objectives set out in the Corporate Plan.
- The Committee recommended that all decisions which impact on Services, both Head of Service and Cabinet Member, are preceded by engagement with the potentially affected people.
- The Committee wished to receive an update and action plan from the Consultation and Engagement Group after their meeting on March 5th 2019.
- The Committee recommended that more time is taken to develop high quality Fairness and Equality Impact Assessments to allow more in depth analysis before a decision is taken. A decision should also indicate how the information gained in a FEIA was used in its development.
- The Wales Audit Office report on the Councils embedding of the Wellbeing of Future Generations Act's, Five Ways of Working to be circulated to the Committee for information when published.
- The Committee requested a documented procedure of the annual budget process, with specific feedback when requested throughout the year.
- The Committee recommended that the Council move to a four year rolling budget based on the modelling and information available at the time.
- The Committee recommended that schools were provided with a four-year budget to allow for more effective budgeting and planning.

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PERFORMANCE SCRUTINY COMMITTEE - PLACE AND CORPORATE

The Strategic Director – Place sent her apologies that she was unable to attend for this item as she had to attend another meeting.

CS1920/06 – Refuse Collection – Review of Charging for Waste Special Collections

The Head of Streetscene and City Services presented a brief overview of the proposal to the Committee. The Authority currently charged £6 per item and the proposal would change the price to a minimum charge of £20 for up to 3 items which would recover the full costs of the service. Other Councils' charges had been benchmarked and most Councils recovered their costs by charging an initial payment for 2 or 3 items of bulky waste collected. Based on the Council's current take up for the service it was expected that the Council would break even based upon the proposed charge of £20 for collecting up to 3 items.

Members asked the following:

- Was the Head of Streetscene and City Services in post the previous time this revised charge was proposed as a budget proposal. The Officer advised that he was not in post at the time. A Member explained that that this proposal was made 2 years ago but that as a result of consultation and comments made it was not implemented, partly due to fly tipping and the costs of a potential increase in fly tipping.
- A Member expressed concern that the introduction of a minimum charge for up to three items could increase fly tipping in Newport and make the problem worse. The Officer advised that the proposal was not asking for a minimum of 3 items to be collected, it is for a minimum charge of £20. The Officer agreed that fly tipping was a real problem however he did not accept that Newport was massively different from other authorities in this area.
- Members voiced concerns that when payments rose, some people fly tip and get away with it whilst those who follow the rules picked up the costs. Members asked if there were any plans to implement an enforcement regime to deal with people who fly tip. The Head of Streetscene and City Services sympathised and agreed that it was frustrating that there were a small number of people who fly tip, unfortunately a lot of the time items were dumped on private land. There were interactions with Newport City Homes to work together, and work was ongoing between the Waste and Street Cleansing Teams. Cameras had been installed in known hotspots and the possibility of more surveillance cameras was being explored, and was hoped that these would make an impact.
- Members were told that the team were looking into recycling bulky waste however some bulky waste could not be recycled.
- Members discussed CCTV and cameras, it was then advised that the Council needed to be smarter in known problem areas, and there needs to be an investment in advanced equipment to overcome fly tipping. The Officer

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agreed that a small number of areas need to be monitored more however the challenge is that some areas are private land.

- Members understood the need to cover costs but were concerned that the public would face this increased charge and items would be stored in gardens until they could afford £20 or had 3 items. It was suggested that a scheme could be brought forward where neighbourhoods could group together to collect 3 items at the same time and share the charge. The Head of Streetscene and City Services advised that he would take this comment back to discuss with the Team about how this could happen operationally.
- A Member suggested that Residents would be more accepting if crews could attend an area twice a week if one collection day was missed, they could have another day in the week to have items collected. It was also queried if vans were always filled. Members were advised that broadly it worked by each zone having a designated collection day. The City was a more densely populated area than most, so in terms of making services cost effective, fees were benchmarked and Newport had been in the bottom quartile. In regards to vans always being filled, the Head of Service advised that demand broadly meets supply and that he would need to get the latest figures to share.
- A Member queried whether the Service would break even. The Head of Streetscene and City Services advised that this would be reviewed the following year to ensure to the best of ability everything had been done.
- A Member suggested that consideration be given to a discount for those on low income / Universal Credit to partake in the service.
- It was queried how the proposal for the Council to stop giving refunds for cancelled collections would fit with Consumer Law. The Head of Service clarified that refunds would not be offered if a person booked a collection, the crew turned up and then the person changed their mind.
- With regard to the statements made under the Wellbeing of Future Generations (Wales) Act Five Ways of Working Section of the Business Case (Page 53) a Member made the following comments:
 - **Integration** - there was a blanket statement that fly tipping would be reduced, but it had not stated how.
 - **Prevention / Involvement** - It was not made clear how this proposal would address complaints (about fly tipping).
- A Member made the comment that that telling people that CCTV was operating in the area would probably deter fly tipping there.

CS1920/07 – Off street parking – Changes to Council Parking Charges

The Head of Streetscene and City Services presented a brief overview of the proposal to the Committee, which included an increase in tariffs for off-street parking, business parking and resident parking zones.

Members asked the following:

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- A Member enquired what was the purpose of the charge currently levied for issuing parking permits. The Head of Streetscene and City Services clarified that it was to cover the costs of administration of permits, remarking of road markings and signage of residents parking bays. He explained that the increase of the charge to £30 was to offset the cost of delivering the function, which it previously had not.
- A Member advised that Residents were more concerned that the residents parking would be well enforced to enable them to park in the permitted area, especially those in the suburbs of the city centre. The timing was unfortunate as there may be a view that the increase in Resident's Parking Permit Charge was to cover cost of enforcement. The Head of Streetscene and City Services advised that the Council's charge was for admin, road markings and signage and the Council had yet to take over enforcement, it would happen in a few months' time and he was confident that this would improve dramatically.
- It was suggested that consideration should be given to the increased charge for Residents Parking not commencing until enforcement was properly in place. This would give Residents confidence and value for money. The Head of Streetscene and City Services advised this comment would be taken back.
- A Member queried the Business Case where it stated there was no impact on footfall in the city centre, as the proposal was protecting businesses and increasing charges for footfall, while there was only a small increase for businesses that was not proportionate. The Head of Streetscene and City Services advised that the advice given to the team was that it would not make an impact. Businesses were not impacting on their costs, if however they have a charge they have to pay for staff that would have an effect on their costs.
- A Member requested to see a breakdown of costs of administration before the increase for residents parking and spoke of the importance of being open and transparent with costs before the increase. He added that the proposal for residents parking asked people to pay more for something that could not yet be enforced, so that until enforcement is in place an increase should not be implemented. The Head of Streetscene and City Services advised he would take this comment back for consideration and would look into the breakdown of costs.
- A Member commented that the proposal for a general increase in charges for off street parking was regrettable as the City Centre needed all the help it could get, with empty shops there was a need to encourage footfall. The Council pays VAT on income from off street parking and helps businesses, but was proposing to increase charges on those visiting the City Centre, which may be not negatively impact in the short term, but a long term approach was needed. The Head of Streetscene and City Services clarified that with all proposals the Council had to set a balanced budget.
- A Member asked whether compared to private sector parking in Newport, was the Council competitive. The Head of Streetscene and City Services advised that it varied as Friars Walk car park charges had increased and costs changed all the time.

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- A Member asked whether there would be an investment in new technology in car park ticket machines in the City Centre. It was advised that there will be an upgrade on machines to allow debit card payments, and also looking for an App option for payment to be made via mobile phone in order to modernise the service.
- A comment was made that there was a really low number of 43 business spaces provided and the Council could be missing the potential to generate income e.g. hotels, well known businesses thinking of moving to city centre, etc. The Council could increase the number of business spaces offered and generate more income. After enforcement begins, some of the current car parking in no parking / no waiting zones in the City Centre should cease and Businesses may need more Business spaces. It was also suggested that free parking could be offered on Sundays to encourage footfall.

CS1920/08 – Customer Services – Reduction in Customer Services Operating Hours – Information Station only

The Head of Streetscene and City Services presented a brief overview of the proposal to the Committee, which was to reduce the operation of the Council's face to face customer services provision from 5 days to 4 days a week.

Members asked the following:

- A Member referring to Recommended Option 3 on page 62 where it stated: "Engagement with other service areas and partners is required to understand the impact of the change for them" asked whether there was a guarantee and solution in place that this would not be rushed, not just a tick box exercise and would be done correctly and stressed the importance of getting this right. The Head of Streetscene and City Services advised that when the proposal was written it was in the future tense, some engagement had happened and some was ongoing. In essence the proposal asked for groups to condense their services to 4 days. For some services that should not be a problem but there would still be need for services to vulnerable groups, which may have the option to visit the Civic Centre on the proposed closing day for the Information Station
- It was asked how Customers would be redirected. The Head of Service advised that customers would be redirected to the Civic Centre via signs on the door of the Information Station.
- A Member referred to the Risk table on page 63 which already identified Risk: Probability and Impact on users which already identified a high impact upon Services for vulnerable customers e.g. homelessness and benefits assistance. The Head of Service advised that unfortunately it was a reduction of services. In terms of looking at contact and what is the worst option, it was felt that while condensing the services into 4 days of use was not perfect, it was better than reducing people on the phones. Looking at the profile of demand, there was a surge in numbers in the morning, which reduced and then a surge later in the afternoon. The risk was that people may need to wait a little longer.

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- A Member asked why go ahead with the proposal to close the Information Station one day a week given the risks identified and it would be better to wait on the phone rather than the most vulnerable face to face visitors having to walk to the Civic Centre on the closed day. He added that not everyone has access to computers or phones and prefer a human interface. The Head of Streetscene and City Services advised that there were already complaints about wait times and the direction of travel was toward online services and Apps, and although they were not for everyone, they were more cost effective.
- With regard to the Wellbeing of Future Generations (Wales) Act Five Ways of Working – Collaboration, a Member suggested collaborating with Newport City Homes in the city centre, Newport LIVE or the Library rather than reducing a service. The Officer advised that they did talk to partners, and this could be something to look into for the future.

CS1920/10 – Introduce Parking Charges within Tredegar Park and Fourteen Locks

The Head of Streetscene and City Services presented a brief overview of the proposal to the Committee, which was to introduce parking charges within Tredegar Park and Fourteen Locks, following on from the proposal in last year's Budget to charge for car parking in city parks in principal and specifically in Belle Vue Park. He advised it was worth noting that the charges in parks proposed were less than the charges discussed earlier in the meeting starting at £1 for 2 hours and that this was proposed to be held for a long period.

Members asked the following:

- A Member asked for the figures on use since parking had been implemented in Belle Vue Park in September 2018. The Head of Streetscene and City Services that in line with the budget per month it was approximately £2,200.
- A Member commented that the work was still awaited to complete the car parking works at Belle Vue Park.
- A Member expressed concern that Tredegar Park was used as inexpensive recreation for people and that the introduction of charges could potentially impact upon ceasing healthy activity and charging those who can least afford it.
- A Member referring to Recommended Option 1 which stated: "there may be a requirement to look at a 'free' hour option, asked when would this be decided. The Head of Streetscene and City Services advised that this had been written in the past, looked at and considered and the general conclusion was there would be quite a lot of turnover which would not make it viable.
- A Member asked what had consultation with service users of Tredegar Park and Fourteen Locks shown, for example local sports teams might decide to not use the facilities or dog walkers may decide not to visit the park. The Head of Streetscene and City Services advised that they were consulted last year when the overarching proposals were agreed, one consultation event was held last week, Service Managers would be meeting representatives of

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groups of both of the parks in the coming week and comments will be taken on board.

- Comment was made that each park are different areas and what may suit one group would not be applicable to another. The Head of Streetscene and City Services clarified that discussions would be taking place with groups between now and February.
- A Member stressed the need for consultation to be sensitive to individual sites as each was very different and asked whether there a meaningful consultation and would there be any concessions to user groups. The Head of Streetscene and City Services advised that all points and opinions were considered and clarified that concessions for user groups were included in the base model including for voluntary groups e.g. the café in Belle Vue Park had a couple of allocated spaces. He clarified that the assumption was based upon only 50% usage of the car park.
- A Member queried whether the consultation was happening late and whether the Head of Service was happy progress had been made. Members were advised that consultation was discussed last year, which was the process that the Council had set.
- A Member commented that it was great that people were coming forward which showed that consultation was happening. Last year the Committee fed back that all parks were different, and had different uses. He queried whether this year's engagement was meaningful, and when it had happened. The Head of Streetscene and City Service advised that Officers had spoken to residents on Thursday and Friday last week, and that conversations were still ongoing, and discussions with the Canal Trust, volunteer groups, Café owner and all parties would be undertaken.
- A Member raised the potential issue that the Canal Trust and volunteers may not be able to use the car park which could lead them to park on the road on Brunel Avenue, so residents of Brunel Avenue should be involved in discussions. The Head of Streetscene and City Services advised that it was something which was being considered, but people are legally allowed to park there.
- A Member referring to Charities putting on events 2 to 3 times a year asked would they look to not charging for car parking on event days. The Head of Streetscene and City Services advised that not charging charity events was in the original proposal. It was clarified that two spaces had been offered to in Belle Vue Café, however staff would need to pay for their own parking.
- A Member also asked for clarification of whether fees would be charged at night time, and if there would be enforcement at night time to combat anti-social activity. In terms of night time charges, the Head of Service did not believe there would be charges at night and advised that anti-social activity could be reported and addressed.
- A Member referred to the statement: "income generation would be used to support the annual costs associated with static ranger provision and overall

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park budget” on page 73 of the report, and asked for clarification on whether all income generated would be ring fenced for use on each park., The Head of Streetscene and City Services clarified that income generated would go into the Countryside and Parks budget, and that Belle Vue had a covenant which states not allowed profit from the park.

PSB1920/02 – Partnership – Reduction in Voluntary Sector Grants

The Head of People and Business Change presented a brief overview of the proposal to the Committee to reduce Voluntary Sector Grants including withdrawing grants to Citizens Advice Bureau, Shop Mobility, Alzheimer’s Society, GAVO and the recently collapsed SEWREC.

Members asked the following:

- A Member voiced concern at the possibility that the Council may have to pick up some of the services that the previously funded voluntary groups could no longer provide. This coupled with the proposal to reduce the services in the Information Station could have an adverse impact upon service users.
- A Member expressed concern that the Citizens Advice Bureau fulfils a meaningful role for citizens, and a reduction in funding could damage the success of defending cases and impact upon customers’ lives and reduce their living affairs.
- The Head of People and Business Change advised that CAB and Shopmobility both received a grant. He explained that CAB provided telephone advice and delivered a unique service outside of Council statutory services. If that provision was removed, users of that service would go elsewhere and the Council was not the legal provider for that support. He also explained that Shopmobility provide a service of mobility scooters to public free of charge and the Council had no capacity to pick this up as a business model. Both have had conversations with the Authority, the big risk is the CAB Service; however the service was not within the remit of the Authority.
- A Member suggested that Shop Mobility, could generate income from increasing charges for using their equipment.
- A Member commented that the report did not give enough information about the services being impacted upon. CAB services were invaluable, would have been useful to have more details to take a view, so currently have difficulty in supporting Option 2 proposal to remove funding. The Head of People and Business Change advised that the report was a secondary report and the original report had contained more detail. There had also been was an internal audit report looking into voluntary sector grants, and there had not been a procurement process for it. He clarified that Option 2 could mean still making a saving but procuring a service. This would be dependent on providers; so could be the provider the Council currently has, while the current situation had those companies on our service agreement.
- A Member referred to WFGA long term impacts upon people who have low income and vulnerable and asked whether we could signpost Shop Mobility to

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Newport Now to discuss any funding that is available, or possibly introduce Shopmobility to the other city centre providers like Kingsway or Friars Walk.

NS1920/05 – Additional 2.95% increase in Council Tax resulting on total increase of 6.95%

The Head of Finance presented a brief overview of the proposal to the Committee. It was advised that this is decision for the Council, and would be debated by Members at the Council Meeting on 26 February 2019.

Members asked the following:

- Members suggested that it may be clearer for residents if the 2.95% was hypothecated to Social Services or Education. The Head of Finance advised that this would be fed back, however the funds could not be hypothecated in Wales.
- Members commented that an increase of 6.95% sounded high, plus the changes to Community Councils, Fire and Police Precepts was a lot higher than the past ten years. It was questioned whether other Local Authorities and in England were doing this, and whether there was a cap. The Head of Finance advised that County Councils in England had been rising by 6.95% or 6%, more flexibility had allowed them to get to that level, and had been for the last couple of years. He explained that the demand on services outstripped the funding available and the debate was around balancing Council Tax and savings. He also advised that Newport had the 2nd lowest council tax area in Wales, and one of the lowest in the UK.
- The Head of Finance explained that all across the UK the councils' budgets were being spent on less of the population and going towards education and social care. Even in those areas the money was going to the most needy, Special Education Needs and looked after children. Those are a very small number in the social care area. It was then advised that the budget was increasingly being focussed on the high need individuals. Council Tax was going up generally more than inflation. It's UK wide, although it did not make things any easier.
- Concern was expressed that high increases can cause resentment. The Head of Finance explained that it was important that people understood why this was happening and he hoped it was clear in the report that cost and demand increases have been up significantly.
- A Member commented that this was an emotive subject and the Council must produce a balanced budget. The increase was unfortunate, the points made were sympathised with and the proposal would be debated at Council.

The Chair thanked the Officers for attending.

Conclusions:

Comments to the Cabinet on the following proposals:

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- a) The Committee noted the budget proposals relevant to the Place and Corporate Directorates and agreed to forward the minutes to the Cabinet as a summary of the issues raised.
- b) The Committee wished to make the following comments to the Cabinet on the Proposals within the Place and Corporate Directorate:

CS1920/06 – Refuse Collection – Review of Charging for Waste Special Collections

- The Committee felt that ways of making the Service more efficient and cost effective without increasing charges could be explored.
- The Committee expressed concern that the proposal to increase the minimum charge to £20 for up to three items may result in an increase in fly tipping.
- The Committee was concerned about the impact of the charge upon low income families and that consideration should be given to a discount.
- There was a need for greater monitoring and enforcement of fly tipping alongside this proposal and investment in cameras / CCTV and publicity about cameras to better prevent fly tipping.
- More detail and explanation is needed in the Business Case e.g. the Wellbeing of Future Generations (Wales) Act Five Ways of Working Section of the Business Case: Integration – makes a statement that fly tipping would be reduced, but it does not provide any details to substantiate how.

CS1920/07 – Off street parking – Changes to Council Parking Charges

- The Committee requested a breakdown of the administration costs of the service from the Head of Streetscene and City Services before a decision upon the proposal to increase the charge for Residents Parking.
- The Committee recommended that the increased resident parking permit charge should not be introduced until parking enforcement is in place.
- The Committee proposed the increase of the number of business parking spaces be explored, which could increase revenue and could reduce illegal business parking.

CS1920/08 – Customer Services – Reduction in Customer Services Operating Hours – Information Station only

- The Committee expressed concern about the closure of the Information Station for a whole day and effect that this would have upon the most vulnerable service users.

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- Having regard to the Wellbeing of Future Generations (Wales) Act Five Ways of Working – Collaboration, the Committee recommended exploring collaboration with Newport City Homes and other partners on the provision of joint city centre customer services thereby reducing and sharing costs rather than closing services.

CS1920/10 – Introduce Parking Charges within Tredegar Park and Fourteen Locks

- The Committee stressed the need for consultation and engagement to be sensitive and focussed on the individual sites and their uses, as each park was different in nature, in different locations and had different user groups e.g. water park, sporting activities, historic, and what is suitable for one may not be applicable to the others.

PSB1920/02 – Partnership – Reduction in Voluntary Sector Grants

- The Committee commented that the Business Case for this proposal did not contain sufficient information about which organisations the removal of grants would effect and the services being impacted upon.
- The Committee took assurance that Recommended Option 2 - to commission a service to deliver against a contract set to the corporate priorities would fund successful organisations up to 2021/22.
- The Committee recommended signposting Shop Mobility to Newport Now and other city centre providers e.g. Kingsway and Friars Walk to discuss any alternative funding available for the Shopmobility service.

NS1920/05 – Additional 2.95% increase in Council Tax resulting on total increase of 6.95%

- The Committee noted that this proposal would be debated at Council.

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PERFORMANCE SCRUTINY COMMITTEE - PEOPLE

The Chief Education Officer presented a brief overview of the report to the Committee and highlighted the key areas for consideration. The saving proposal within Education was the only saving to be presented to the Committee from the People Directorate. When the Council looked for savings it had to take into account the statutory education obligations and grant funded roles, which limited the potential areas for savings. The Officer confirmed that the workforce in Admissions had already been cut, the Special Educational Needs (SEN) provisions were overburdened, and many roles, including Gwent Ethnic Minority Service (GEMS) and Gwent Music, were grant funded. The Authority had seen a growth in pupil numbers, which had been accommodated with a £3.1 Million increase in budget.

- Members of the Committee asked the Chief Education Officer if the reduction in the budget could have been made in any other areas within the Education Department, the Officer was also asked where future reductions would be made and what would happen in the next few years to come. The Officer replied to Members explaining that the Heads of Service in the Organisation had an incredibly hard job to make savings year on year. This leads to entire departments being scrutinised for which areas potentially could change for savings to be made. The Officer continued by informing the Committee that she could not discuss which other areas of Education were looked at or which areas of Education could face cuts next year.
- Members enquired if any correspondence had been received from Schools, or meetings taken place, to gain information on what others thought of the proposed saving. The Officer confirmed that the public consultation was ongoing. Trade Union representatives had communicated their concerns, and the Employee Partnership forum and Head Teacher forum was meeting before the consultation closed. Officers explained that Head Teachers had been addressed at a meeting regarding the budget proposal, but they could not suggest any alternative cost savings.
- A Member expressed concerns regarding the proposal to cut Educational Welfare Officer (EWO) and an Education Psychologist post. Members commented that by reducing the EWO role, it would likely have a knock on effect on attendance results, which Estyn would criticise. Members felt that a reorganisation would be required to ensure support could be provided to all schools in Newport. The Officer replied to the Members explaining that the less visual back office staff often receive less empathy, it was explained that there were only three back office staff to support the whole of Newport. The Officer continued by stating that it was important to keep front line staff but equally important to keep back room staff for a functioning service, the decision was the best of the worst option.
- Members commented that the proposed saving was two hundred and fifty thousand pounds and asked could the Officers confirm what figure would be saved in 2019/2020. The Officers confirmed that the full amount would be saved as there was a separate pot for redundancy and pension costs.
- Members enquired what support would likely be given to schools and would this reduce home visits by the EWO. The Officer replied explaining that the support would fall on the EWO as they would take on 2 clusters within the City. It was explained that schools should set the attendance culture, more emphasis should

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be on changing the attendance culture within the family setting. The Officer also explained that the proposal might reduce the EWO working with staff in schools, but this was something that would be identified in time. The EWO would predominantly work with schools around the attendance prosecution process.

Members asked the Officers if any allowance would be given to the Authority from Estyn, as there could be a knock on effect on attendance figure. The Officers confirmed that Estyn were aware, but if the Authority fell below the Welsh average there would be consequences.

- A Member asked Officers to confirm the age group of those staff effected by the proposal, and asked if the staff would have to interview for their own post. The Officer confirmed the age ranged from 30 – 50. Voluntary Redundancy would be offered to staff, which would then determine if staff needed to interview for roles.
- Members commented that there would be staff left behind to pick up the excess workload, would the staff and their welfare be monitored. Officers explained that the Authority had a duty of care to employees, and those changes would be tracked as a result of budgetary cuts.
- Members asked the Officers what the 3.1 million extra budget would be spent on, and if some of the budget could be spent in other areas. Officers confirmed that the extra budget would be spent on new schools and to accommodate the growth of current schools within the Authority. The Officer confirmed the suggestion was a valued point, but the decision had been very difficult, the suggestion of spending the extra budget in different areas would only give a proportional saving.
- Members asked the Officers for a quarterly report on attendance data. Officers confirmed that would be produced.

The Chair thanked the Officer for attending.

Conclusion - Comments to the Cabinet

The Committee noted the 2019/20 Budget Proposals and MFTP and agreed to forward the minutes to the Cabinet as a summary of the issues raised.

The majority of the Committee reluctantly supported the education budget saving proposal and wished to make the following comments to the Cabinet:

- Monitoring of the attendance levels of schools and a quarterly report to be produced for the People Committee.
- Concerns were raised over the impact of the budget saving on the fantastic work done by the Education department and schools to increase the attendance figures over the last number years.
- Concerns were raised over the impact on the remaining EWOs from additional workload pressures. The Councilors concerns included the EWO's welfare, additional sick leave and school staff picking up the slack. The Committee felt that there were not adequate mitigations to offset the risks.

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- The Committee requested an explanation of how the budget saving fit in with the Council's long term aims set out in the Corporate Plan.

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Minutes

Newport Schools Forum

Date: 23rd January 2019

Time: 3.30pm

Present: Chairperson Nicola Allan (NA), Bethan Parry- Jones (BPJ), Kate Guest (KG), Carl Sherlock (CS), Jo Giles (JG), Dean Taylor (DT), Jan de Clare (JdC), Nick Brain (NB), Mark Rowland (MR), Joe Wightman (JW), Julie Collins (JC), Cllr John Guy (CJG), Caroline McLauchlan (CM),

Officers in Attendance:

Andrew Powles (AP), Deborah Weston (DW), Martin Dacey (MD), Clare Watts (CW), Charlotte Cregg (CC), Ceri Gibbons (CG), Owen James (AHoF), Meirion Rushworth (HoF) Claire Barber

1. Apologies for Absence

Sarah Morgan, Katy Rees, Gavin Jones, Gail Giles, Annette Daily, Peter Garland, Jon Watts

2. Update of Final Settlement

Updated settlement has increased due to small increase in RSG and change to Tax base equating to £1.1m overall increase on initial settlement. Plus, additional grants estimated at £2m for Social services and Schools

DT queried if all grant money would go to schools or will Cabinet decide.

HoF confirmed £1.5 grant allocated this year, next year £390k will go to schools.

DT queried if a review had been undertaken to identify if the teachers' pay grant covered the actual cost of the pay rise.

HoF confirmed all money allocated to schools. Most grants were one off payments and the pay rise was not anticipated to be supported by the grant going forward into 2019/20.

CC confirmed that an analysis of the cost to each school of the teachers' pay award had been undertaken and the final grant received in 2018/19 exceeded the cost to schools.

NB Queried if the extra teaching costs have been considered.

HoF Acknowledged that funding issued would not cover all costs and confirmed next year's grants will be passed straight to schools.

NB queried if extra funding will be received for pensions.

HoF confirmed it would be for pensions only but potentially not the full amount. It the intention that all grants will be passed to schools.

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AHoF advised it is assumed that other grants will be available but no figures are available yet.

DT advised the group that EAS had implied to Headteachers that grant funding for professional development would be distributed .

JG queried if the professional learning grant was to be distributed by the EAS via Newport Schools

HoF advised that it is our understanding that grants will go through EAS straight to schools.

NB queried if £360k is this the amount to be considered by Cabinet

HoF confirmed that is the amount to be considered.

AHoF gave a brief overview of the Cabinet Report Papers.

NA raised a query regarding page 67 point 3.7 - what is the investment mentioned.

AHoF advised the £2.2m was used for social care and education (SEN) pressures.

ND queried if this investment had been used to pay for OOC placements

AHoF Confirmed it had along with Social Services and other pressure areas.

NA raised a query regarding page 68 5.1 - what is the % in growth of pupils over this time, is the % growth in the pupil population greater than the overall % increase in finance available to schools

AHoF Advised that pupil population is not considered unless new schools are opened. Funding is based on number of pupils in each school not the growth overall.

NA raised a query regarding page 70 – although this indicates a 10% increase in funding from 2013-2018, how does this compare to the increase in pupil population in Newport during the period 2013-2018

Action DW to provide % increase in pupil numbers.

NA raised a query regarding the table on page 75 – Out of County Recoupment Income, is this an investment or money back in?

CW confirmed it relates to a loss of income due to us utilising Newport placements because of local demand and not selling them to other authorities so this is an income reduction.

NA raised a query regarding page 76 - does this point relate to pensions as covered in the opening overview?

HoF confirmed that this does.

NA stated that in relation to page 83 – There were no specific details contained within the distributed papers about the changes to the arrangements with SENCOM and the plans to improve residential care for pupils in Newport for forum to take an informed view.

AHoF advised further details are in additional cabinet papers.

Action Finance to provide links so that School Forum can take an informed view

NA raised a query regarding page 119 &120 Table, are the reductions in independent fostering placement and out of area placements which are predicted a realistic view given the steep rise in demand in recent years and the unpredictable nature of this type of need.

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AHoF Advised that based on the age profile of every child this will result in the decrease JG queried if existing pupils would just replace these.

MR stated it would be useful to have sight of the strategy for reducing Out of County placements costs at future meetings.

AHoF Confirmed this is being looked at by Education currently and future plans are being considered.

HoF will work with Sarah Morgan to look at a way forward.

Action – AP/HoF will discuss with SM.

NA asked that representatives from both Primary and Secondary school share the views obtained from colleagues regarding the letters drafted to the Cabinet Member.

MR gave an overview from CONSH on behalf of secondary schools. Responses received from 8 secondary schools and will be presented once all responses are received. Points raised were:

It's concerning to Secondary Schools that NCC pupils are now the lowest funded in Wales per pupil (WG published figures Budget expenditure per pupil 2018 - 2019).

The proposed budget would leave secondary schools unable to fund current level of staffing and provision. The £3m shortfall in funding identified in the budget paper would require an approx. reduction of 69 teachers (mid-grade) or 99 TA's (grade 3) either through non-renewal of fixed term contracts or redundancy processes.

The budget paper outlines 10% cash increases over a 5-year period for school – The increase over this period for secondary schools is only 2.72% against NJC support staff increase during this period of between 15.1% to 38.2% and increases for teaching staff of 9.2% to 14.4%.

School balances have been eradicated by most secondary schools to meet previous cost pressures.

The impact of the proposed level of cuts would be:-

- Increased class sizes to 35 – 40.
- Reduction in curriculum offer – likely that the practical and creative subjects will be hardest hit.
- An inability to fund and update digital and ICT resources which will impact significantly on developing learners.
- We anticipate negative parent and learner feedback.
- Changes to inclusion provision and reduction in alternative provision would undoubtedly be required. Reducing the number of learning coaches and TAs would increase numbers accessing the Bridge Achievement Centre (and similar provisions), aligned to central cuts to EWO and EPS services, our most vulnerable pupils are those worst affected.

Secondary Schools require LA assurances re: the Council meeting any shortfalls in non-funded WG pension costs and also rate increases which have not be included in the figures presented to Cabinet.

Whilst Secondary colleagues are acutely aware of the financial pressures faced by the Council, it asks Cabinet to prioritise funding to a level that ensures that the young people they and we collectively serve, receive the very best standard of education to maximise their future potential.

CS Read out the letter from NAPHS on behalf of primary Schools. Main Points were:

Primary colleagues recognise the pressures currently being placed on Newport City Council and the challenges it has to deliver front line services within the budget settlement it receives from Welsh Government.

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Significant concerns have been raised on the ability to continue to operate our schools effectively and safely with current levels of funding.

During 2018/19 49 schools in Newport have significant in year deficits totalling approximately £3.3m (Secondary Sector - 2.2m, Primary Sector 1.2m, Special Schools Sector 184k and Nursery Sector 28.5k) with an estimation that 45 schools will move into an overall deficit budget over the next financial year 2019-2020.

Many Primary schools have already taken measures to keep surpluses positive up to this point and there are very few options left to explore.

A number of scenarios have been identified that include options such as closing schools for half a day each week to core PPA time, increasing class sizes, removal of interventions etc. if proposals go ahead.

Many budgets supported by additional grants which are often used to 'prop up' budgets by covering existing staff wages thereby painting a 'rosier' picture of the funding shortfall.

The proposed increase funding for schools by £3m, falls significantly short of the expected pressures of £6.4m. It has been estimated that this would require around 69 teachers or 99 teaching assistants to be made redundant or lost through non-renewable contracts.

Cuts to vital central services have been proposed including a reduction in the numbers of Education Welfare Officers and Educational Psychologists. Children and families are arriving at schools with greater and more complex needs at a time when it is proposed that capacity to support them should be significantly reduced.

Cuts to SPLD and Children and Young People's Services have impacted schools negatively, school staff are having to support families who are affected by the lack of more specialist services once available to them.

Primary sector asks that funding for schools is increased to meet and exceed all additional pressures to ensure Education in Newport supports and drives the 'resilient communities and aspirational people' corporate priorities

AP Advised that this letter should be sent directly SM to discuss with the CM.

MR Asked at what level are the current levels of council balances and asked if NCC are the point where The Council run with a lower balance.

HoF Advised that the reserves are at the minimum level with the majority earmarked for specific use.

ND raised a query regarding the £2m of invest to save reserve identified on P.14 of the papers.

HoF Advised this is used to fund one off costs.

KG Queried if it was now appropriate for Schools to use this reserve.

HoF Advised the Invest to save is for one off costs only i.e. redundancy costs.

AHoF Stated the reserve is currently being used to balance budgets.

DT Stated that Education budgets across Wales are in crisis. Headteachers do not know how they will continue.

DT asked that forum look at how nurseries are funded as the costs of staff to run nursery provision is significantly in excess of the funding received. DT indicated that he received £42k of funding and the cost of running the nursery provision in his school was in excess of £70k.

APPENDIX 3 – Schools Forum Minutes

DT gave his views regarding the lack of funding and encouraged all to use the forum to make these views heard.

JG Asked that there be clarity in presentation between income that schools were generating through external works with Estyn, EAS and through lettings and the actual budget received. The forum member expressed concerned that there were occasions where schools appeared to be managing a budget or were in surplus a result of income generation and this was not clearly expressed in the presentation of the budgets.

NB Asked if the extra funding recently released by WG give an in accurate bottom line balance to school budgets when reviewed by the Cabinet Member.

CS asked if Finance could provide an analysis of how much each schools costs to run, and what is the income for each school

HoF Confirmed this information is already available to each school

MR Asked for clarity regarding dates for draft budgets.

CC Confirmed indicative budgets we will aim to issue by 14 February with final budgets confirmed during June.

3. AOB

CW reported that following the meeting this am regarding the SLA agreements, feedback at the meeting was positive and detailed packs will be issued next week and signed SLA's should be returned in March. NA brought the meeting to a close and thanked all for attending.

Next Forum meeting(s):

19 February 2019
3.30-5.00pm Committee Room 1

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Newport's Budget Challenge

Budget Saving Proposals for 2019-20

The following report summarises the results of the budget consultation survey. This took two forms: an online survey open to all citizens and a shortened survey consulting on the proposed increase to council tax involving users of the free bus Wi-Fi. For each proposal, the consultative options are listed, the survey results given along with a selection of received comments.

Online survey results are first and bus Wi-Fi survey results follow.

Online Budget Consultation Survey

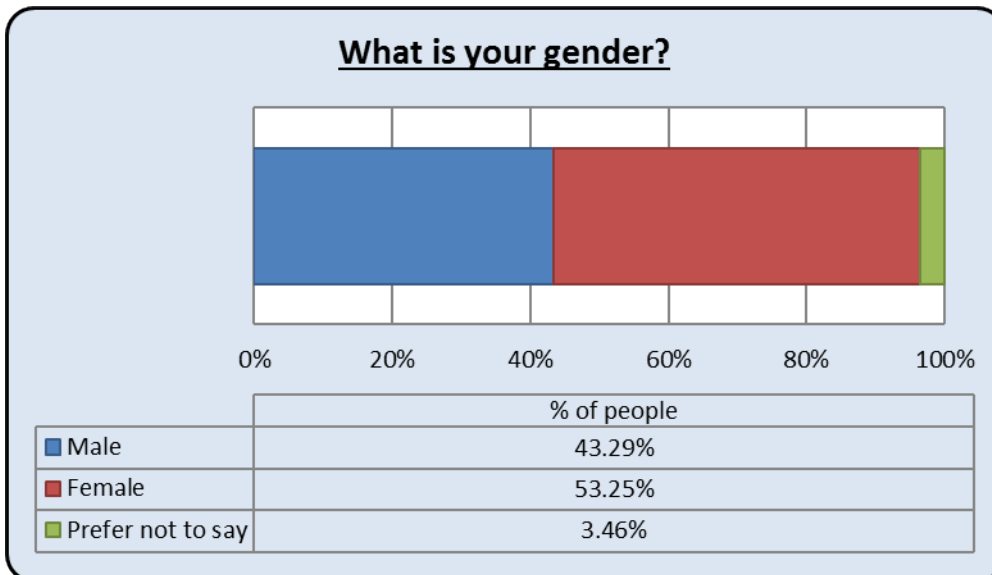
A total of 238 responses were received from the online public consultation survey, where users were asked their opinions on the 6 proposal being considered by Cabinet.

Basic Information

Q0.a. What is your gender?

Gender	Number of people	% of people
Male	100	43.29%
Female	123	53.25%
Prefer not to say	8	3.46%

NB: There were 7 no responses to Q0.a.

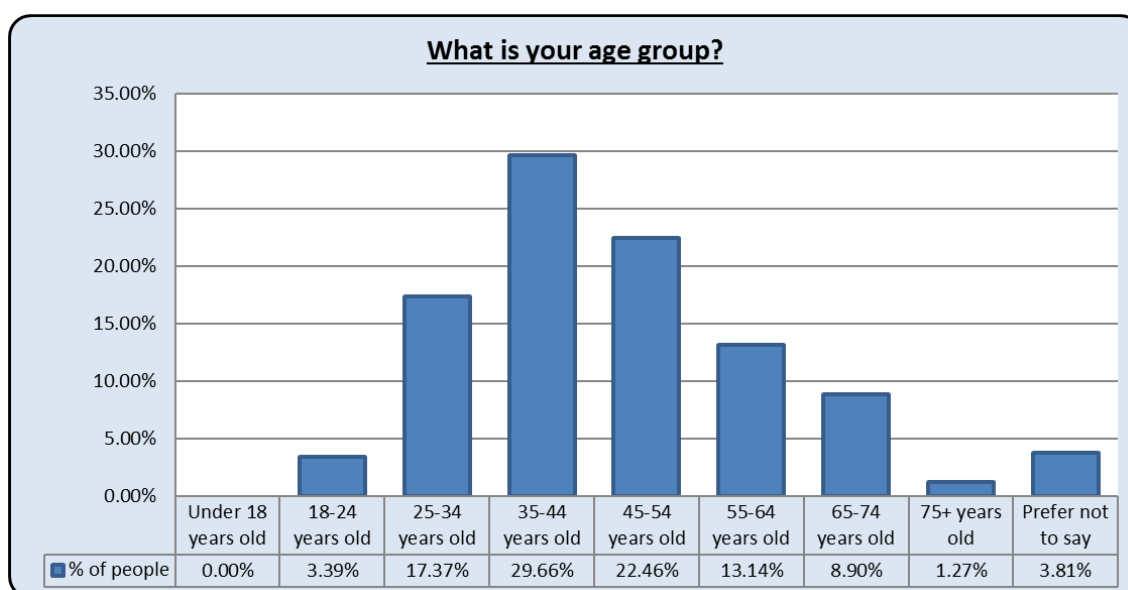


Q0.b. What is your age group?

APPENDIX 4 – Public budget consultation responses and feedback

Age	Number of people	% of people
Under 18 years old	0	0.00%
18-24 years old	8	3.39%
25-34 years old	41	17.37%
35-44 years old	70	29.66%
45-54 years old	53	22.46%
55-64 years old	31	13.14%
65-74 years old	21	8.90%
75+ years old	3	1.27%
Prefer not to say	9	3.81%

NB: There were 2 no responses to Q0.b.



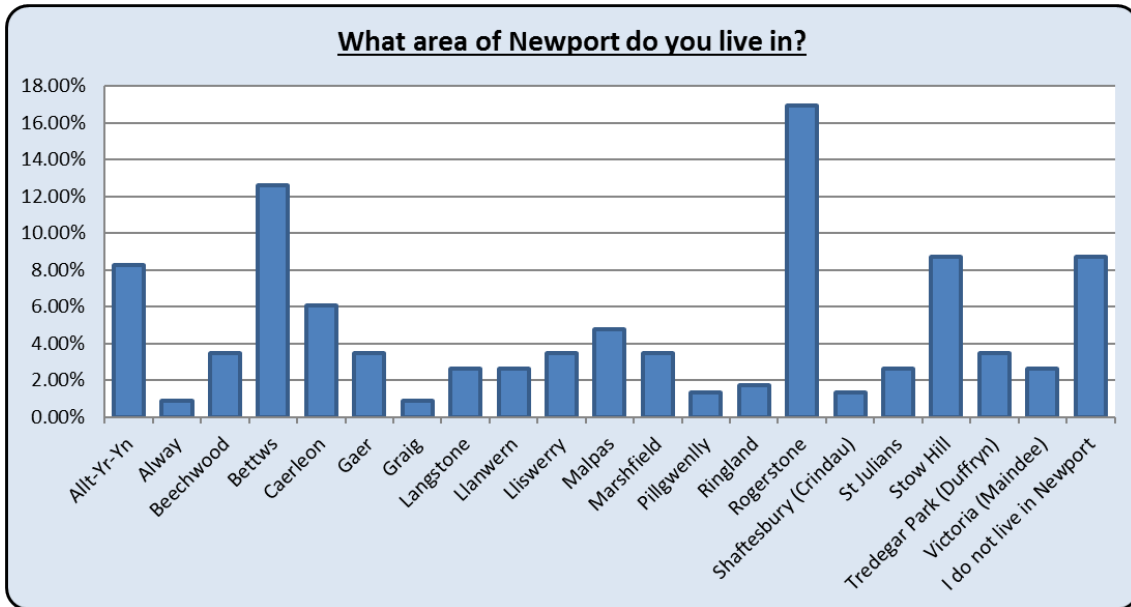
Q0.c. What area of Newport do you live in?

Ward	Number of people	% of people
Allt-Yr-Yn	19	8.26%
Alway	2	0.87%
Beechwood	8	3.48%
Bettws	29	12.61%
Caerleon	14	6.09%
Gaer	8	3.48%
Graig	2	0.87%
Langstone	6	2.61%
Llanwern	6	2.61%
Lliswerry	8	3.48%
Malpas	11	4.78%

Ward	Number of people	% of people
Marshfield	8	3.48%
Pillgwenlly	3	1.30%
Ringland	4	1.74%
Rogerstone	39	16.96%
Shaftesbury (Crindau)	3	1.30%
St Julians	6	2.61%
Stow Hill	20	8.70%
Tredegar Park (Duffryn)	8	3.48%
Victoria (Maindee)	6	2.61%
I do not live in Newport	20	8.70%

NB: There were 8 no responses to Q0.c.

APPENDIX 4 – Public budget consultation responses and feedback



List of Budget Proposals 2019-20 – Cabinet Decision

Proposal Number 1

EDU1920/01 – Education: Central Education Budget Savings Proposals 2019-20

Education Services is required to save a further £250k from 2019/20. There are no non-staff budget options left within the service area to consider. As a result, savings can only be acquired from the removal of staff posts. The following options have been put forward:

Option 1 (Recommended Option): To delete 7 posts within Education Services: 4 FTE (Full Time Equivalent) Education Welfare Officers; 1 FTE Educational Psychologist; 0.91 FTE Education Business Manager; 1 FTE Grade 4 Administrative Post. This would equal a cost saving of £251,522.

Option 2: To delete 4 posts within Education Services: 2 FTE Education Welfare Officers; 0.91 FTE Education Business Manager; 1 FTE Grade 4 Administrative Post. This would equal a cost saving of £114,100.

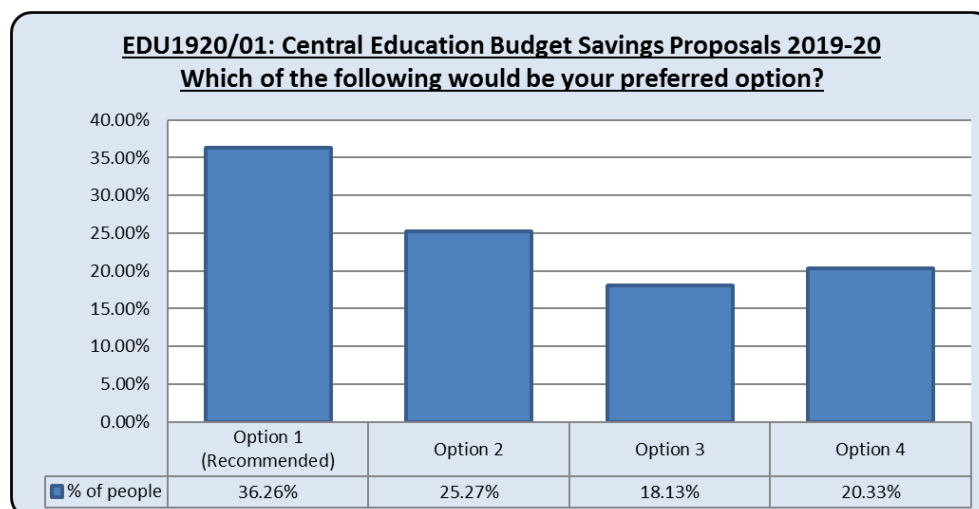
Option 3: To delete 3 posts in Education Services: 1 FTE Education Welfare Officer; 1 FTE Grade 4 Administrative Post and 0.91 FTE Education Business Manager. This would equal a cost saving of £76,329

Option 4: Do nothing – savings would still need to be found thus resulting in increased pressures on other council services.

Q1.a. Which of the above would be your preferred option?

Options	Number of people	% of people
Option 1 (Recommended)	66	36.26%
Option 2	46	25.27%
Option 3	33	18.13%
Option 4	37	20.33%

NB: There were 56 no responses to Q1.a.

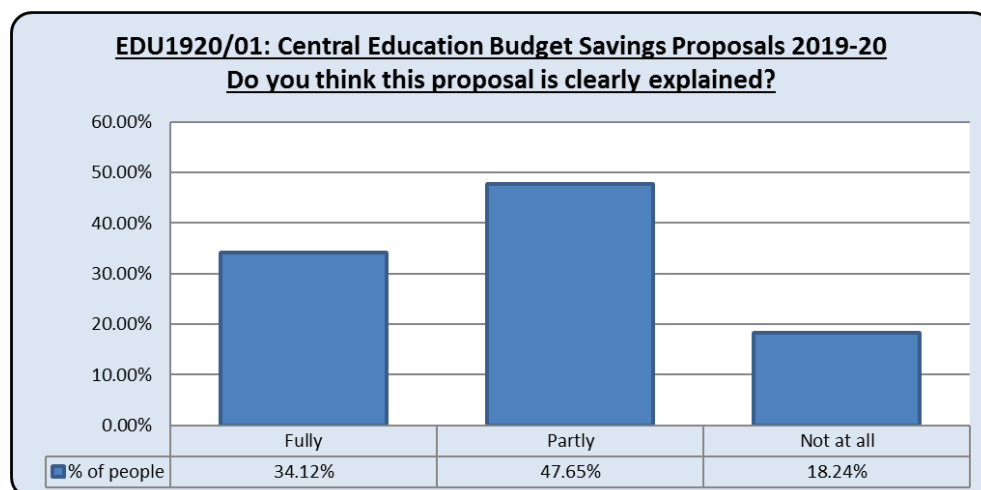


APPENDIX 4 – Public budget consultation responses and feedback

Q1.b. Which of the above would be your preferred option?

Clearly explained	Number of people	% of people
Fully	58	34.12%
Partly	81	47.65%
Not at all	31	18.24%

NB: There were 68 no responses to Q1.b.



Q1.c. Do you have any other comments about proposal EDU1920/01 (50 total comments received – a summary of these are shown below)?

- Business Manager in schools tend to overstep the role and try to fix all. As corporate landlords, NCC should utilise the skills and expertise of the JV with Norse to further develop these roles. Perhaps roles could be combined to incorporate a Comprehensive school and their feeder Primary Schools.
- The education system is already struggling with the cuts that have been made. You are removing all these posts and support systems and not providing any alternatives, so what happens to the children who require this support? You are putting more and more pressure on schools by reducing and taking things away and not giving anything back.
- Any reduction in welfare officers is going to have a negative effect and will cost more in the long run.
- I understand that cuts need to be made but this should be from management and not the front line staff!
- We cannot afford to lose any more Educational Psychologists, we don't currently have enough to go around the schools and support for the children has already been cut back so much that school staff think they are failing their children. Mainstream schools are expected to take on children with more complex behaviour and academic needs without the support from other agencies, cutting just one Educational Psychologist will mean each EP would need to cover 20 schools which would greatly impact on the support these schools would receive, they would have a reduced number of visits, a reduction in children being able to have access to a funded IDP. This would lead to not only failing the child who needs the funded IDP, but also the rest of the children in their class as the class teacher would have to give most of their time to the one child. This could also increase the rate of teacher absence

APPENDIX 4 – Public budget consultation responses and feedback

due to stress, as this pressure would have a detrimental impact on on their well-being and mental health.

- Education is a priority for any developed society. However, having worked in education for 20+ years, in various institutions, there is too much waste and this needs to be tackled to focus on providing a high standard of education. For example, school management teams need to reflect the numbers of staff and students. In some educational institutions, it seems that management posts are too many regarding the ratio to subordinates and students. Also, the public sector concentrates on hierarchies and bureaucracy. It may be more cost effective to have flatter organisations. Additionally, meetings that take place in educational institutions are often a waste of time. Outcomes need to be fully scrutinised and this included the education Achievement Service. They are very costly but what has actually been improved as a direct result of their intervention? Furthermore, the cost of school transport needs revising. If a child attends a school outside of catchment due to insufficient places being available then their transport costs should be paid. However, if parents choose a school beyond the catchment area for other reasons, such as attending a church school or Welsh medium school, they should pay for the transport costs.
- You must stop deleting educational posts. In this millennial generation we live in, youngsters are having to deal with more mental and psychological problems; much of which are dealt within the school system. More deleted posts will mean more pressure on teachers.

APPENDIX 4 – Public budget consultation responses and feedback

Proposal Number 2

CS1920/06 – City Services: Review of Charging for Waste Special Collections

Review of charging for special collections - apply a new pricing mechanism, ensuring the cost of service to our citizens covers the operating and disposal costs of the service. Savings if implemented as recommended (Option B) would save £66,000 in 2019-20. Note that a full year impact has been included following implementation by the beginning of 2019-20; any delay in the approval process would therefore affect the savings to be achieved. The following options have been put forward:

Option A: Do nothing – continue charging at existing rates and operate the service subsidised by the council. This is not seen as a viable option as it is not financially acceptable to continue running the service at a loss.

Option B (**Recommended Option**): Apply new pricing mechanisms by introducing a flat rate for up to 3 items to maximise efficiency of collections and also ensure the minimum charge covers the operating and disposal costs of the service. The proposal would involve changing the current pricing structure (items are requested on an individual basis at an average price of £6 per item) to a minimum charge of £20 for up to 3 items, then £6 per additional item.

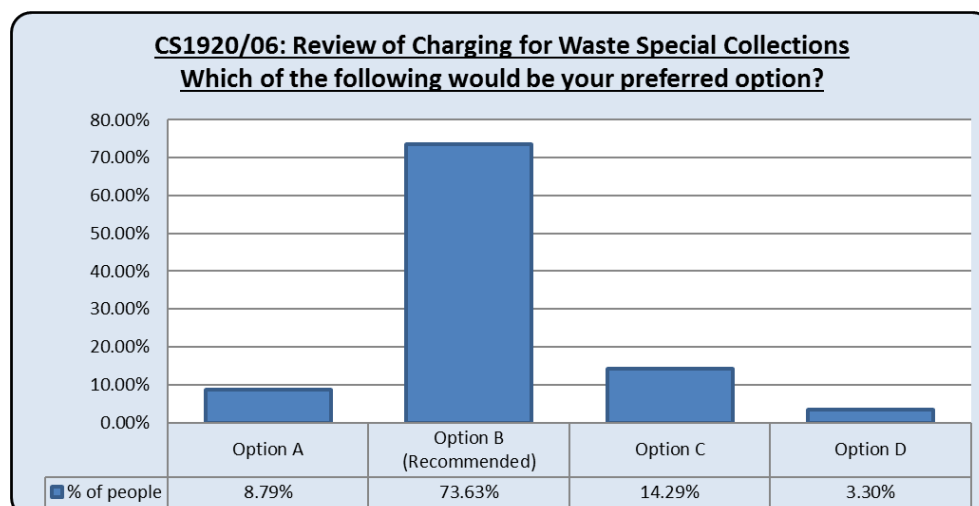
Option C: Alternative pricing mechanism to reduce financial deficit of running the service but without introducing a flat rate for several items. Increase of the average price per item from £6 to £10 whilst involving an increase in cost for all users, the total income delivered by the service would be £157k, thus falling £5k short of covering the cost of delivering the service.

Option D: Remove the service. This is not seen as a viable option as this is likely to have a direct impact on fly-tipping volumes and associated costs to Newport City Council.

Q2.a. Which of the above would be your preferred option?

Options	Number of people	% of people
Option A	16	8.79%
Option B (Recommended)	134	73.63%
Option C	26	14.29%
Option D	6	3.30%

NB: There were 56 no responses to Q2.a.

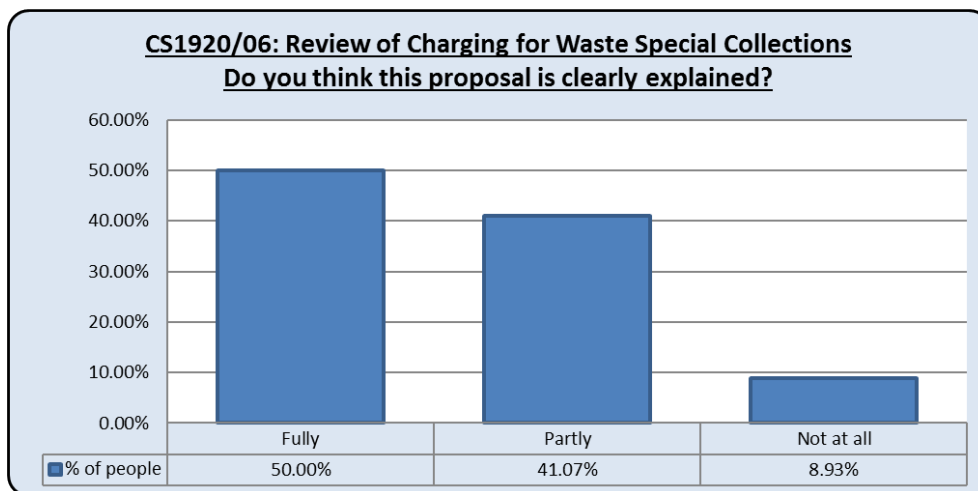


APPENDIX 4 – Public budget consultation responses and feedback

Q2.b. Which of the above would be your preferred option?

Clearly explained	Number of people	% of people
Fully	84	50.00%
Partly	69	41.07%
Not at all	15	8.93%

NB: There were 70 no responses to Q2.b.



Q2.c. Do you have any other comments about proposal CS1920/06? (43 total comments received – a summary of these are shown below)?

- Seems cheap really.
- My only concern is that the fees might put people off disposing of items responsibly and could increase fly tipping, I would also like the fees to be waived for those on low income.
- While we're being asked to simply trust the facts and figures provided here, I feel at least the recommended option seems the most logical and fare option.
- Make the tip more accessible, open it with longer hours and actually allow people to use it properly, no limits on what you can take it there. Then no fly tipping will occur!
- £20 is a lot to pay if you only want to dispose of one item.
- This seems a fair option as it makes the end-users pay a capped fee for the service they are using. By way of comparison, vehicle owners pay out of their own pockets in terms of fuel / tax / insurance / time in order to take special items to the local 'tips'.
- Collecting fly tipped waste would be more expensive than the subsidised option A as this is likely to lead to an increase.
- The recommended option encourages users to think sustainably and encourages an efficient service.
- I understand the motivation behind this proposal and the service has to operate in a sustainable way. However, I'm concerned about the effect of the new charges have on fly tipping. There will be many occasions where the large items will be a single sofa, a big chair, a fridge, washing machine or as I increasingly have noticed a single mattress. There's a very high risk of these single items being dumped than to pay £20 each to have them collected.

APPENDIX 4 – Public budget consultation responses and feedback

Proposal Number 3

CS1920/07 – City Services: Changes to Council Parking Charges

Increase in tariffs for off-street parking, business parking and resident parking zones saving £86,000 in 2019-20. All changes to be implemented April 2019. Civil Parking Enforcement (CPE) within the city will cover both on and off street parking enforcement. The take up of resident parking permits has declined in recent years due to resident dissatisfaction over the lack of enforcement delivered by the police. It is anticipated that this decline will continue until the introduction of CPE on the 1st July 2019.

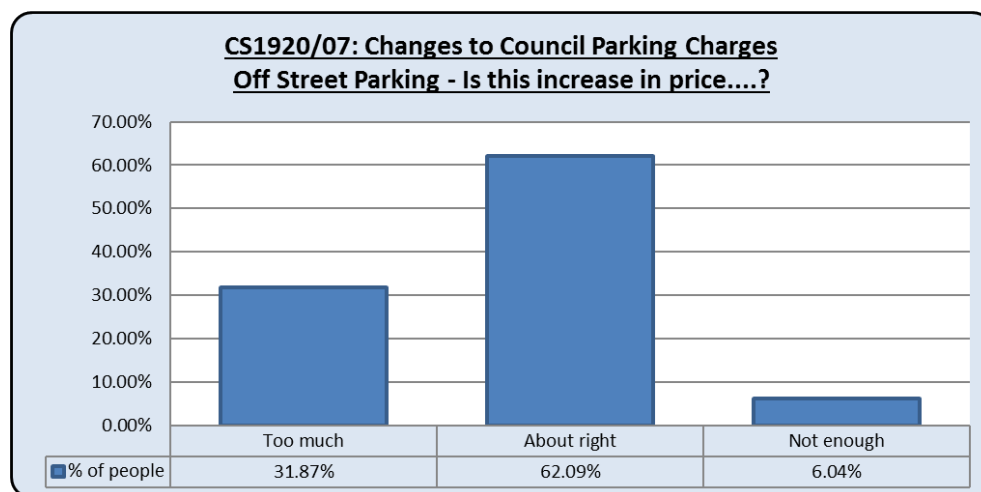
The maintenance of affordable parking within the city together with CPE, will ensure residents have their streets appropriately patrolled to maximise their opportunities to park outside their homes, business parking is not obstructed and visitors to our car parks benefit from a well-controlled parking environment.

Newport has historically provided low cost off street parking in comparison to other city centres and this proposed increase ensures that parking in Newport remains excellent value. The proposed resident permit parking charge is again excellent value and combined with improved enforcement through CPE, presents an excellent offer and service to residents.

Q3.a. Off Street Parking Car Parking charges – increase of £0.50 on all tariffs. Is this increase in price....?

Is the increase...	Number of people	% of people
Too much	58	31.87%
About right	113	62.09%
Not enough	11	6.04%

NB: There were 56 no responses to Q3.a.

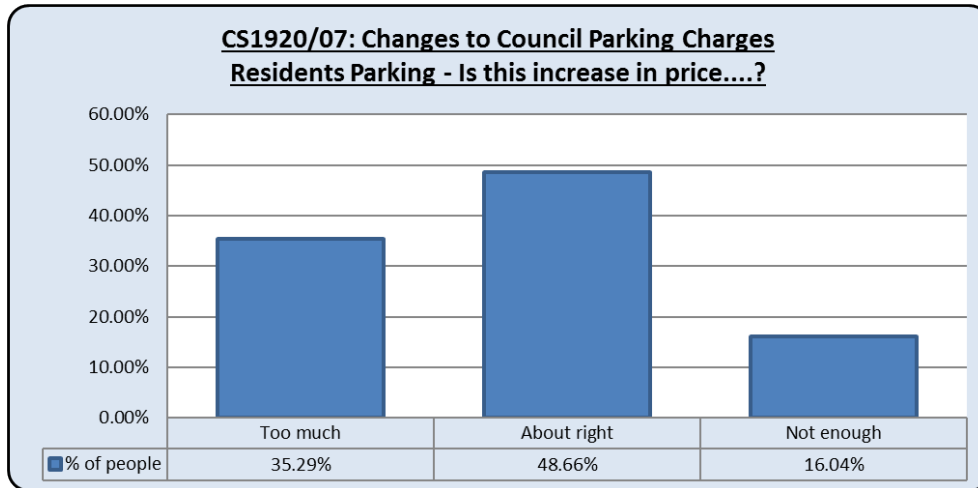


APPENDIX 4 – Public budget consultation responses and feedback

Q3.b. Residents Parking Charges – increase from £17 to £30. Is this increase in price.....?

Is the increase...	Number of people	% of people
Too much	66	35.29%
About right	91	48.66%
Not enough	30	16.04%

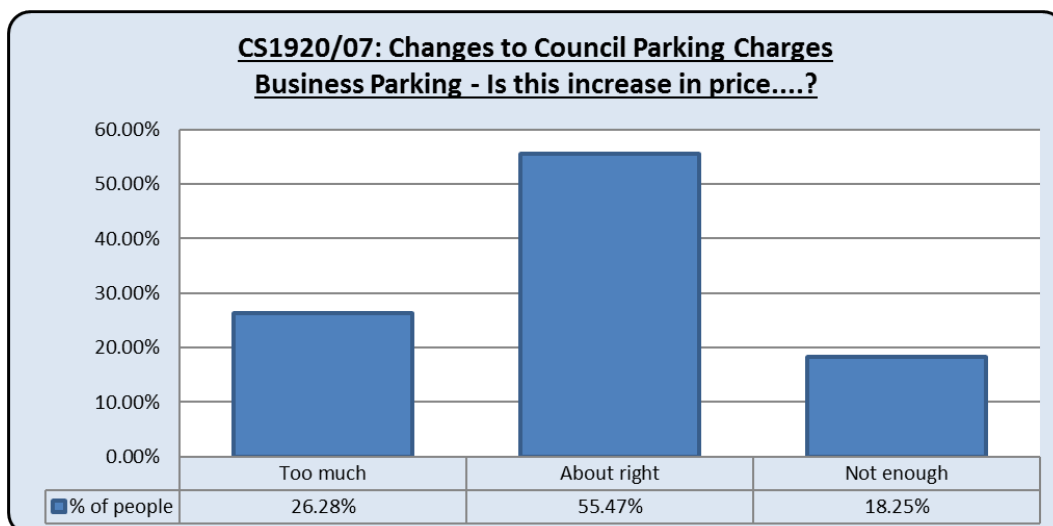
NB: There were 51 no responses to Q3.b.



Q3.c. Business Parking Charges – new tariff of £6 per day. Is this increase in price.....?

Is the increase...	Number of people	% of people
Too much	36	26.28%
About right	76	55.47%
Not enough	25	18.25%

NB: There were 101 no responses to Q3.c.

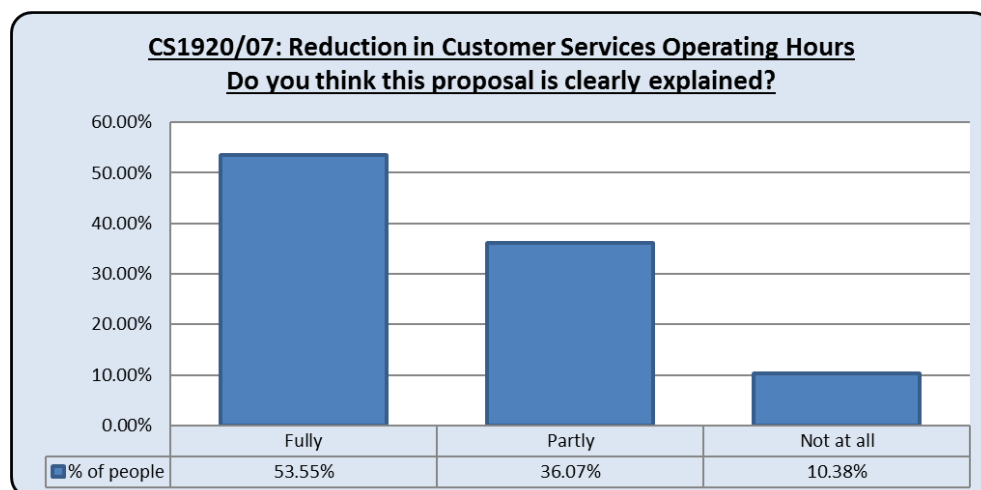


APPENDIX 4 – Public budget consultation responses and feedback

Q3.d. Do you think this proposal is clearly explained?

Clearly explained	Number of people	% of people
Fully	98	53.55%
Partly	66	36.07%
Not at all	19	10.38%

NB: There were 55 no responses to Q3.d.



Q3.e. Do you have any other comments about proposal CS1920/07? (114 total comments received – a summary of these are shown below)?

- There is no explanation as to why the CPE will be introduced in July and yet the proposed increases will be introduced from April. Although I appreciate the statement that other councils in Wales operate resident parking zones at a much higher rate, increasing it from the current rate of £17 to the proposed £30 seems like a significant jump.
- Residents parking permits should be higher. Business parking should be more to encourage more sustainable transport such as public transport or cycling. These can then offset the cost of parking.
- Introduce more streets designated to permit, thus generating income.
- Parking in the city centre car parks should be free to ensure a town centre remains. People will not come to Newport if they have to pay when they can go to Cardiff or Cwmbran.
- Car parking fees will affect the City Centre and even more units may become obsolete. I agree that if residents and business's require parking then a suitable fee should be claimed.
- There is an option and an oversight in the budget proposal, I would recommend and request that an exercise is performed to look at 'Free Parking' across the City Centre Car Parks - would the increase in trade in the City Centre and the increased revenue through other means such as business rates negate the need to charge more. A comparison would be made against Cwmbran, perhaps not comparable in your book, but ask where many people find it easier to go for a quick shop in Next or Coffee in Costa - it's Cwmbran.
- The increase in charge would only be acceptable with appropriate regular enforcement of the permits.
- The proposed resident parking increase to £30 is more than 56% for a service that is currently not being enforced at all. I don't see how you can propose ANY increase until after July 2019 when the new enforcement starts to take place. Following that date (and assuming enforcement resumes) then I suggest 25% increase to £21.25. When the new

APPENDIX 4 – Public budget consultation responses and feedback

enforcement officers are appointed and begin to earn revenue for the City the system should become 'self-financing', and hopefully, if they catch the huge numbers currently totally ignoring traffic regulations then there should be a good surplus from that revenue to help finance other traffic expenses.

- Finally. Well done, looking forward to this change as police was doing nothing...Thanks.
- If the council is going to police the resident parking permit areas in future then I would be happy to pay more for the resident permit.
- Parking charges need to be carefully considered otherwise people may be deterred from making purchases from shops, which do not have free parking, as there are plenty of retail areas in which parking is free. If businesses have low footfall then they will not survive, leaving business properties empty, which is a negative consequence. Enforcement of parking regulations is necessary and when this is evident, people are more likely to adhere to them. Also enforcement would help to justify the increase in resident parking permits.
- I think that the resident parking charges are unfair. Not all areas have to pay, and those that do are generally in the poorer residential areas.
- Resident Parking has not been enforced for a number of years causing immense disruption & upset to local residents. I feel that by almost doubling the price for a service is a disgrace as we have paid for this service for many years but have not received what we have paid for whilst those that have abused by illegally parking in the residents zones daily have not been targeted. In addition, those houses that use residential parking are low-income households for whom the increase is going to have a significant impact on their household expenditure.
- You should not be charging anything more for residents only parking, you have no track record of providing this service. At the moment, there is no enforcement in Newport. We have one car and struggle to park in our resident's only parking. You have done nothing about parking, why should the council be rewarded for not providing a service. I understand this was a police matter previously but until you have a track record of providing a good residents parking scheme I don't see why I should pay more. Furthermore, if you are managing it correctly and enforcing parking you should be able to fund it through fines. Introducing higher parking in town is wrong. The city centre is dead as it is. You will just add to the reasons to not go to town and kill off what is left open.

APPENDIX 4 – Public budget consultation responses and feedback

Proposal Number 4

CS1920/08 – City Services: Reduction in Customer Services Operating Hours

To reduce the operating hours of the council’s face-to-face customer services provision and encourage increased use of self-service facilities. There are a number of potential options, however the proposed option is to reduce the opening times of the Information Station from five days to four days a week. Opening days and times for the City Contact Centre (01633 656656) would remain unchanged (Mon-Fri 8am-6pm). This would save £31,000 in 2019-20.

Option 1: Keep current service arrangements – This is an option but does not create any savings and does not support the Council’s aim of 80% of all transactions being dealt with by self-service by 2020.

Option 2: Close the main reception, Civic Centre at 6pm each evening. This would deliver a saving of up to £9.7k in the first full year of savings. This would have an impact on meetings that are held at the Civic Centre post 6pm e.g. Council and Cabinet meetings, charity meetings, sports and leisure meetings.

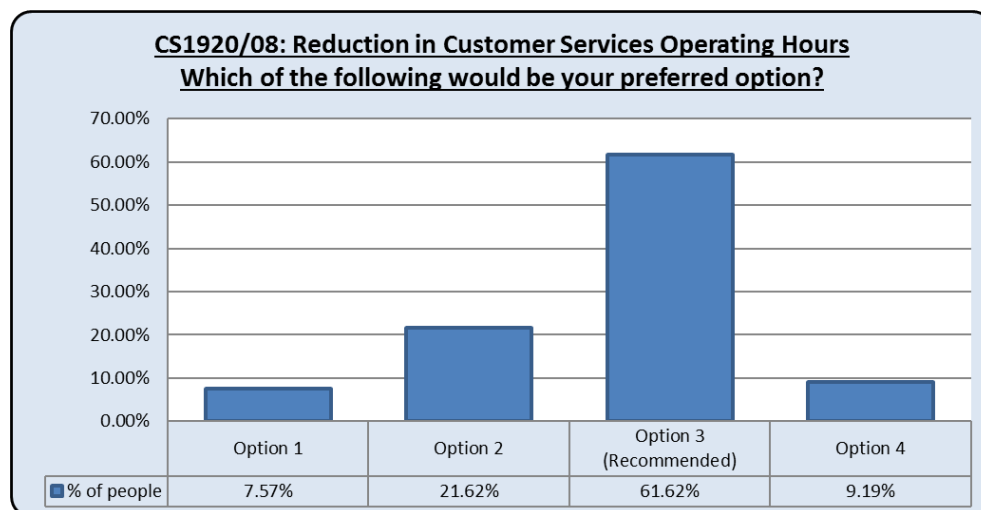
Option 3 (**Recommended Option**): Reduce the operating hours for the Information Station service so that it is open 4 days a week instead of 5 days a week. This would deliver a saving of up to £31.6k in the first full year of savings.

Option 4: Close the Main Reception, Civic Centre at 6pm each evening and reinvest the saving to create more Customer Service Officer posts. This would reduce waiting times but would not deliver savings increasing financial pressure on other services.

Q4.a. Which of the above would be your preferred option?

Options	Number of people	% of people
Option 1	14	7.57%
Option 2	40	21.62%
Option 3 (Recommended)	114	61.62%
Option 4	17	9.19%

NB: There were 53 no responses to Q4.a.

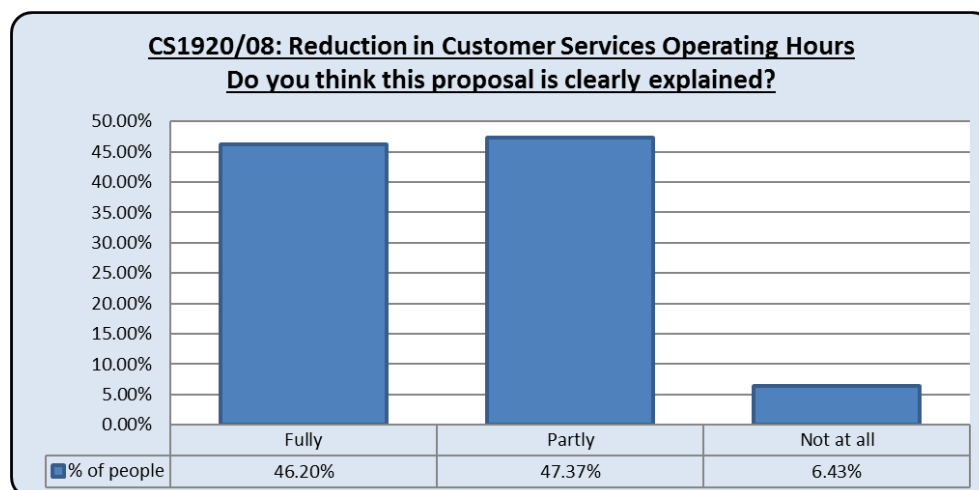


APPENDIX 4 – Public budget consultation responses and feedback

Q4.b. Do you think this proposal is clearly explained?

Clearly explained	Number of people	% of people
Fully	79	46.20%
Partly	81	47.37%
Not at all	11	6.43%

NB: There were 67 no responses to Q4.b.



Q4.c. Do you have any other comments about proposal CS1920/08? (45 total comments received – a summary of these are shown below)?

- Self-service - please do not go down this route, people with a problem much prefer to speak to another real alive person not faff about online & then find the website crashed.
- I don't think operating a public service for 4 out of 5 days is reasonable, far better to reduce the hours of the Civic make sure that meetings are held during the day and spend the money saved on staff to answer customer queries.
- A reasonable proposal given the financial situation.
- I think that contacting the Council helpline office is a waste of time; I have held on for 15 minutes and given up. If reductions in office availability are to be made, then do it in one go, and make it clear to residents what the new hours etc will be. I am lucky to have internet access to be able to do things online, but there are others who do not, do not understand the process, or need more clarification from a real person. Also, having the Information Station on level ground of a boon to the less physically fit in Newport. The Civic Centre is fine for employees who can walk up that sort of hill, residents prefer easier access. Reduce hours but keep the Information Station on level ground.
- I think it's important that at least one of these days is on the weekend, and at least one evening of late-night opening is planned for. Too many things these days only open during 'typical' working hours.
- Problem is what if people are in work the days you are open and can't get there?
- I never use the face-to-face option but understand some people need to and don't have online access. But as long as it is still there in part, it is ok.
- I think it is a step backwards to reduce this service as it is well utilised by the public and will cause further issues. What happens in an emergency for example when someone needs urgent help because they are homeless etc? For the sake of £30,000, this is not worth doing.

APPENDIX 4 – Public budget consultation responses and feedback

- Self-service is great for saving money but it needs to be user friendly for everyone in the community, particularly the less well educated, those for whom English is a second language and vulnerable people, including the elderly.

APPENDIX 4 – Public budget consultation responses and feedback

Proposal Number 5

PBC1920/02 – People and Business Change

Reduction in Voluntary Sector Grants

The Council currently provides £286k per year through a series of operational and rent grants to a number of voluntary sector organisations operating within Newport. There is already a commitment to reduce this amount by £46k for 2019-20 following a Cabinet decision in 2016.

This additional proposal would reduce the grant further over the next three years to £140k by 2021-22. This will mean an additional saving of £100k. Applying these savings over the next three years will allow for some adjustment time for the organisations involved.

In line with Welsh Governments Code of Practice for Voluntary Sector Funding, an early discussion is required with the affected organisations.

Option 1: Total savings of £100k made over the next 3 years to be made up of £54k in 19-20, 19k in 20-21 and £27k in 21-22 reviewing the existing grants allocated to each organisation and removing smaller rent grants with immediate effect.

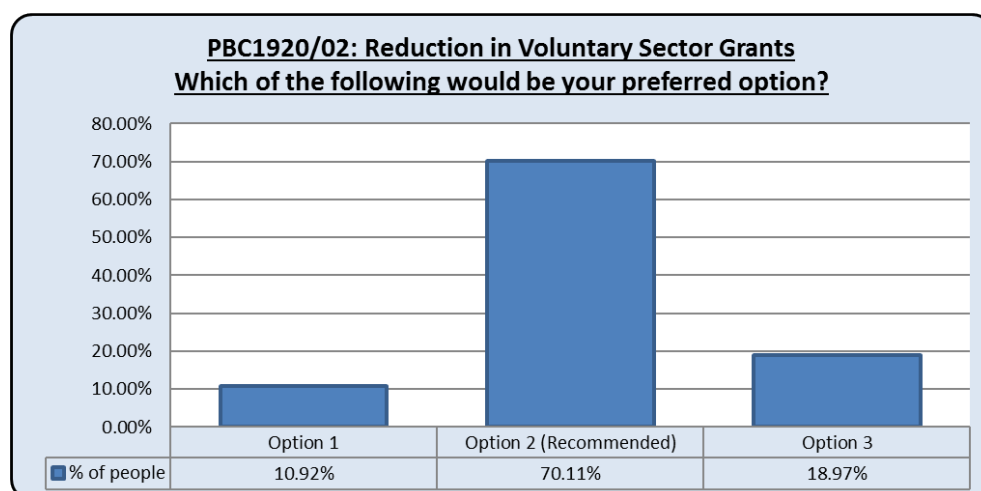
Option 2 (**Recommended Option**): Give notice to all grant recipients and undertake a tendering process (mid 2019) to commission a service (approx. value £140k) to deliver against a contract set to the corporate plan priorities. Successful organisation(s) will be funded up to 2021/22.

Option 3: Maintain status quo and not make any additional reductions. The dissolution of SEWREC will provide a £44k saving for 2019/20 and removing the smaller rent grants will release a further £2k in total. All other grant recipients to receive same level of grant as 18/19.

Q5.a. Which of the above would be your preferred option?

Options	Number of people	% of people
Option 1	19	10.92%
Option 2 (Recommended)	122	70.11%
Option 3	33	18.97%

NB: There were 64 no responses to Q5.a.

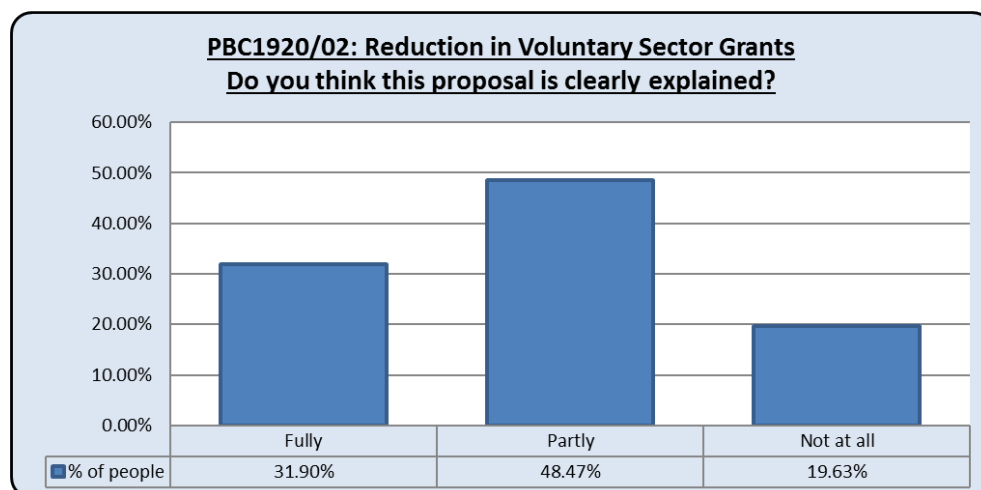


APPENDIX 4 – Public budget consultation responses and feedback

Q5.b. Do you think this proposal is clearly explained?

Clearly explained	Number of people	% of people
Fully	52	31.90%
Partly	79	48.47%
Not at all	32	19.63%

NB: There were 75 no responses to Q5.b.



Q5.c. Do you have any other comments about proposal PBC1920/02? (33 total comments received – a summary of these are shown below)?

- If you are continuing to cut core services, support for the voluntary sector is essential as you are expecting these organisations to pick up the slack from cut services.
- Ahead of any tender process, a thorough review of grant recipients and results achieved should be undertaken to profile grant recipient that have not achieved objectives. I totally agree this should link with the welsh governments well-being objectives, can partner services support these areas and what CSR funding is also available. Should organisations apply for a grant with similar objectives they should be reviewed with the option of a partnership to support like goals?
- The council needs to make sure the money allocated is used to the best effect so it is a good idea to review this and make sure the public get the most bang for their buck.
- Too many third sector services have already been lost.
- I would continue to support charities with 20 or less staff nationally. Larger charities should absorb the costs and in the main are operating million pound budgets. I would encourage charities to move into the areas that require regeneration to receive reductions or to areas of need so that their staff contribute in other ways like shopping in the town centre.
- We agree that the principal of asking all grant recipients to undertake a tendering process is sensible and gives the council an opportunity to reassess which organisations are most suitable to provide services. It would've been useful to have had examples of some of the organisations receiving the grant funding. Organisations should be encourage to explore other funding streams.

APPENDIX 4 – Public budget consultation responses and feedback

Proposal Number 6

NS1920/05 – Non-Service: Additional 2.95% Increase in Council Tax resulting in total increase of 6.95%

A base 4% increase is already included in our medium term financial projections each year. This year, it is proposed that an additional 2.95% increase is applied to council tax in 2019/20 bringing the proposed increase to 6.95%.

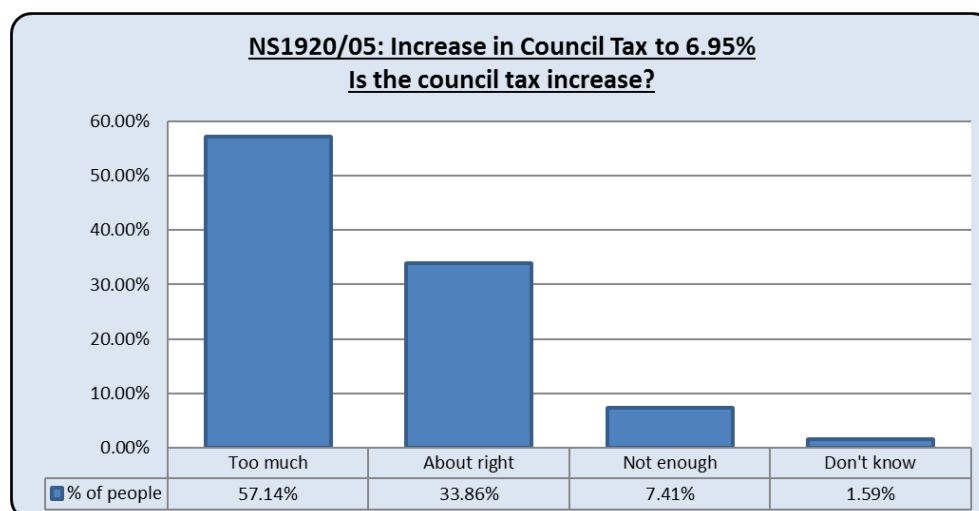
Comparison with existing Band D Council Tax (rounded) for (2018-19) before any increase			
Newport (second lowest in Wales)	£1,057 per year	Torfaen	£1,242 per year
Caerphilly	£1,058 per year	Monmouthshire	£1,242 per year
Wrexham	£1,093 per year	Swansea	1,269 per year
Cardiff	£1,155 per year		

Percentage Increase	6.95%
Newport Band D Tax 2019-20	£1,130.61
Increase per annum	£73.47
Increase per week	£1.41

Q6.a. Is a council tax increase of 6.95%?

Is the increase...	Number of people	% of people
Too much	108	57.14%
About right	64	33.86%
Not enough	14	7.41%
Don't know	3	1.59%

NB: There were 49 no responses to Q6.a.

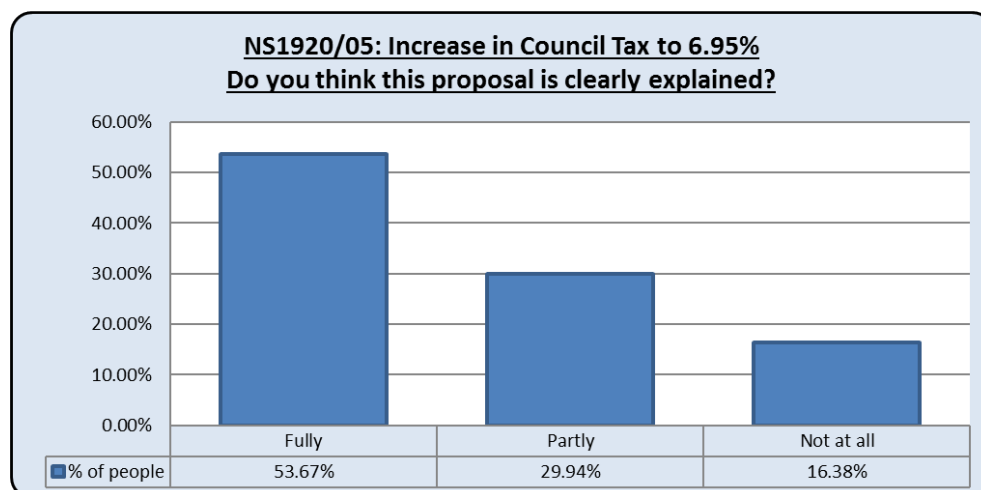


APPENDIX 4 – Public budget consultation responses and feedback

Q6.b. Do you think this proposal is clearly explained?

Clearly explained	Number of people	% of people
Fully	95	53.67%
Partly	53	29.94%
Not at all	29	16.38%

NB: There were 61 no responses to Q6.b.



Q6.c. Do you have any other comments about proposal NS1920/05? (74 total comments received – a summary of these are shown below)?

- As a pensioner that takes my council tax to £200 a month, I could get a mortgage for less.
- Not every resident has had a pay rise and would not have the extra money to find each year.
- Abolish the use of rateable values to assess banding and replace with today's house values. This would be a true and fairer assessment. I feel this would increase the income for the council's budgets and allow the council to maintain other services.
- In conjunction with a likely increase in precept for community Councils, added to the fact that people in new housing areas are having to pay maintenance, which also rises 5% per year, as you are unwilling to fully adopt areas, you are looking at huge increases for those in those areas.
- Council tax in Newport is too low. We are not the second poorest council area so there can be no justification for keeping the tax below the Welsh average while services are under threat. No one likes paying more tax but the actual increase is modest and still leaves people in Newport paying less than people in similar areas.
- This increase is reasonable.
- The proposed increase is highly regrettable but necessary given the financial situation for the Council.
- This increase would put more families in Newport in poverty. Many people have had no increase in income for a number of years; this increase would be totally unfair and unjust.
- I think whenever such a large increase is proposed that certain guarantees should be given that 'regular' services will not be cut as well, as this would create a double-increase in effect.
- So the proposal is to charge residents more money while also proposing to reduce services. Comparing costs across other councils is not a transparent process because you're not demonstrating what services they provide in return.

APPENDIX 4 – Public budget consultation responses and feedback

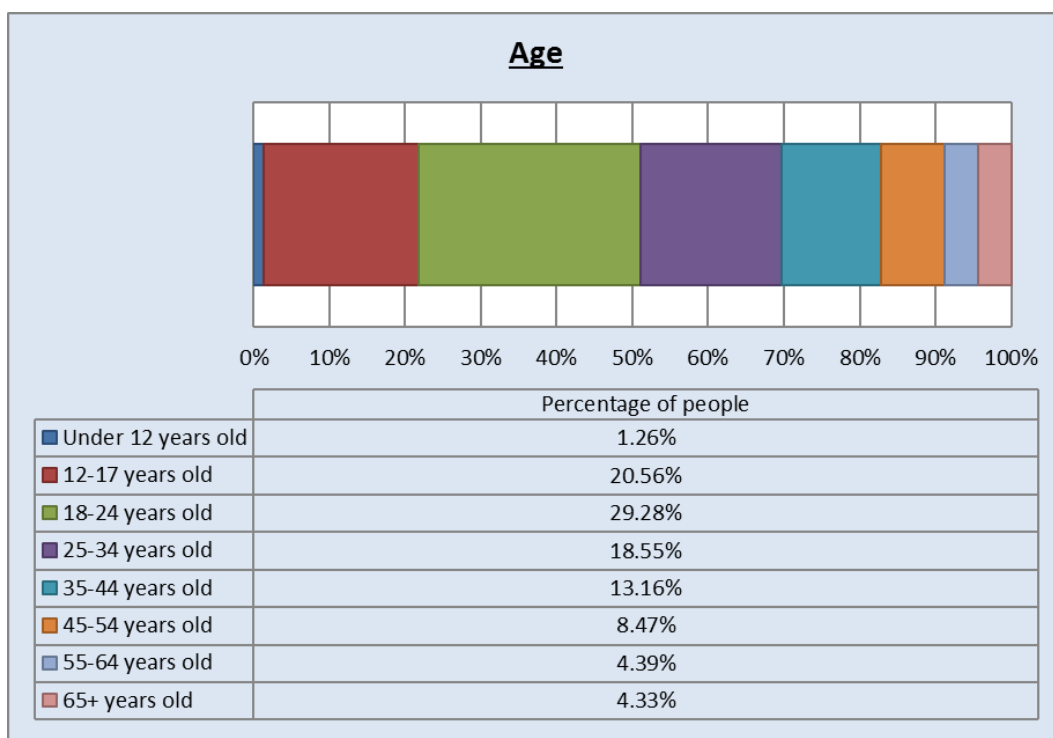
- 4% is more than enough for most working people and pensioners. Their salaries or pensions do not increase by this amount. Most people have had to pay at a higher rate than pay or pension increases for the past few years. 4% is already significantly higher than the CPI or RPI. People employed in the private sector earn less than the public sector and do not have the same pension benefits. This is unfair and should be addressed. This would minimise the increase in the rate of council tax increase.
- Whilst we appreciate it that the council has to find ways of increasing revenue, as council tax payers wages do not rise with inflation or increase significantly they are also feeling the pinch of austerity. It is difficult enough for residents to pay the council tax at present and would increase their own financial burdens. Wouldn't it be better to raise the council tax by say 5.5% or 6% so that more residents will be able to pay the council tax?
- An increase would be more in line with other LAs.

Bus Wi-Fi Survey

A total of 3,968 responses were received during the consultation, where users were asked their opinions on the rise in council tax for 2019-20.

Q1. What is your age?

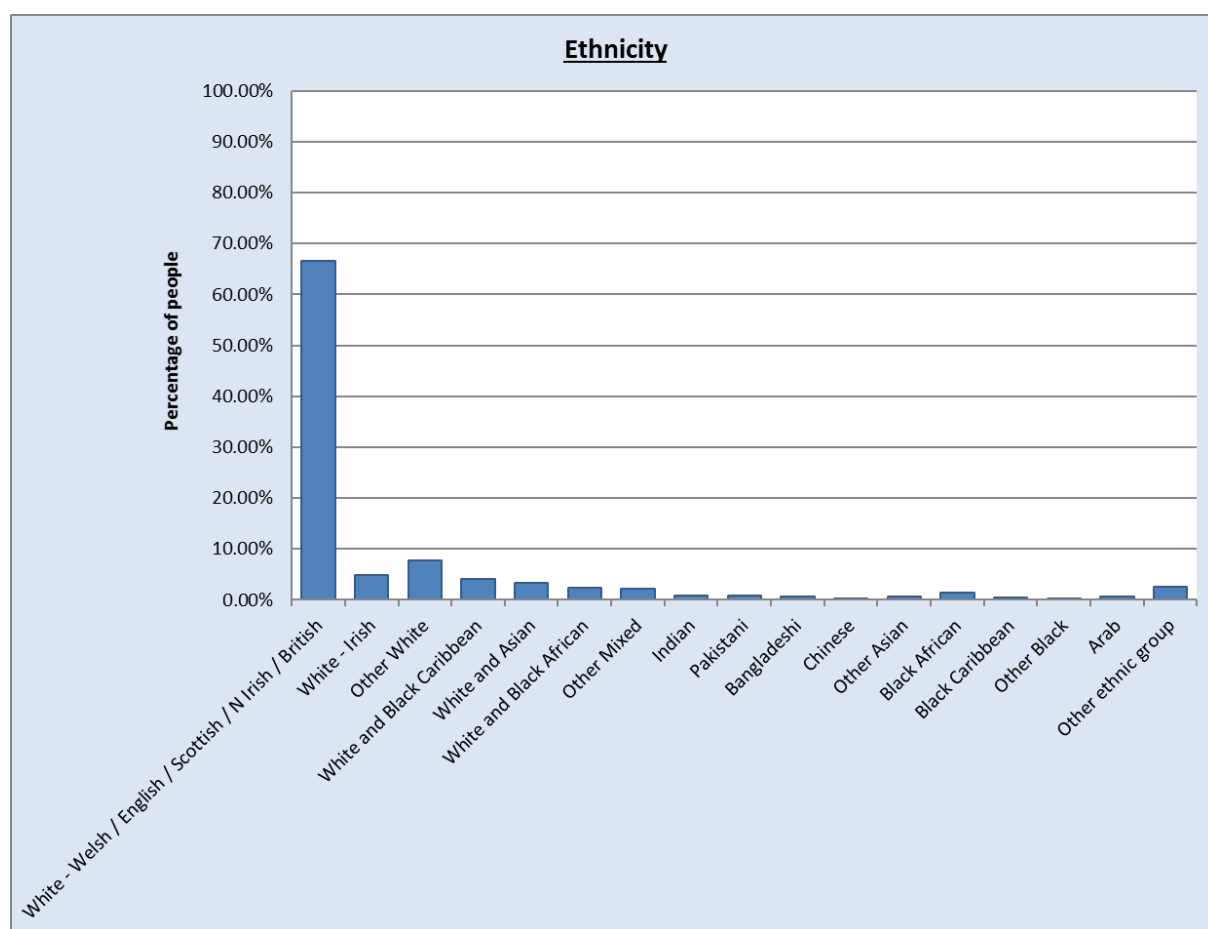
Age	Number of people	Percentage of people
Under 12 years old	50	1.26%
12-17 years old	816	20.56%
18-24 years old	1162	29.28%
25-34 years old	736	18.55%
35-44 years old	522	13.16%
45-54 years old	336	8.47%
55-64 years old	174	4.39%
65+ years old	172	4.33%



APPENDIX 4 – Public budget consultation responses and feedback

Q2. What is your ethnicity?

Ethnicity	Number of people	Percentage of people
White - Welsh / English / Scottish / N Irish / British	2643	66.61%
White - Irish	197	4.96%
Other White	308	7.76%
White and Black Caribbean	161	4.06%
White and Asian	136	3.43%
White and Black African	93	2.34%
Other Mixed	85	2.14%
Indian	37	0.93%
Pakistani	31	0.78%
Bangladeshi	29	0.73%
Chinese	12	0.30%
Other Asian	28	0.71%
Black African	53	1.34%
Black Caribbean	17	0.43%
Other Black	10	0.25%
Arab	23	0.58%
Other ethnic group	105	2.65%

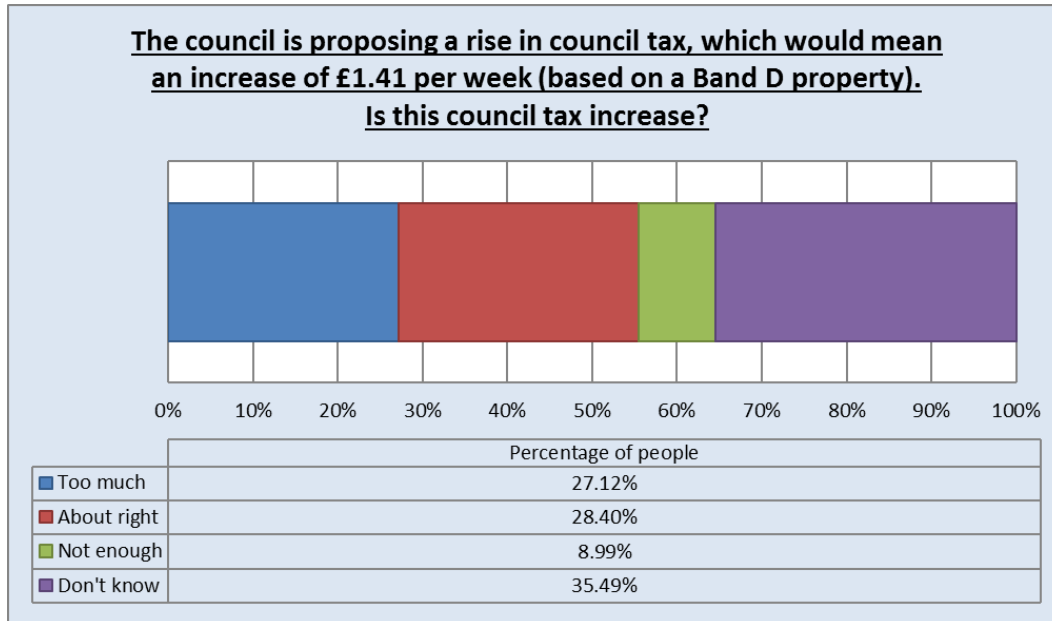


APPENDIX 4 – Public budget consultation responses and feedback

Q3. The council is proposing a rise in council tax, which would mean an increase of £1.41 per week (based on a Band D property). Is this council tax increase?

Is the increase?	Number of people	Percentage of people
Too much	1044	27.12%
About right	1093	28.40%
Not enough	346	8.99%
Don't know	1366	35.49%

NB: There were 119 no responses to Q3.



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Newport City Council Budget Consultation 2019-20

Response from the Newport Fairness Commission January 2019

NB: The role of the Newport Fairness Commission is to facilitate critical reflection on policy, rather than to recommend policy. It is essential that no aspect of the following report be used to endorse or support any particular course of action undertaken by Newport City Council.

Executive summary

- **Questions of fairness continue to be accentuated in the ongoing climate of reduced local authority budgets.**
- The Fairness Commission (FC)'s **fundamental principle and four parameters of fairness** remain a useful practical framework through which to gauge issues at stake, and to weigh up alternative ways of tackling them.
- Overall, there is evidence that Council's 2019-20 budget proposals recognize the priority of **meeting the needs of the most vulnerable and disadvantaged** – although this aim is harder to realise in the case of some proposals than others.
- There is also clear evidence of **constructive and creative thinking** on the part of Council about how best to meet the challenge of reduced budgets.
- Six areas of particular concern:
 1. The **depletion of the public realm** by aggregated cuts over successive budgets.
 2. The knock-on effects of savings in key areas on **other services in 2019-20**.
 3. The knock-on effects of savings in 2019-20 for **services in future years**.
 4. The potentially corrosive future effects of reduced services for **particular individuals**, especially young people.
 5. The relationship between the proposed savings and Council's commitment to the goals of the **Well-Being of Future Generations Act (Wales) 2015**.
 6. Difficulties in gaining a **full perspective** – on the part of FC members, Councillors and Council Officers – of the background factors and decisions shaping these proposals, and the full range of their implications.

1. Note on the devising of this response

Once again, we very much welcome the invitation from Council to contribute to the annual consultation on its budget proposals. This Response, our seventh, is the result of an iterative process, more extended than in previous years. On 7 November 2018 the Newport Fairness Commission invited James Harris (Strategic Director, People) to outline the priorities informing the shaping of the upcoming budget from a Newport City Council perspective. The Commission then met on 19 December to reflect on the proposed budget savings being put forward for public consultation. Further discussion in person and by correspondence in early January 2019 led to a first draft of the current document. This was then opened up for further discussion and amendment, informed also by a workshop with Newport Youth Council held on 22 January. While the Commission takes full responsibility for the text which follows, we are very grateful for the enthusiasm and insightfulness with which Youth Council members fed through their views – which have helped shape the document at several points.

This longer and more deliberative process has we believe produced a wider, deeper perspective on different implications of the proposals, and highlighted issues which Commission members would not otherwise have reflected on. We will seek to develop the process further in future years – and in particular, to meet with different community groups in ways which help broaden further the range of points of view incorporated in our response.

It is important to note that the Fairness Commission (FC) is not an elected body, nor a special interest group. And while we are diverse in many ways, neither does the FC represent any kind of perfect cross-section of the Newport community. Our role is not to lobby, or to make specific policy recommendations. Rather the aim of this Response, as with our other work, is to provide tools with which to tackle challenges and devise priorities – to think in fresh and critical ways about the implications of Council decision-making, and to foster public debate which takes fairness, equality and well-being seriously.

Key points

- *We are seeking to generate the FC response to the budget consultation in more extended and inclusive ways.*
- *As always, we do not make policy recommendations, in this Response, but aim instead to provide tools for thinking critically about fairness, and to encourage conversation about fairness in Newport.*

2. Context

Council budgets and services continue to be fundamentally shaped by the ongoing effects of austerity measures instigated since 2010. Reduced budgets accentuate questions of fairness, and may heighten grievances around unfairness held by particular sections of the community. The toll of diminishing resources will be felt by individuals, but also in terms of community relations and the health of the public realm in the widest sense (see below). The stakes of a consultation on budget proposals are raised in such circumstances – and it becomes especially crucial that it is conducted in a transparent, open, inclusive and meaningful way.

Clearly, there is no guarantee that even after such consultation a budget will be fair, or that the effects of council savings will fall in a fair way. Our fundamental guiding principle (see next section) is that Council should prioritise the needs of the most vulnerable and disadvantaged. As recognized consistently over previous responses to Council budget proposals, it is possible that even this base-level aim becomes unrealizable, given the need for budget savings. The needs of the vulnerable will effectively be traded off against each other. Who counts as the most vulnerable may have to be revised, and the number of people included reduced, in order to carry on meeting their needs. Thus those with ‘severe needs’ will find themselves placed further down the priority list than those with ‘very severe needs’ – in such a way that some severe needs are not met. Such judgements are both difficult and demoralizing to make. There will be clear human costs in such an environment. Some will be made more vulnerable and disadvantaged as a result. Gains in one service may be undermined for some groups by the effects of the shrinking of provision elsewhere.

We recognize the good faith with which Council has attempted to navigate this difficult terrain. Through its setting out of options, and the use of Fairness and Equality Impact Assessments, we see a clear attempt to make the best of straightened circumstances, and to weigh the potential effects of the different options. We also recognize the strain this will impose on Council officers, and the importance of encouraging open deliberation across different departments so as to make these decisions concerted, support those making them, and maximise the potential for a holistic and transparent assessment of the implications of decisions across the board. For example, there seems clear value in passing proposals around so that each department can comment on them from its own point of view, and so feed into an overall shared picture. Similarly, using ‘issues mapping’ or other relatively simple strategies for developing a sense of how Council departments view their priorities, may help highlight different priorities in ways which help develop a joined-up and realistic sense of what is at stake.

The value of this is highlighted by the potential for tensions between different areas of the Council’s work. Newport’s Well-Being Assessments have highlighted the significance of longer-term thinking about the impacts of current decisions, particularly with regard to the requirements of the Well-Being of Future Generations (Wales) Act 2015. The Act puts into sharp focus the extent to which savings made now may exacerbate problems and challenges to well-being in the future, and ‘kick the can down the road’ in terms of confronting the longer-term costs of present decisions. A particularly pressing example of this is the stress in the Act on the value of preventative solutions as opposed to reactive ones. The Public Services Board (One Newport) has a particularly vital role to play in providing strategic direction, facilitating ‘thinking outside the box’, and generally helping to join up relevant aspects of policy and practice within the city.

Key points

- *Austerity remains vital to the understanding of budget decisions and their implications, and makes questions about fairness more pressing, and more difficult.*
- *Prioritising the needs of the most vulnerable/disadvantaged is difficult to achieve in a consistent way.*

- *A joined-up approach across different Council departments, so that different teams can see how things look from the point of view of others, seems vital to the reaching of a full and rounded understanding of what is at stake in budget decisions.*
- *Budget savings may be at odds with the stress on preventative work in the Well-Being of Future Generations (Wales) Act 2015.*

3. The fundamental principle and four parameters of fairness

The Commission's reflections are underpinned by a **fundamental principle**:

Council should attend to the needs of the most vulnerable and disadvantaged across the city as a first priority.

Beyond this, the Commission has identified four 'parameters of fairness', which serve as a framework through which to analyse Council policies, and the debates to which they give rise:

Parameter 1: Equal treatment while recognizing difference

Key factors at stake: When is it fair to treat people the same, and when is it fair to treat them differently? Which groups have priority in Newport, and why? If trade-offs or compromises are to be made between different groups' interests, how should these be achieved?

Parameter 2: Mutual obligations between citizens and local government

Key factors at stake: What is the responsibility of local government to meet certain needs, and what conditions should apply to citizens, if any? Which needs should be met through universal provision (for all citizens) and which should be met, in part or wholly, by citizens themselves?

Parameter 3: Interdependency and reciprocity within community relations

Key factors at stake: What is the value of participation in community life? How are citizens enabled to positively participate in the life of the community? Are those opportunities to participate available to all?

Parameter 4: Transparency and accountability in decision-making

Key factors at stake: How does Council ensure that the procedures for decision-making are fair, consistent and transparent? How does Council convey effectively to citizens its main considerations and decisions? How are meaningful, two-way channels of communication facilitated between Council and citizens?

4. Specific proposals

In this section we highlight specific questions arising from our assessment of each of the six proposed budget savings.

Proposal		Questions	Most relevant parameters
1	Education (Central staffing)	<ul style="list-style-type: none"> • How will the work previously done by the 4 EWOs and 1 Educational Psychologist now be covered, in ways which address the well-being of pupils affected? • To what extent have longer-term risks to pupils' welfare been taken into consideration in proposing the removal of those 5 staff, in particular? • Will the staff losses undermine Council's commitments to improve attendance levels? • Will there be knock-on effects on general teaching/welfare standards as schools redirect staff resources to fill these gaps? • Will the changes required by the Donaldson Review have a bearing on how pupils' well-being is catered for in the absence of these posts? 	Fundamental principle 1, 2
2	City Services (Waste Special Collections)	<ul style="list-style-type: none"> • Is there a possibility that higher charges may lead to higher fly-tipping? • As the charges are not means-tested, can steps be taken to ensure that they do not hit the worst-off disproportionately? 	Fundamental principle 2, 3
3	City Services (Parking Charges)	<ul style="list-style-type: none"> • Given that the costs of car use are borne by everyone (including non-car users, and people living in all parts of the city) but the benefits accrue only to some, might parking costs be shared more equitably across all areas of the city? • Because revenue gained this way must be spent in the same area of the budget, the fairness of this charge depends partly on what it is used for – so e.g. increasing the amount of dropped kerbs and ramps would be a redirection of resources towards the least advantaged in terms of mobility, participation and use of services. Has this been considered? 	Fundamental principle 1, 3, 4
4	City Services (Customer Services Operating Hours)	<ul style="list-style-type: none"> • People without digital skills seem likely to be most affected by a reduction in in-person operating hours. How might this be addressed? • Will some dates (e.g. for paying bills) when attendance at the Information Station is required sometimes fall on a Wednesday – and if so, could such deadlines be rearranged so as not to disadvantage those affected? • Is there scope to make more use of the Civic Centre (which is open anyway) in ways which aids communication with the community, and involvement with the Council's work and discussions? • Why not shift some provision to the weekend, so these services can be accessed in person by those unable to on weekdays? 	Fundamental principle 1, 2, 3, 4
5	People & Business Change (Voluntary Sector Grants)	<ul style="list-style-type: none"> • Has the winding-up of SEWREC been taken into account when considering how any services lost will now be tackled? Will any of those services now 'go missing'? • It seems likely that some groups will be more adversely affected than others by any reduction in services. Will this be taken into consideration? • What evidence is there as to how fair the current operation of the services in question is – such that e.g. a fresh tendered 	Fundamental principle 1, 2, 3

		contract offers as fair a balance as possible?	
6	Non-Service (Council Tax increase)	<ul style="list-style-type: none"> • What steps will be taken to provide a full and rounded explanation of the need for the increase, in ways which citizens can appreciate? • The council tax is highly erratic in terms of people’s ability to pay, partly because of outdated property valuations. How can spending compensate for this? • How can increased tax revenue be used to <i>create</i> income and invest in future well-being, as well as to plug holes? 	Fundamental principle 1, 2, 4

5. Cross-cutting concerns

We close our response by outlining three concerns which we see as cutting across the different issues and questions covered here. We have given examples of how each concern links up with different proposed budget savings. And we have attached a question to each one, to help summarise why it matters from the point of view of fairness, and frame how Council might address the concern.

- **The depletion of the public realm.** The ‘public realm’ refers both to the resources we share as a community, and the spirit of community relationships – it is partly material, and partly to do with perceptions and values. It is not a single, simple thing, but a complex fabric. It is embodied in everything from the state of public facilities, to crime rates, to levels of civic pride, to trust in politicians, right down to people’s everyday engagement with each other in the street. By definition, changes in the state of the public realm affect all who live in a community, though in different ways and to different degrees. That fabric is clearly under strain, across the UK – and in all countries still dealing with the aftermath of the 2008 financial crisis. A frayed fabric makes building a fairer community more difficult. The budget proposals should be looked at not just in terms of how they affect a particular group of people, or one parameter of fairness – but the whole set of parameters, and the public realm itself.

Examples. All parts of the budget affect the public realm. But of the six proposed budget savings, numbers 2 (Waste Special Collections), 3 (Parking Charges) and 5 (Voluntary Sector Grants) are especially significant here. Each may have direct effects on how the public realm is experienced by people at large (residents and visitors) and particular groups – for example, those who live in particular parts of town, business owners, the users of services provided by the voluntary sector, and so on. Our view is that at this stage of austerity, consideration of the impact on the public realm becomes especially vital.

- **How, in its budget decision-making, can Newport City Council work to protect and feed the public realm?**
- **Corrosive disadvantages.** This term is used to capture how some disadvantages which people experience have negative impacts which extend far beyond the immediate factors involved. So for example, a child who loses access to an Educational Welfare Officer will lose day-to-day contact, and may feel the lack of

that. But the longer-term effects of this may be to increase the likelihood that their current disadvantages will feed into other kinds of threats to their life chances – an increased likelihood of offending, for example, or of the probability that adverse childhood experiences will affect their well-being in later stages of life.

Examples. Number 1 (Central Education Staffing) is especially strongly linked to this area of concern. We know that adverse childhood experiences will have long-term effects on life chances, and that education services are a crucial means for compensating against such disadvantages at particularly vital stages in the life course. Thus savings made may risk being counter-productive both in terms of the future well-being of those affected, but also in cost terms (as the public costs of not addressing well-being issues in the early stages can be very high). But 4 (Customer Services Operating Hours) has the potential to change how different people's needs are addressed, and 6 (Council Tax increase) clearly has a direct bearing on how investment made now may either enhance or diminish well-being in the future for particular citizens.

- **Are there steps that Newport City Council can take to ensure that the effects of corrosive disadvantages are minimized, and that no such disadvantages are actively brought into being by budget decisions?**
- **Budgeting for the future.** We know that the effects of austerity will last several more years – and well into the 2020s. We know also that because of the Well-Being of Future Generations Act, public bodies should be thinking more creatively and concertedly about how decisions they make now will affect well-being in future decades. But Council budgeting is still done on an annual cycle, and often dominated by short-term imperatives. This does not square with the aims of the Act, or with the idea of being fair to future generations.

Examples. Again, all aspects of spending are potentially relevant here. But numbers 2 (Waste Special Collections) and 3 (Parking Charges) and are very saliently connected to questions of our relationship to the environment, and sustainable solutions to ongoing questions about the balance between the interests of (e.g.) car-users and pedestrians, business and the wider community, and current and future generations. And again, 5 (Voluntary Sector Grants) has particular relevance here, given the ways in which the organisations concerned contribute to the development of a joined-up approach to long-term well-being, via the Public Services Board and otherwise.

- **How can Newport City Council budget from the point of view of fairness to the citizens of 2030, 2050 and 2100, as well as 2020?**

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APPENDIX 5 – Service Area Draft Budgets

2019/20 Summary Revenue Budget	Current Budget £'000	2019/20 Base Budget £'000
People		
Children and Young People	22,405	24,523
Adult and Community Services	44,529	46,450
Education	12,771	14,088
Schools	92,977	96,545
	172,681	181,606
Place		
Regeneration, Investment and Housing	9,931	9,994
City Services	22,914	23,722
	32,845	33,716
Chief Executive		
Directorate	599	592
Finance	3,084	3,265
People and Business Change	7,080	7,238
Law and Regulation	6,902	7,511
	17,665	18,606
Capital Financing Costs and Interest		
Capital Financing Costs MRP	7,489	7,489
Interest Payable	9,085	7,085
Interest Receivable	(37)	(127)
PFI	8,543	8,543
	25,080	22,990
Sub Total - Service/Capital Financing	248,271	256,918
Contingency Provisions		
General Contingency	1,473	1,473
Restructuring / Other Savings	-	-
Centralised Insurance Fund	570	570
Non Departmental Costs	-	-
Other Income and Expenditure	3,150	111
	5,192	2,154
Levies / Other		
Discontinued Operations - pensions	1,577	1,563
Discontinued Operations - Ex Gratia Payments	2	2
Levies - Drainage Board, Fire service etc	8,346	8,282
Non distributed grants	-	-
CTAX Benefit Rebates	12,597	12,735
Extraordinary Items	-	-
Charity Rate Relief	-	-
	22,521	22,582
Transfers To/From Reserves		
Base budget - Planned Transfers to/(from) Reserves	(1,388)	(1,072)
Earmarked reserves: Queensbury Loan	-	-
Earmarked reserves: Transfer to/(from) Capital	-	-
Earmarked reserves: Transfer to/(from) Schools	-	-
Earmarked reserves: Transfer to/(from) Schools Redundancy	-	-
Invest to Save Reserve	-	-
Invest to Save Reserve (from)	-	-
	(1,388)	(1,072)
Total	274,596	280,581
Funded By		
WG funding (RSG and NNDR)	(212,790)	(214,343)
Council Tax	(61,806)	(66,894)
Total	0	(655)

These are indicative budgets for 2019/20. Final Cash limits will be agreed during February Council.

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APPENDIX 6 – Budget Investments

New Budget Investments

Service Group	Activity Short Code	Activity Description	Category	Proposal Title	19/20 (£'000)	20/21 (£'000)	21/22 (£'000)	22/23 (£'000)
PEOPLE								
Adult & Community Services	SOC10.1-10.3	Community Care Packages	Demand - Social Care	Demand on Adult Community Care budgets - Whilst it is impossible to predict how this might change throughout the year it is known with certainty new learning disability (LD) children turning 18 and LD clients who were previously looked after by relatives who can no longer look after them, this is expected to cost £500k full year. In addition to this there is a liability of £120k for a legislative ruling on night payments which was introduced in the first quarter of 2018. The pressure requested rebases the budget to what is expected at a point in time and should be reviewed annually due to the volatility of this budget. Pressures for 20/21 onwards is the on-going increase in demand from children turning 18 and new service users. It is anticipated that there will be a programme of reviews undertaken to keep reduce the pressure on demand which is assumed in these figures.	654	465	1,265	315
Adult & Community Services	SOC2	Older people residential units	Demand - Social Care	Internal residential units income - shortfall due to change of long term residential clients e.g. full payers deceased replaced with non payers, clients paid for from other local authorities moving back to area. This change started towards the end of 2016 and is anticipated to cause an income shortfall for a few years. A significant change in the current cohort could affect this again, therefore this income target needs to be reviewed periodically.	45	0	0	0
Children & Young People Services	SOC27	SE Wales adoption	Demand - Social Care	Inter-Agency Adoption - based on current trends of adoptions. Once this budget has been rebased at the level needed, the service area will aim to maintain volumes.	228	0	0	0
Children & Young People Services	SOC31	Out of Area Resi Plac	Demand - Social Care	Children's Out of Authority Residential Placements - This is the new budget requirement needed to accommodate current placements and to maintain numbers at approximately 20. The service will look to manage this budget going forward although difficult to predict changes in placements and costs.	2,206	0	0	0
Education	EDU6	SEN Recoup OOC	Demand - Other	Special Education Needs (SEN) Recoupment Income - Due to the increase in demand for in-house SEN provision, the number of places available for other local authorities to utilise and pay to us has reduced. Therefore there is an under-recovery of income of £250k.	250	0	0	0

APPENDIX 6 – Budget Investments

Service Group	Activity Short Code	Activity Description	Category	Proposal Title	19/20 (£'000)	20/21 (£'000)	21/22 (£'000)	22/23 (£'000)
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PEOPLE

Education	EDU6	SEN Recoup OOC	Demand - Other	SEN - Demands placed upon a number of special educational needs budgets. There are a number of provision types for SEN. These include Out of County placements but also a number of in-house provisions. There is an increasing demand for placements of which the costs can be high.	1,414	tbc	tbc	tbc
Education	EDU14	Breakfast clubs	Demand - Other	Breakfast Clubs - the number of breakfast clubs is increasing, it is anticipated that in September 2021 all primary schools will offer breakfast club provision.	91	20	35	15
Education (Schools)	EDU1	Schools	Other	Teachers pension increase - Association for Directors of Education in Wales (ADEW) suggesting increase from 16.48% to 23.6% from Sept 2019-March 2021, while this increase will be significant, we are awaiting confirmation on how this will be funded.	tbc	tbc	0	0
Education (Schools)	EDU1	Schools	Other	Reduced class sizes - the funding of an additional class is being funded by Welsh Government until September 2021. If this funding isn't made permanent this will require a pressure of the equivalent amount to be funded.	0	0	39	28
Education	n/a	n/a	Other	Revenue Support Grant (RSG) Transfer in - Free school meals grant	276	0	0	0
People Services	n/a	n/a	Risk Cont	Risk Contingency set aside from minimum revenue provision (MRP) saving to mitigate demand pressures associated with People Services	(2,200)	0	0	0

PLACE

RIH	RIH9	Centralised Properties	Pricing	Norse JV - Increased contract payment as a result of assumed 2% pay award in 19/20. Subsequent years assume 1% pay award as per NJC staff	99	122	154	186
RIH	RIH30	Transporter Bridge	Investment	Discovery Centre - A Heritage discovery centre, tourist trail and garden trail in the city will be launched. Likely to be established beyond 20/21	0	0	tbc	tbc

APPENDIX 6 – Budget Investments

Service Group	Activity Short Code	Activity Description	Category	Proposal Title	19/20 (£'000)	20/21 (£'000)	21/22 (£'000)	22/23 (£'000)
PLACE								
City Services	STR26	Customer Services	Investment	Customer Care Manager - resource to adequately manage the councils complaints and feedback policy and processes in order to meet our statutory and regulatory obligations	43	0	0	0
City Services	STR4	Asset Management	Other	Legislative requirements of the Flood and Water Management Act - the authority must establish an approval body team to consider applications submitted from developers	60	0	0	0
City Services	STR11	Sustainable waste	Investment	Corporate Plan promise - New Household Waste Recycling Centre (HWRC) - the opening of a second HWRC supports the corporate plan and the waste strategy. Investment required to meet the promises set out in the Corporate Plan	0	349	0	0
City Services	STR12	Refuse Collection	Demand - Other	Waste collections from additional properties - Newport is constantly growing with significant number of new developments being built or designed therefore existing services need to be provided to these properties	190	0	0	0
City Services	Various	Various	Other	City Services - investment across a number of services including grounds maintenance income adjustment, drainage surveys and other pressures within the service to support the delivery of the function.	335	0	0	0
CORPORATE								
People & Business Change	PBC1	HR Strategy & Op	Investment	Clear Review - to establish a budget for the licence costs of the Clear Review performance management system	22	0	0	0
People & Business Change	PBC1	HR Strategy & Op	Investment	Newport Live SLA - The HR SLA with NL has come to an end meaning that the income target is no longer achievable	22	0	0	0
People & Business Change	PBC3	Bus Chg et al	Investment	BIPT Income generation - unable to meet future years income target, therefore pressure required to remove unachievable income.	48	0	0	0
People & Business Change	PBC10	Digital	Investment	Corporate Plan Promise - Delivery of digital aspirations - improvement of the IT infrastructure and other digital services. Investment required to meet the promises set out in the Corporate Plan	220	500	500	0

APPENDIX 6 – Budget Investments

Service Group	Activity Short Code	Activity Description	Category	Proposal Title	19/20 (£'000)	20/21 (£'000)	21/22 (£'000)	22/23 (£'000)
CORPORATE								
People & Business Change	PBC1	HR Strategy & Op	Investment	Implementation of new Talent Management Framework to deliver commitment to develop a motivated, capable and engaged workforce, alongside building capacity and managerial leadership.	56	0	0	0
NON-SERVICE								
Non-Service	n/a	n/a	Investment	Capital Financing pressure from an additional capital expenditure of £10m	0	tbc	tbc	0
Non-Service	n/a	n/a	Other	Interest payable - future pressures due to increasing capital expenditure and reduced capacity to use our own cash reserves to fund this.	0	287	155	122
Council Wide	n/a	n/a	Other	Universal Credit - Impact of universal credit across the whole council	tbc	tbc	0	0
Non-Service	n/a	n/a	Other	Cost of collection of discounting empty homes disc and bringing more homes into use and improving empty	190	0	0	0
Non-Service	n/a	n/a	Pricing	Pension Deficit - Estimated 1% pa increase from 2020/21 following valuation of the public service pension schemes	0	647	654	660
NEW BUDGET INVESTMENTS TOTAL					4,249	2,390	2,802	1,326

APPENDIX 6 – Budget Investments

Previously Agreed Investments

Service Group	Activity Short Code	Activity Description	Category	Proposal Title	19/20 (£'000)	20/21 (£'000)	21/22 (£'000)	22/23 (£'000)
PEOPLE								
Adult & Community Services	SOC10.2	Community Care Packages	Other	Supporting People Grant Reductions: Due to the correct application of the pricing policy of learning disability (LD) supported living following Welsh Government review, costs previously funded from this grant are no longer eligible resulting in a £726k budget pressure profiled over four years (17/18 to 20/21). These pressures were offset with corresponding saving proposals.	138	138	0	0
Adult & Community Services	SOC10.1-10.3	Community Care Packages/ Mental Health	Pricing	Price Inflation within Adult social care budgets - From April 2016 all organisations are required to pay the National Living Wage rate therefore increasing our external provider fees. This amount is in additional to general inflation applied to the budget.	385	549	0	0
Adult & Community Services	SOC10.1	Community Care Packages - Older People	Demand - Social Care	Adults Capital Limit Change in relation to charging for Residential Care - One of Governments top six 'Taking Wales Forward' campaign. The limit rose to £30k in 2017, £40k in 18/19 then £50k in 19/20 thereby reducing clients contribution towards their cost of care. There is no indication of further increases after 2020.	302	0	0	0
Children & Young People Services	SOC32/ 33	Independent Foster Agency Placements/ In house fostering	Demand - Social Care	Fostering Service - The 19/20 pressure is to accommodate 185 in-house foster placements (average over the last 5 years) and an average of 37 Independent Fostering Placements (externally commissioned). 20/21 pressure is to reflect the expectation that the higher level of in house fostering placements now being experienced in 2018/19 (currently 200) will continue. This pressure will enable the service to maintain independent fostering agency placements at the 37 level.	765	205	0	0
Education (Schools)	EDU1	Schools	Demand - New Schools	Corporate Plan Promise - Demand and Pricing Investment in schools - there are a number of pressures identified within schools. For 19/20 this includes pay inflation, price inflation & increments (£3,259k) and demand on new & growing schools (£2,980k). It is proposed an investment of £3,178k is made into the schools budget an increase of 3.3%. Future years show the pricing and demand pressures that have been identified for schools. Investment required to meet the promises set out in the Corporate Plan	3,568	4,520	4,331	4,244

APPENDIX 6 – Budget Investments

Service Group	Activity Short Code	Activity Description	Category	Proposal Title	19/20 (£'000)	20/21 (£'000)	21/22 (£'000)	22/23 (£'000)
PLACE								
RIH	RIH9	Centralised Properties	Pricing	Norse joint venture (JV) - pension deficit. A regular tri-annual review of the pension fund attributed to those staff that transferred was undertaken by the fund managers, Greater Gwent (Torfaen) which has highlighted an annual shortfall of pension contribution as well as a deficit payment.	5	5	5	5
City Services	STR9	Leisure Trust	Pricing	Newport Live - Pension Deficit	3	3	2	2
City Services	STR9	Leisure Trust	Pricing	Newport Live - contract fee increases as a result of National Minimum Wage. Newport Live bear the costs of inflationary pay increases therefore no pay award pressure	87	19	19	18
CORPORATE								
People & Business Change	PBC12	Shared Res Serv	Pricing	Shared Resource Service (SRS) - Increased contract payment as a result of assumed 2% pay award in 19/20. Subsequent years assumes 1% pay award as per NJC staff. Pension deficit costs is also included.	62	51	53	55
NON-SERVICE								
Non-Service	n/a	n/a	Investment	Other pressures' - To Be Identified as annual detailed budget work undertaken - there is normally miscellaneous budget pressures identified. This amount here provides an 'allowance' for this - so that the overall budget gap in each year takes account of some amount for this.	0	1,000	1,000	1,000
Non-Service	n/a	n/a	Investment	Corporate Plan Promise - Capital Programme - To fund the capital financing costs of the current (in principle) capital programme. Investment required to meet the promises set out in the Corporate Plan	0	568	351	101
AGREED/ REVISED BUDGET INVESTMENTS TOTAL					5,315	7,058	5,761	5,425
BUDGET INVESTMENT TOTAL					9,564	9,448	8,563	6,751

APPENDIX 6 – Budget Investments

Pressures Summarised:

Pressures by Type	19/20 (£'000)	20/21 (£'000)	21/22 (£'000)	22/23 (£'000)
New budget pressures	4,249	2,390	2,802	1,326
Previously agreed budget pressures	5,315	7,058	5,761	5,425
New and previously agreed pressures	9,564	9,448	8,563	6,751
Inflationary pressures (Inc increments)	4,394	3,051	2,921	2,970
Specific grant - capital limit pressure	(302)	0	0	0
TOTAL BUDGET PRESSURES	13,656	12,499	11,484	9,721

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APPENDIX 7 – Budget Savings

New Budget Savings

Cabinet

Service Group	Activity Short Code	Activity Description	Unique ID	Proposal Title	19/20 (£'000)	20/21 (£'000)	21/22 (£'000)	22/23 (£'000)	Staff Impact FTE
PEOPLE									
Education	Various	Various	EDU1920/01	Central Education Budget Savings Proposals 2019/20	250	0	0	0	-6.9
PLACE									
City Services	STR12	Refuse Collection	CS1920/06	Review of Charging for Waste Special Collections	66	0	0	0	0.0
City Services	STR20	Off street parking	CS1920/07	Changes to Council Parking Charges	86	0	0	0	0.0
City Services	STR26	Customer Services	CS1920/08	Reduction in Customer Services Operating Hours – Information Station only	31	0	0	0	-1.2
CORPORATE									
People and Business Change	PBC6	Partnership	PBC1920/02	Reduction in Voluntary Sector Grants	54	19	27	0	0.0
NEW BUDGET SAVINGS FOR CONSULTATION - Cabinet					487	19	27	0	-8.1

APPENDIX 7 – Budget Savings

Cabinet Member

Service Group	Activity Short Code	Activity Description	Unique ID	Proposal Title	19/20 (£'000)	20/21 (£'000)	21/22 (£'000)	22/23 (£'000)	Staff Impact FTE
PEOPLE									
Children and Family Services	SOC31	Out of Authority Residential Places	CFS1920/01	Improving Residential Care for Children within Newport	330	10	0	0	0.0
Adult and Community Services	SOC14	Service Development & Commissioning	AS1920/03	Preventions Review to Deliver £250k Saving	250	0	0	0	0.0
Education	EDU23	Joint Services	EDU1920/02	Withdrawal from the regional SENCOM partnership and the introduction of a Newport Service beginning April 1st 2019.	250	0	0	0	tbc
PLACE									
City Services / Place	STR1	Env Serv	CS1920/10	Introduce Parking Charges within Tredegar Park and Fourteen Locks	31	0	0	0	0.0
City Services	STR2	Cemeteries	CS1920/01	Gwent Crematorium Fee Increase	55	34	0	0	0.0
City Services	STR11	Sustainable Waste	CS1920/05	Increased recycling from the introduction of smaller bins and a period of enforcement and education. This also mitigates the risk of additional fines from Welsh Government for the non-achievement of increased recycling targets.	110	0	0	0	0.0
NON SERVICE									
Non-Service	n/a	n/a	NS1920/03	Cessation of Concurrent Grants to Community Councils	131	0	0	0	0.0
NEW BUDGET SAVINGS TOTAL - Cabinet Member					1,157	44	0	0	0.0

APPENDIX 7 – Budget Savings

Head of Service

Service Group	Activity Short Code	Activity Description	Unique ID	Proposal Title	19/20 (£'000)	20/21 (£'000)	21/22 (£'000)	22/23 (£'000)	Staff Impact FTE
PEOPLE									
Children and Family Services	SOC32	Independent Foster Agency Placements	CFS1920/02	Reduction in the use of Private Fostering Agencies	125	0	0	0	0.0
Children and Family Services	SOC20	Leaving Care	CFS1920/03	Reduction in the When I'm Ready leaving care budget	90	0	0	0	0.0
Children and Family Services	SOC34	Kinship Payments	CFS1920/04	Kinship Payments	150	0	0	0	0.0
Children and Family Services	SOC26	Integrated Family Support Team	CFS1920/05	Integrated Family Support Team - deletion of vacant post	26	26	0	0	0.0
Adult and Community Services	SOC10	Community care packs	AS1920/01	Change in Fee Structure for Shared Lives Placements	100	0	0	0	0.0
Adult and Community Services	SOC13	Adults Mgt Account	AS1920/02	Staffing Review	200	0	0	0	-4.5
Education	EDU23	Joint Services	EDU1920/03	Reduction in core funding to EAS of 2% for the financial year 2019/20	17	12	8	0	0.0
PLACE									
Regeneration, Investment and Housing	RIH8	Station Buildings	RIH1920/01	National Software Academy move to Information Station	40	0	0	0	0.0
Regeneration, Investment and Housing	RIH10	Carbon Reduction	RIH1920/02	Reducing Carbon Emissions and Associated Costs	50	0	0	0	0.0
Regeneration, Investment and Housing	RIH12; RIH16	Plan + Dev Mngt Acc/ Development management	RIH1920/03	Reduction of Development Management Legal Fees Budget and Training budget	22	0	0	0	0.0
Regeneration, Investment and Housing	RIH18-21 & RIH25	Various	RIH1920/04	Implementation of Neighbourhood Hubs	267	387	0	0	-5.0
City Services	STR3	Public Transport	CS1920/02	In-house Management of Real Time Passenger Information (RTPi) System.	32	0	0	0	0.5

APPENDIX 7 – Budget Savings

Service Group	Activity Short Code	Activity Description	Unique ID	Proposal Title	19/20 (£'000)	20/21 (£'000)	21/22 (£'000)	22/23 (£'000)	Staff Impact FTE
City Services	STR5	Street Lighting	NEW	Street Lighting - Replacement of all streetlights across this City to LED will represent financial savings and will also reduce the Council's direct carbon emissions by 6.5% per year, a major step towards being carbon neutral by 2030.	75	0	0	0	0.0
City Services	STR9	Leisure Trust	CS1920/03	Newport Live Delivery Arrangements	63	0	0	0	0.0
City Services	STR10	Waste Disposal Site	CS1920/04	Increase Waste Income	50	0	0	0	0.0
City Services	STR27	Benefits	CS1920/09	Benefits Section Efficiency Savings	39	0	0	0	0.0
CORPORATE									
Finance	FIN1	Accountancy	FIN1920/01	Deletion of 0.4 Full Time Equivalent Post within Accountancy	9	0	0	0	-0.4
Finance	FIN1	Accountancy	FIN1920/02	Increase Schools SLA Charge for the Schools Resources Team	30	0	0	0	0.0
People and Business Change	PBC3	Business Chg Improv	PBC1920/01	Service Restructure	50	0	0	0	tbc
People and Business Change	DIR01; PBC2; PBC9	Various	PBC1920/03	HR Proposals - including deletion of vacant posts.	65	0	0	0	-2.0
People and Business Change	PBC10; PBC12	Digital/ Shared Res Serv	PBC1920/04	Renegotiated IT support, public Wi-Fi and print room printer contracts will enable budget to be reduced from April 2019 with no adverse impact on service delivery.	75	0	0	0	0.0
People and Business Change	PBC6	Partnership	PBC1920/05	Reduction in Planned Welsh Language Translation Annual Spend	47	30	0	0	0.0
Law and Regulation	n/a	Insurance	LR1920/01	Absorb inflationary uplift in insurance premiums	14	0	0	0	0.0
Law and Regulation	n/a	Licensing Fees	LR1920/02	Additional Licensing Income	8	0	0	0	0.0

APPENDIX 7 – Budget Savings

Service Group	Activity Short Code	Activity Description	Unique ID	Proposal Title	19/20 (£'000)	20/21 (£'000)	21/22 (£'000)	22/23 (£'000)	Staff Impact FTE
NON SERVICE									
Non-Service	n/a	n/a	NS1920/01	Additional Saving on Interest Budget	590	0	0	0	0.0
Non-Service	n/a	n/a	NS1920/02	Reduction in unfunded pension liability	29	0	0	0	0.0
Non-Service	n/a	n/a	NS1920/04	Reduction in the Council Tax Reduction Scheme Budget	879	0	0	0	0.0
Non-Service	n/a	n/a	0	Increase Ctax income from applying the non discount to empty homes as approved by Council	190	0	0	0	4.0
NEW BUDGET SAVINGS TOTAL - Delegated Head of Service					3,332	455	8	0	-7.4

APPENDIX 7 – Budget Savings

Previously Agreed Savings

Cabinet

Service Group	Activity Short Code	Activity Description	Unique ID	Proposal Title	19/20 (£'000)	20/21 (£'000)	21/22 (£'000)	22/23 (£'000)	Staff Impact
PEOPLE									
Education	EDU9 / EDU4	Inclusion Management Account/ Psychology Services	EDU181902	Consolidation of the Educational Psychology, Additional Learning Needs, and Specific Learning Needs Teams into a 'Inclusion Enrichment Team'	53	0	0	0	-6.3
City Services	STR26	Customer Services	SS181904	Reducing Telephone and Face to Face Services within Customer Services	16	0	0	0	-0.9
PREVIOUSLY AGREED SAVING - Cabinet					69	0	0	0	-7.2

Cabinet Member

Service Group	Activity Short Code	Activity Description	Unique ID	Proposal Title	19/20 (£'000)	20/21 (£'000)	21/22 (£'000)	22/23 (£'000)	Staff Impact
PEOPLE									
Adult and Community Services	SOC1	Homecare & Extracare	ACS181903	Extra care housing - reduce expenditure by proceeding with the outsourcing of the domiciliary care service, deployed within four Linc Extracare housing schemes	150	0	0	0	-57.2 (2 year impact)
Adult and Community Services	SOC3	Supported Living Agency	ACS181904	Supported Living - reduce expenditure by out sourcing the Council's in-house Supported Living Agency for people with learning disabilities	93	0	0	0	-7.0
PLACE									
City Services	STR11	Sustainable Waste	SS181901	Re-instate the composting facility at Docks way avoiding higher contract costs with external provider	14	0	0	0	2.0
PREVIOUSLY AGREED SAVING - Cabinet Member					257	0	0	0	-62.2

APPENDIX 7 – Budget Savings

Head of Service

Service Group	Activity Short Code	Activity Description	Unique ID	Proposal Title	19/20 (£'000)	20/21 (£'000)	21/22 (£'000)	22/23 (£'000)	Staff Impact
PEOPLE									
Children and Family Services	SOC28	Child Protection	CFS181909	To reduce the legal fees budget which is used for court ordered testing and the use of counsel to represent the Local Authority in family proceedings	50	0	0	0	0.0
Children and Family Services	SOC33	In House Fostering	CFS181910	To reduce the provision of Career and Specialist Carers and reduce the number of external fostering assessments commissioned	26	26	0	0	0.0
Adult and Community Services	SOC13	Adults Management Account	AS171802	Savings from adults management account (previously Strategic Director put forward to come from inflationary uplift on S28a income from health but Adult HoS says this is not possible and negotiations could even result in a reduction in funding from ABUHB)	20	20	0	0	0.0
PLACE									
City Services	STR9	Leisure Trust	STS27	Newport LIVE - Efficiency savings from Newport Live operation	60	0	0	0	0.0
NON SERVICE									
Non-Service	n/a	n/a	NS171802	MRP/ Interest budgets - Expected interest rate savings when bonds mature	1,500	0	0	0	0.0
PREVIOUSLY AGREED SAVING - Delegated Head of Service					1,656	46	0	0	0.0

Savings Decision Type	19/20 (£'000)	20/21 (£'000)	21/22 (£'000)	22/23 (£'000)	Staff Impact FTE
Cabinet Budget Savings	487	19	27	0	-8.1
Cabinet Member Budget Savings	1,157	44	0	0	0.0
Delegated Head of Service Budget Savings	3,332	455	8	0	-7.4
New Budget Savings	4,976	518	35	0	-15.5
Previously agreed budget savings	1,982	46	0	0	-69.4
TOTAL BUDGET SAVINGS	6,958	564	35	0	-84.9

Staff impact refers to the total FTE impact over the life of the project

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APPENDIX 8 – Medium Term Financial Projection (MTFP)

	2019/20	2020/21	2021/22	2022/23	Total
Funding					
Change in WG Revenue Support Grant (+0.46% increase and assumed cash flat thereafter)	(1,553)	-	-	-	(1,553)
Increase in tax base - C.Tax @ 18/19 rate	(741)	-	-	-	(741)
C. Tax @ 6.95% in 19/20 and 4% from 20/21 onwards	(4,347)	(2,492)	(2,512)	(2,532)	(11,883)
Less consequential increase in benefits	1,018	498	502	506	2,525
Change in funding	(5,623)	(1,994)	(2,010)	(2,026)	(11,652)
Income					
Specific grant - social care	(1,500)	-	-	-	(1,500)
Specific grant - childrens social care - prevention	(140)	-	-	-	(140)
Specific grant - teachers pay award	(390)	-	-	-	(390)
	(2,030)	-	-	-	(2,030)
Change in Income/Funding	(7,653)	(1,994)	(2,010)	(2,026)	(13,682)
Revenue Investments / Increased Costs					
Pricing - Pay, inc pensions, NLW & Increments exc. Schools	3,230	2,565	1,873	1,907	9,576
Pricing - Contract/ Income Inflation exc. Schools	1,805	1,881	1,935	1,989	7,610
Pricing & Demand - Schools	3,568	4,520	4,331	4,244	16,663
Demand - Social Care	3,898	670	1,265	315	6,148
Demand - Other	1,945	20	35	15	2,015
Other	999	425	194	150	1,768
Investments	411	2,417	1,851	1,101	5,780
Risk Contingency	(2,200)	-	-	-	(2,200)
Total Pressures	13,656	12,499	11,484	9,721	47,360
General budget transfer to / (from) Reserves	300	600	300	-	1,200
Gap Before Cost Reduction Plans	6,303	11,105	9,774	7,696	34,877
Cost Reduction - Transformation / Change Programme					
Cost reduction - other savings	6,958	564	35	-	7,557
Balance - @ WG cash flat 2019/20 onwards	(655)	10,541	9,739	7,696	27,320

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APPENDIX 9 – Reconciliation of Movements Since Budget Consultation

	19/20	20/21	21/22	22/23
Inflation	4,394	3,051	2,921	2,970
Investments	6,769	8,801	7,909	6,091
Savings	(1,982)	(47)	0	0
RSG/ CTax	(2,957)	(1,994)	(2,010)	(2,026)
Transfer to reserves	300	600	300	0
December 2018 MTFP balances	6,524	10,411	9,120	7,035
Proposed 'new' savings presented to December 2018 Cabinet	(6,169)	(517)	(35)	0
<u>Movement since consultation/ December 2018 Update</u>				
Funding:				
Adjustment for final settlement and Council tax base	(1,208)	0	0	0
Transfer additional 1.95% CTax increase from savings to funding	(1,458)	0	0	0
Specific grant - social care	(1,500)	0	0	0
Specific grant - childrens social care - prevention	(140)	0	0	0
Specific grant - teachers pay award	(390)	0	0	0
Savings:				
New saving - Installation of LED Streetlights	(75)	0	0	0
New saving - Increase CTax income - empty homes discount	(190)	0	0	0
Transfer additional 1.95% CTax increase from savings to funding	1,458	0	0	0
Pressures/ Investments:				
Revised pressure - Increase to RSG free school meals transfer	55	0	0	0
New pressures - specific grant - social care	1,500	0	0	0
New pressure - specific grant - children's social care - prevention	140	0	0	0
New pressure - specific grant - teachers pay award	390	0	0	0
New pressure - balance of unfunded pressures	218	0	0	0
New pressure - additional pension deficit 1% pa	0	647	654	660
New pressure - investment required - empty homes discount	190	0	0	0
February 2019 MTFP Balances	(655)	10,541	9,739	7,695

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APPENDIX 10 – Equalities Issues

Budget Proposals and Fairness and Equality Impact Assessments (FEIA).

Under the specific Welsh duties of the Equality Act 2010, Fairness and Equality Impact Assessments (FEIAs) are a statutory obligation for public sector organisations in Wales. FEIAs are used to assess the likely impact of proposed policies and practices against the authority's ability to comply with its equality duties.

FEIAs were carried out on a number of business proposals this year to ensure that the decisions the authority is proposing to make are reasonable, proportionate and fair. The following proposals had FEIAs undertaken:

People and Business Change

- [Reduction in Voluntary Sector Grants](#)

Education

- [Central Education Savings Proposal \(2019/20\)](#)

City Services

- [Review of Charging for Waste Special Collections](#) (pdf)
- [Change of Council Parking charges](#) (pdf)
- [Reduction in Customer Service Operating Hours \(InfoStation\)](#) (pdf)

The detailed results of these FEIAs are on the budget pages of the Council's website at the following link:

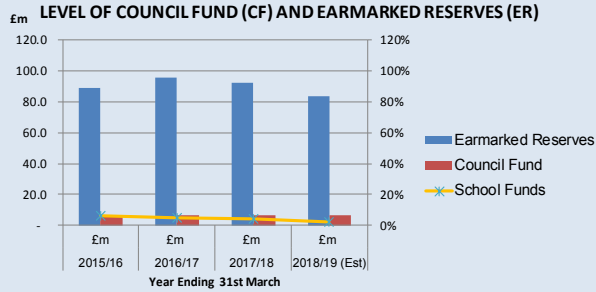
<http://www.newport.gov.uk/en/Council-Democracy/Equalities-the-Welsh-language/Equality-Impact-Assessments>

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Appendix 11 - Financial Resilience

The following tables, charts and figures give an indication of the financial resilience of the Council as per the Statement of Accounts

Level of Council Fund (CF) and Earmarked Reserves (ER)



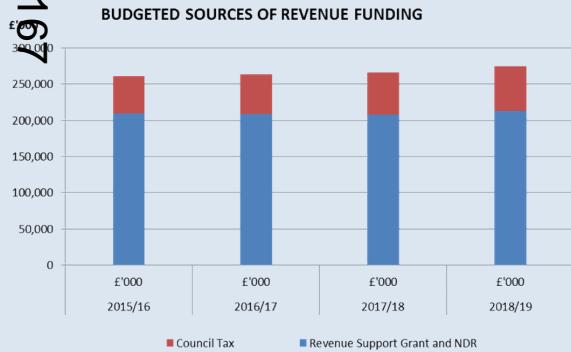
Level of Reserves

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 (Est) £m
Earmarked Reserves	88.9	95.8	92.5	83.7
Council Fund	6.5	6.5	6.5	6.5
School Funds	5.9	4.8	3.9	1.9

Budgeted Sources of Funding

Total Revenue Funding	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Revenue Support Grant and NDR	209,254	209,142	208,250	212,790
Council Tax	52,117	54,796	58,122	61,806

Budgeted Revenue Funding Split



Financial Performance and Ratios

Ratio	Calculation	2014/2015 £'000	2015/2016 £'000	2016/2017 £'000	2017/2018 £'000
Net Worth (Assets - Liabilities)	(Asset - Liabilities)	45,887	61,095	20,785	19,704
Net Worth (exc Pension Liab.)	(Asset - Liabilities)	298,037	340,816	345,530	343,721
Working Capital Ratio	(Curr. Assets / Curr. Liabilities)	0.89	1.82	1.17	1.01
Gearing Ratio	(Borrowing / Total Reserves)	45.5%	44.0%	49.9%	67.0%

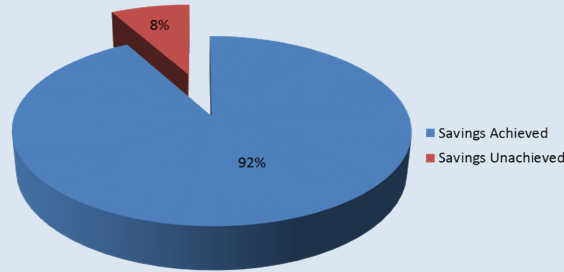
The figures below shows the 18/19 forecast position for both revenue and capital

2018/19 Revenue Forecast Position - December

Directorate	Current Budget £'000	Budget Forecast £'000	Variance £'000	Variance %
Children & Young People	22,405	24,682	2,277	10.2
Adult & Community Services	44,529	45,399	870	2.0
Education	12,771	14,521	1,750	13.7
Schools	92,977	94,897	1,920	2.1
Regeneration, Investment & Housing	9,931	9,932	1	0.0
City Services	22,914	23,064	150	0.7
Corporate Services	17,665	17,362	(303)	(1.7)
Total Directorates	223,192	229,857	6,665	3.0
Capital Financing	25,080	24,967	(113)	(0.5)
Contingency/Provisions	5,192	(499)	(5,691)	(109.6)
Levies / other	22,521	20,829	(1,691)	(7.5)
Reserves /Transfer	(1,388)	(1,308)	80	(5.8)
Total Budget	274,596	273,846	(750)	(0.3)
Additional funding - C.T surplus	-	(1,000)	(1,000)	-
Projected Over/ (Under) spend	274,596	272,846	(1,750)	(0.6)

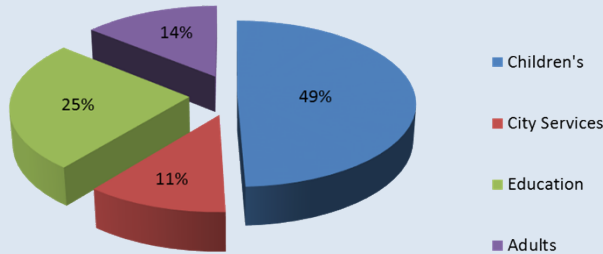
Revenue Savings Achieved and Unachieved (December 2018/19)

2018/19 Revenue Savings Achieved



Analysis of Unachieved Savings

Analysis of Unachieved Savings - 2018/19



2018/19 Capital Forecast Position - December

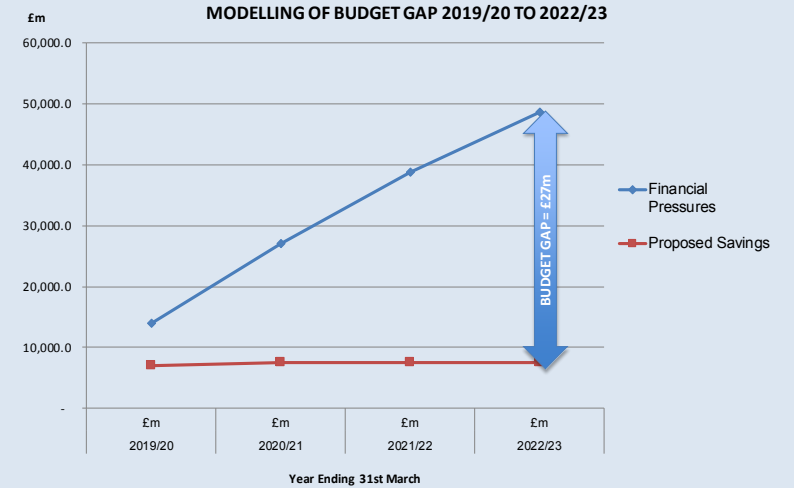
Directorate	Final Budget £'000	Budget Forecast £'000	Variance Slippage £'000	Variance (Under)/ Overspend £'000
Education	12,133	10,495	(1,546)	(92)
Regeneration, Investment & Housing	12,029	10,761	(1,268)	-
People & Business Change	884	794	(90)	-
Adult & Community Services	195	195	-	-
Children & Young People Services	1,831	1,831	-	-
City Services	11,780	10,116	(1,565)	(100)
Total Budget	38,852	34,192	(4,469)	(192)

The tables below show the Medium Term Financial Projections (MTFP) and the risks facing the Council.

MTFP Scenario

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	Total £'000
Financial Pressures	13,656	12,499	11,484	9,721	47,359
Transfer to/ (from) reserves	300	600	300	0	1,199
Funding (Increase)/ Reduction	(2,030)	0	0	0	(2,031)
Budget Requirement Reduction	11,926	13,099	11,784	9,721	46,529
Increase in Ctax/ tax base	(5,823)	(1,994)	(2,010)	(2,026)	(11,652)
Savings	(6,958)	(564)	(35)	0	(7,558)
Budget Gap	(655)	10,541	9,739	7,695	27,320

Modelling of Budget Gap 2019/20 to 2022/23



Capital Expenditure & Need to borrow

Capital Expenditure	2018/19 Actual £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
Total capital expenditure	34.2	56.8	28.9	20.1
Capital Financing Requirement				
Investments or (new borrowing)	23.5	1.1	59.7	65.7
CFR	282.3	292.3	291.4	288.2

APPENDIX 11a - Projected earmarked reserves

Reserve	Balance at 31-Mar-18	Balance at 31-Mar-19	Balance at 31-Mar-20	Balance at 31-Mar-21	Balance at 31-Mar-22
	£'000	£'000	£'000	£'000	£'000
Council Fund:	(6,500)	(6,500)	(6,500)	(6,500)	(6,500)
Balances held by schools for future use	(3,857)	(1,937)	(1,937)	(1,937)	(1,937)
		-			
Earmarked Reserves:		-			
Insurance Reserve	(1,594)	(1,294)	(1,294)	(1,294)	(1,294)
MMI Insurance Reserve	(602)	(602)	(602)	(602)	(602)
Health & Safety	(16)	-	-	-	-
Music Service	(124)	(35)	(35)	(35)	(35)
Education Achievement Service	(92)	(92)	(92)	(92)	(92)
Schools Redundancies	(708)	(708)	-	-	-
Friars Walk	(8,405)	(7,905)	(7,500)	(7,500)	(7,000)
European Funding I2A & CFW	(173)	(190)	(190)	(190)	(190)
Metro Bus	(9)	(9)	(9)	-	-
Pay Reserve	(1,418)	(1,418)	(1,418)	(1,418)	(1,418)
GEMS Redundancies	(78)	(76)	(76)	(76)	(76)
SUB TOTAL - RISK RESERVES	(13,219)	(12,328)	(11,215)	(11,206)	(10,706)
Capital Expenditure	(5,761)	(5,145)	(3,645)	(2,145)	(884)
School Works	(347)	(247)	(247)	(247)	(247)
School Reserve Other	(924)	-	-	-	-
Investment Reserve	(966)	(491)	-	-	-
Invest to Save	(9,557)	(10,369)	(9,889)	(9,529)	(9,319)
Super Connected Cities	(554)	(426)	(306)	(186)	(66)
Landfill (fines reserve)	(345)	(345)	(175)	(175)	(175)
Usable Capital Receipts	(8,901)	(5,412)	(4,912)	(4,412)	(3,912)
City Services Manager Support	(200)	(148)	-	-	-
SUB TOTAL - ENABLING RESERVES	(27,555)	(22,583)	(19,174)	(16,694)	(14,603)
		-			
STEP School Computers	(357)	(0)	(0)	(0)	(0)
Municipal Elections	(54)	(91)	(128)	(165)	(202)
Local Development Plan	(599)	(629)	(456)	(356)	(256)
Glan Usk PFI	(1,605)	(1,595)	(1,575)	(1,545)	(1,505)
Southern Distributor Road PFI	(44,515)	(44,175)	(43,697)	(43,147)	(42,597)
Building Control	(48)	(122)	(122)	(122)	(122)
SUB TOTAL - SMOOTHING RESERVES	(47,179)	(46,613)	(45,979)	(45,336)	(44,683)

Reserve	Balance at 31-Mar-18	Balance at 31-Mar-19	Balance at 31-Mar-20	Balance at 31-Mar-21	Balance at 31-Mar-22
	£'000	£'000	£'000	£'000	£'000
		-			
Works of art	(21)	(21)	(21)	(21)	(21)
Theatre & Arts Centre	(232)	(232)	(232)	(232)	(232)
Cymorth Income	(33)	-	-	-	-
Blaen Y Pant Remodelling (Formerly Pupil Referral Unit)	(60)	-	-	-	-
Gypsy and Traveller Site	(7)	-	7	7	7
Homelessness Prevention	(38)	(38)	-	-	-
Environmental Health - Improve Air Quality	(49)	(49)	-	-	-
Refurbishment of a Children / Older People Homes	(62)	(0)	(0)	(0)	(0)
Apprenticeship Scheme	(84)	(49)	-	-	-
City Economic Development Reserve	(90)	(45)	-	-	-
Welsh Language Standards	(174)	(114)	(54)	-	-
YS Dilapidation Costs Information Shop	(41)	-	-	-	-
Port Health	(8)	(13)	(13)	(13)	(13)
Customer Relationship Management (CRM) Project	(681)	-	-	-	-
Welsh Community Care Information System (WCCIS)	(38)	-	-	-	-
Events	(190)	(60)	(30)	-	-
MTFP Reserve	(2,715)	(1,515)	(615)	(315)	(315)
Development of Leisure Masterplan	(15)	-	-	-	-
Voluntary Sector Grants	(66)	(22)	(22)	(22)	(22)
Bus Wifi	(35)	(17)	-	-	-
SUB TOTAL - OTHER RESERVES	(4,639)	(2,175)	(980)	(596)	(596)
		-			
RESERVES TOTAL	(102,948)	(92,135)	(85,784)	(82,268)	(79,024)

APPENDIX 11b - Summary of invest to save spend and forecast

Invest To Save - Summary Forecast	
	£'000
Balance B/F 31.03.2018	(9,557)
Total Forecast Spend 2018/19	1,188
2018/19 Forecast transfer	- 2,000
Invest to Save Forecast balance 31.03.2019	(10,369)
Further Funding Required:-	
Bids & Change/Efficiency proposals	
2019/20	1,037
2020/21	518
2021/22	210
Remaining Invest to Save reserve available for future Change/Efficiency Programme	(8,604)

APPENDIX 12 – Fees and Charges

SERVICE AREA: Social Services

Income Source	Current Charge (exc VAT) £	Proposed Charge (exc VAT) £	Unit of Charge (per hr / day etc)
Other Local Authority Charges			
NCC Residential Homes (£ per week)			
Blaen-y-pant - Residential Care	560.00	577	per week
Blaen-y-pant - Dementia Care	650.00	670	per week
Parklands - Residential Care	560.00	577	per week
Spring Gardens - Dementia Care	650.00	670	per week
External Respite Facilities (£ per week)			
Centrica	975.00	1005	per week
Day Services (£ per week)			
Day Services/Opportunities – Learning Disability	97.00	100	per day
Day Services/Opportunities – Mental Health/Older People	84.00	87	per day
Spring Gardens Day Opportunities	84.00	87	per day
Supported Housing (£ per week)			
Supported Housing for Learning Disability clients	1,022.00	1053	per week
Newport Residents Charges			
NCC Residential Homes (£ per week – short term stays over 8 weeks and permanent admissions).			
Blaen-y-pant - Residential Care	560.00	577	per week
Blaen-y-pant - Dementia Care	650.00	670	per week
Parklands - Residential Care	560.00	577	per week
Spring Gardens - Dementia Care	650.00	670	per week
<i>Applicable to those who have capital in excess of £50k (capital threshold level set by the WG) or sufficient disposable income.</i>			
NCC Residential Homes (£ per week - short term stays upto 8 weeks duration)			
Blaen-y-pant - Residential Care			
Blaen-y-pant - Dementia Care			
Parklands - Residential Care			
Spring Gardens - Dementia Care			
External Respite Facilities (£ per week – short term stays up to 8 weeks duration)			
Centrica			
Supported Housing (£ per week)			
Supported Housing for Learning Disability clients			
Day Services (£ per day)			
Day Services/Opportunities – Learning Disability			
Day Services/Opportunities – Mental Health/Older People			
Spring Gardens Day Opportunities			
Meal Income (per meal)			
All establishments (service users, visitors and staff)	3.50	3.60	per meal
Legal and Administration Charges			
Deferred Payment Administration Charge (DPA)	100.00	100	each
Legal charge	50.00	50	each
Residential care - provided by external providers			
<i>Applicable to those who have capital in excess of £50k (capital threshold level set by the WG) or sufficient disposable income.</i>			
Residents charge will be dependent on weekly charge from external provider			
Non-residential care - provided by external providers			
Direct payments			
Telecare			
<i>Where services are provided by external providers the charges made are based on actual costs paid to providers (after income assessment has been made)</i>			
Charged under non-residential charging policy and capped at £80 per week (current rate set by WG which may increase from April 2019)			
Pendant Alarm basic package			
Paid for by all residents direct to the alarm provider irrespective of tenancy, at a cost of between £1 and £4 per week			

SERVICE AREA: Regeneration, Investment and Housing

Income Source		Current Charge (exc VAT) £	Proposed Charge (exc VAT) £	Current Retrospective Charge (applies to Building Control Charges only)	Proposed Retrospective Charge (applies to Building Control Charges only)	Unit of Charge (per hr / day etc.)	% Increase
Building Control Fees							
Single Storey Extensions							
Single storey extension, floor area not exceeding 10m ²							
	Full plans charge	325.00	325.00	487.50	487.50	each	0.00%
Single storey extension, floor area exceeding 10m ² but not exceeding 40m ²							
	Full plans charge	404.17	404.17	606.26	606.26	each	0.00%
Single storey extension, floor area exceeding 40m ² but not exceeding 100m ²							
	Full plans charge	570.83	570.83	856.25	856.25	each	0.00%
Two Storey Extensions							
Two storey extension not exceeding 40m ²							
	Building notice charge	466.67	466.67	700.00	700.00	each	0.00%
Two storey extension, floor area exceeding 40m ² but not exceeding 100m ²							
	Full plans charge	570.83	570.83	856.25	856.25	each	0.00%
Loft Conversions							
	Loft conversion that does not include the construction of a dormer	420.83	420.83	631.25	631.25	each	0.00%
	Loft conversion that does include the construction of a dormer	466.67	466.67	700.00	700.00	each	0.00%
Garages and Carports							
	Erection of extension of a non exempt detached domestic garage or carport up to 100m ²	245.83	245.83	368.75	368.75	each	0.00%
	Erection of a non exempt attached single storey extension of a domestic garage or carport up to 100m ²	245.83	245.83	368.75	368.75	each	0.00%
Other							
	Conversion of a garage to a habitable room(s)	245.83	245.83	368.75	368.75	each	0.00%
	Alterations to extend or create a basement up to 100m ²	466.67	466.67	700.00	700.00	each	0.00%
	Underpinning	229.17	229.17	343.76	343.76	each	0.00%
	Renovation of a thermal element to a single dwelling	87.50	87.50	131.25	131.25	each	0.00%
Creation of New Dwelling							
	i) Plan charge	203.13	203.13			each	0.00%

ii) Inspection charge	406.87	406.87			each	0.00%
iii) Building notice charge	610.00	610.00	915.00	915.00	each	0.00%
Internal Alterations						
i) cost of works <£2,000	125.00	125.00	187.50	187.50	each	0.00%
ii) cost of works £2,001 to £5,000	204.17	204.17	306.26	306.26	each	0.00%
iii) cost of works £5,001 to £15,000	245.83	245.83	368.00	368.00	each	0.00%
iv) cost of works £15,001 to £25,000	345.83	345.83	368.75	368.75	each	0.00%
v) cost of works £25,001 to £40,000	441.67	441.67	662.50	662.50	each	0.00%
vi) cost of works £40,001 to £60,000	537.50	537.50	806.35	806.35	each	0.00%
Window Replacement						
Window replacement (non competent persons scheme) - 1 to 3 windows	83.33	83.33	125.00	125.00	each	0.00%
Window replacement (non competent persons scheme) - 4 to 20 windows	125.00	125.00	187.50	187.50	each	0.00%
Window replacement (non competent persons scheme) - 20+ windows	208.33	208.33	312.50	312.50	each	0.00%
Electrical Work						
Electrical work (not competent persons scheme) carried out by a qualified electrician in accordance with BS7671	133.33	133.33	200.00	200.00	each	0.00%
Electrical work carried out by others	279.17	279.17	418.76	418.76	each	0.00%
Installation of Heat Producing Appliance						
Installation of solid fuel heat producing appliance where the installer is not a member of a competent persons scheme	125.00	125.00	187.50	187.50	each	0.00%
Non Domestic Work						
Commercial Building - Floor Area not exceeding 40m ²	533.00	533.00	799.50	799.50	each	0.00%
Commercial Building - Floor Area exceeding 40m ² but not exceeding 100m ²	612.50	612.50	918.75	918.75	each	0.00%
Commercial Building - Floor Area exceeding 100m ² but not exceeding 200m ²	891.67	891.67	1,337.51	1,337.51	each	0.00%
Underpinning - Est. cost up to £50,000	341.67	341.67	512.51	512.51	each	0.00%
Underpinning - Est. cost exceeding £50,000 and up to £100,000	441.67	441.67	662.51	662.51	each	0.00%
Underpinning - Est. cost up to £100,000 and up to £250,000	550.00	550.00	825.00	825.00	each	0.00%
Window Replacement						
Window Replacement - 1 to 20 windows	204.17	204.17	306.63	306.63	each	0.00%
Window Replacement - 21 to 50 windows	325.00	325.00	487.50	487.50	each	0.00%
New Shop front(s)						
Window Replacement - 1 to 20 windows	291.67	291.67	437.51	437.51	each	0.00%
Window Replacement - 21 to 50 windows	370.83	370.83	556.25	556.25	each	0.00%

Renovation of a thermal element - Est. cost up to £50,000	204.17	204.17	306.63	306.63	each	0.00%
Renovation of a thermal element - Est. cost exceeding £50,000 and up to £100,000	245.83	245.83	368.75	368.75	each	0.00%
Renovation of a thermal element - Est. cost exceeding £100,000 and up to £250,000	312.50	312.50	468.75	468.75	each	0.00%
Alterations not described elsewhere inc. structural alterations and installation of controlled fittings						
Estimated cost up to £5,000	204.17	204.17	306.63	306.63	each	0.00%
Estimated cost exceeding £5,000 and up to £15,000	262.50	262.50	393.75	393.75	each	0.00%
Estimated cost exceeding £15,000 and up to £25,000	345.83	345.83	518.75	518.75	each	0.00%
Estimated cost exceeding £25,000 and up to £50,000	508.33	508.33	762.50	762.50	each	0.00%
Estimated cost exceeding £50,000 and up to £75,000	675.00	675.00	1,012.50	1,012.50	each	0.00%
Estimated cost exceeding £75,000 and up to £100,000	795.83	795.83	1193.75	1193.75	each	0.00%
Installation of Mezzanine floor up to 500m ²	587.50	587.50	881.25	881.25	each	0.00%
Office Fit Out - floor up to 500m ²	570.83	570.83	858.25	858.25	each	0.00%
Office Fit Out - floor 500m ² to 2000m ²	733.33	733.33	1,100.00	1,100.00	each	0.00%
Shop fit out - Floor up to 500m ²	570.83	570.83	856.25	856.25	each	0.00%
Shop fit out - Floor 500m ² to 2000m ²	733.33	733.33	1,100.00	1,100.00	each	0.00%
Letter of acceptance to AIs	20.00	20.00	20.00	20.00	each	0.00%
Preliminary enquiries	50% of plan fee		50% of plan fee		each	
Market Rents	various based on size of stall and facilities	various based on size of stall and facilities			each	0.00%
Civic Centre Room Hire						
<i>The charges for the Civic Centre below are subject to charging under the following criteria:</i>						
- Full Charge: Industrial or Business Organisations; Organisations whose members are engaged in trade, business or professional practice (other than student associations); Statutory official or Government Bodies including Local Government except where reciprocal arrangements apply.						
- Half Price: Political, Social or Trade Union Groups not included under full price or free						
- Free (this applies to evening sessions only): Organisations devoted exclusively to charitable causes; Societies for the handicapped; Organisations for promotion of recreational activities for young people; Trade Union Branches whose members are employed by Newport City Council; Any political group meetings of Councillors and invited guests are free of charge (provided that not more than 25 % of the people attending the political group meetings are non Councillors). NB Any registered charities chaired by the Mayor of Newport can use the meeting rooms free of charge at any time						
Council Chamber	71.00	74			per session	4.23%
	221.50	232			per day	4.74%
Committee Room 1	37.50	40			per session	6.67%
	113.00	118			per day	4.42%
Committee Room 2	27.00	28			per session	3.70%
	81.00	85			per day	4.94%
Committee Room 3	27.00	28			per session	3.70%

	81.00	85		per day	4.94%
Committee Room 4	27.00	28		per session	3.70%
	81.00	85		per day	4.94%
Committee Room 5	21.80	23		per session	5.50%
	64.50	67		per day	3.88%
Committee Room 7	64.50	67		per session	3.88%
	194.50	202		per day	3.86%
Equipment Hire					
Full facilities in Committee Room 7 including staff assistance	59.50	62		per meeting	4.20%
Council Chamber Microphones	29.75	31		per meeting	4.20%
Council Chamber 1 Microphone	13.00	14		per meeting	7.69%
Community Centres Room Hire					
Caerleon Town Hall					
Non Profit Making/ Voluntary Organisations					
Town Hall	9.80	10.20		per hour	4.08%
Memorial Hall	7.70	8.00		per hour	3.90%
Council Chamber	7.70	8.00		per hour	3.90%
Hire of Kitchen	5.90	6.15		per hour	4.24%
First Floor	7.70	8.00		per hour	3.90%
Small Group Organisations					
Town Hall	12.45	12.95		per hour	4.02%
Memorial Hall	9.75	10.15		per hour	4.10%
Council Chamber	9.75	10.15		per hour	4.10%
Hire of Kitchen	6.80	7.10		per hour	4.41%
First Floor	9.75	10.15		per hour	4.10%
Commercial/ Business (per hour)					
Town Hall	15.35	16.00		per hour	
Memorial Hall	12.45	12.95		per hour	4.02%
Council Chamber	12.45	12.95		per hour	4.02%
Hire of Kitchen	7.95	8.25		per hour	3.77%
First Floor	12.45	12.95		per hour	4.02%
Ringland Community Centre					
Non Profit Making/ Voluntary Organisations (per hour)					
Main Hall	9.80	10.20		per hour	4.08%
Meeting Rooms	7.70	8.00		per hour	3.90%
Hire of Kitchen	5.90	6.15		per hour	4.24%
Small Group Organisations (per hour)					
Main Hall	12.45	12.95		per hour	4.02%

Meeting Rooms	9.75	10.15			per hour	4.10%
Hire of Kitchen	6.80	7.10			per hour	4.41%
Commercial/ Business (per hour)						
Main Hall	15.35	16.00			per hour	4.23%
Meeting Rooms	12.45	12.95			per hour	4.02%
Hire of Kitchen	7.95	8.25			per hour	3.77%
Always Community Centre						
Non Profit Making/ Voluntary Organisations (per hour)						
Main Hall	7.45	7.75			per hour	4.03%
Meeting Rooms	6.65	6.90			per hour	3.76%
Hire of Kitchen	5.30	5.50			per hour	3.77%
Small Group Organisations (per hour)						
Main Hall	10.65	11.10			per hour	4.23%
Meeting Rooms	8.50	8.85			per hour	4.12%
Hire of Kitchen	5.50	5.75			per hour	4.55%
Commercial/ Business (per hour)						
Main Hall	12.75	13.20			per hour	3.53%
Meeting Rooms	9.50	9.90			per hour	4.21%
Hire of Kitchen	5.75	6.00			per hour	4.35%
Rivermead Community Centre						
Non Profit Making/ Voluntary Organisations (per hour)						
Both Halls	19.60	20.40			per hour	4.08%
Main Hall	9.80	10.20			per hour	4.08%
Meeting Rooms	9.50	9.90			per hour	4.21%
Hire of Kitchen	7.10	7.40			per hour	4.23%
Small Group Organisations (per hour)						
Both Halls	22.50	23.40			per hour	4.00%
Main Hall	11.30	11.75			per hour	3.98%
Meeting Rooms	10.90	11.35			per hour	4.13%
Hire of Kitchen	7.40	7.70			per hour	4.05%
Commercial/ Business (per hour)						
Both Halls	28.00	29.10			per hour	3.93%
Main Hall	14.00	14.55			per hour	3.93%
Meeting Rooms	13.30	13.85			per hour	4.14%
Hire of Kitchen	7.70	8.00			per hour	3.90%
Bettws Day Centre						
Non Profit Making/ Voluntary Organisations (per hour)						

Main Hall	9.80	10.20			per hour	4.08%
Day Club	7.70	8.00			per hour	3.90%
Hire of Kitchen	5.90	6.15			per hour	4.24%
Small Group Organisations (per hour)						
Main Hall	11.70	12.15			per hour	3.85%
Day Club	9.20	9.55			per hour	3.80%
Hire of Kitchen	6.40	6.65			per hour	3.91%
Commercial/ Business (per hour)						
Main Hall	15.35	15.95			per hour	3.91%
Day Club	12.45	12.95			per hour	4.02%
Hire of Kitchen	7.95	8.25			per hour	3.77%
Cefn Wood Centre						
Small Group Organisations (per hour)						
Leased to Jitterbug Childcare (From Nov 2018)						
Nov 18 - Apr 19	100.00				per hour	
May 19 - Oct 19		150.00			per hour	
Nov 19 onwards		200.00			per hour	
Museum and Art Gallery						
Educational Publications UK Rights	18.75	18.75				0.00%
Educational Publications World Rights	36.50	36.50				0.00%
Commercial Publications & Websites UK rights	37.50	37.50				0.00%
Commercial Publications & Websites world rights	78.50	78.50				0.00%
Publication Jacket, Covers & Homepages UK Rights	89.00	89.00				0.00%
Publication Jacket, Covers & Homepages World Rights	182.00	182.00				0.00%
Television Flash Fees UK rights	89.50	89.50				0.00%
Television Flash Fees world rights	177.00	177.00				0.00%
Digital Image 300 dpi	6.80	6.80				0.00%
Ship Project						
Staff Consultancy and Training services						
Hourly Rate	40.50	40.50			per hour	0.00%
Staff Consultancy and Training services						
Day Rate	281.00	281.00			per day	0.00%
Faro Arm Rental	79.00	79.00			per day	0.00%
Libraries						
Fines (per day)	0.20	0.20			per day	0.00%
Overdue Administration Adult	0.30	0.30			per letter	0.00%

Replacement Library Card	4.00	4.00			each	0.00%
Lost Books and other items	Sliding scale linked to Book Price	Sliding scale linked to Book Price			each	
Photocopying B&W A4	0.15	0.20			per copy	33.33%
Photocopying B&W A3	0.25	0.30			per copy	20.00%
Photocopying Colour A4	1.10	1.10			per copy	0.00%
Photocopying Colour A3	1.60	1.60			per copy	0.00%
Computer Printout A4	0.15	0.20			per copy	33.33%
Computer Printout A3	0.25	0.30			per copy	20.00%
Hire of Talking Books	1.40	1.40			each	0.00%
Charge for late return of Talking Books	0.20	0.20			per day	0.00%
Family History Research	28.00	28.00			per hour	0.00%
Hire of Rooms	15/ 20	15/ 20			per hour	
Transporter Bridge						
Day Ticket - Adult	3.00	4.00			per ticket	33.33%
Day Ticket - Child	2.00	3.00			per ticket	50.00%
Gondola - Adult (one way)	1.00	1.50			per ticket	50.00%
Gondola - Adult (return)	1.50	2.00			per ticket	33.33%
Gondola - Child (one way)	0.50	1.00			per ticket	100.00%
Gondola - Child (return)	1.00	1.50			per ticket	50.00%
Development Management Fees						
Development Management Fees	Various based on scale of development	Various based on scale of development			per application	0.00%
Pre-application advice	Various depending on the scale of development	Various depending on the scale of development			per application	0.00%
Dangerous Structures - Building Control	0.00	0			per application	0.00%
Demolition Notice	0.00	0			per application	0.00%

Schedule of Fees and Charges 2019/20 - City Services

Income Source	Current Charge (exc VAT) £	Proposed Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Exclusive right of burial and issue deed and marker	1,030.00	1,071.00	per plot	3.98%
Standard grave space not exceeding 2.15m x 0.76m (30") including headstone permit	1,030.00	1,071.00	per plot	3.98%
Grave space exceeding 0.92m (36") width (double plot required) including headstone	1,677.00	1,744.00	per plot	4.00%
Purchase of two grave spaces to accommodate Fibreglass burial cube, including headstone	1,705.00	1,773.00	per plot	3.99%
Cremated remains in Garden of Rest – grave space not exceeding 0.23m x 0.92m	492.00	512.00	per plot	4.07%
Interments – including use of grass mats as necessary				
Stillborn child or child not exceeding one month	no charge	no charge	per plot	
Child one month to eighteen years	no charge	no charge	per plot	
Persons exceeding eighteen years	1,119.00	1,164.00	per plot	4.02%
Interment of second person in grave space on same day	178.00	185.00	per plot	3.93%
Cremated remains in full grave space	248.00	258.00	per plot	4.03%
Cremated remains in garden of rest	248.00	258.00	per plot	4.03%
Interment of second person cremated remains in same space on same day	58.25	60.50	per plot	3.86%
Scattering of ashes	135.25	140.50	each	3.88%
Scattering of ashes of second person at same time	58.25	60.50	each	3.86%
Headstones and Tablets – including all inscriptions				
Columbaria Sanctum 2000 Units – above ground	1,592.20	1,656.00	each	4.01%
second and subsequent Interment Sanctum 2000 units	58.25	60.50	each	3.86%
Other Services and Items				
Administrative research of burial records (per 30 minute period)	15.00	15.60	per 30 minutes	4.00%
Provision of fibreglass burial cube	789.40	821.00	each	4.00%
Provision of BROXAP bench and concrete plinth	903.60	940.00	each	4.03%
New Charges for 2019/20				
Exhumation of Ashes		248.00		
Exhumation Full - Facilitation undertaken by approved contractors.		170.00		
Statutory Declaration		50.00		
Change in Circumstances (Grant name, marriage etc)		30.00		
Cancellation of Funeral (48hrs)		300.00		
Change in Funeral Times		30.00		
Copy of Exclusive Right of Burial (LOST/MISPLACED)		15.00		
Grant of Exclusive Right - 50 YEARS		700.00		
Grant of Exclusive Right - 25 YEARS		350.00		
Fee for plot for Non Newport resident		2,060.00		
Additional Tablet on Existing plot with Headstone		176.80		
Transport Highways And Green Services				
RASWA	420.83	420.83	each	0.00%
Skip licence	41.00	41.00	each	0.00%
Unauthorised skips	158.00	158.00	each	0.00%
Private works: new apparatus Sec 50	398.00	398.00	each	0.00%
Sec 50 – Single dwelling new apparatus	398.00	398.00	each	0.00%
Sec 50 – Licence for repair or replace	398.00	398.00	each	0.00%
Sec 50 inspection – repair or replace	257.00	257.00	each	0.00%

Sec 50 inspection of excavations >200m long	398.00	398.00	each	0.00%
S171 Highway Excavation	211.00	211.00	each	0.00%
Tower Crane Over sailing the Highway Licence: 10 working days' notice required.	140.40	140.40	each	0.00%
Road space booking	141.00	141.00	each	0.00%
Filming on the highway (new charge)	141.00	141.00	each	0.00%
Vehicle crossing inspections	97.00	97.00	each	0.00%
Pavement cafe - charge for table plus 4 chairs	133.15	133.15	each	0.00%
Application to erect sign	214.00	214.00	each	0.00%
Traffic Sign – application to extend for excess 12 months	36.50	36.50	each	0.00%
Parking				
Residents parking permits	17.00	30.00	each	76.47%
Visitor parking permits (Book of 10)	7.00	12.00	per book of 10	71.43%
Bus service departure Fees (Market Square)	0.78	0.78	each	0.00%
Business Parking	936.00	1,000.00	per annum	6.84%
ECN's - Excessive Charge Notice	£35/£70	£35/£70	each	
Car Park Charges (exc Maindee)				
Up to 3 hours	2.00	2.50		25.00%
Up to 5 hours	4.00	4.50		12.50%
Over 5 hours	5.50	6.00		9.09%
Maindee Car Park				
Up to 2 hours	0.50	1.00		100.00%
Up to 5 hours	2.00	2.50		25.00%
Over 5 hours	2.50	3.00		20.00%
Allotment Rents	27.40	28.50		4.00%
Waste Collection				
Trade waste collection:-				
Trade sacks				
Trade blue sacks	27.99	29.11	per roll of 13	4.00%
Trade blue labels	55.99	58.23	per pack of 26	4.00%
Recycling sacks	13.50	14.04	per roll of 13	4.00%
Cardboard labels	10.61	11.03	per pack of 10	3.96%
240 Litre bin	5.80	5.86	each	1.03%
360 Litre bin	7.75	7.81	each	0.77%
660 Litre bin	14.20	14.31	each	0.77%
1100 Litre bin	23.65	23.87	each	0.93%
Residual bin replacement	n/a	16.00		n/a
Bulky/Special Collection	6.25	18.00	up to 3 items	188.00%
Cesspit emptying:				
1,000 gallons	168.00	168.00	per 1,000 gallons	0.00%
2,000 gallons	212.00	212.00	per 2,000 gallons	0.00%
Waste Disposal Charges				
Active Waste				
Disposal Charge	50.25	52.26	per tonne	4.00%
Inactive Waste				
Disposal Charge	50.25	52.26	per tonne	4.00%
Parks And Open Spaces				
Belle Vue Park				

Wedding Photography - Annual Permit	76.00	79.00	annually	3.95%
Bandstand Per Events (<i>no VAT</i>)	44.00	46.00	each	4.55%
Caerleon Pavilion				
Caerleon Pavilion (<i>no VAT</i>)	12.30	12.80	per hour	4.07%
Sport and Leisure Pitch Hire				
Football				
Pitch only (adult) (per match/pitch) summer and winter	30.20	32.00	each	5.96%
Pitch and 1 x changing (adult) (per all sports summer and winter)	38.50	40.00	each	3.90%
Changing room (per U16 age group)	20.00	21.00	each	5.00%
Seasonal football charge exclusive use – football pitch only	906.90	943.00	each	3.98%
Seasonal football charge exclusive use - football pitch and changing room	1,034.00	1,075.00	each	3.97%
Seasonal football charge priority - pitch only	476.50	495.00	each	3.88%
Seasonal football charge priority - pitch & changing room	584.00	607.00	each	3.94%
Seasonal football charge standard - pitch only	346.00	360.00	each	4.05%
Seasonal football charge standard - pitch and changing room	466.00	485.00	each	4.08%
Seasonal football charge general use - Sunday sides - pitch only	315.00	328.00	each	4.13%
Seasonal football charge general use - Sunday sides - pitch and changing room	397.00	413.00	each	4.03%
Rugby				
Rugby - exclusive use pitch and changing	1,034.00	1,075.00	each	3.97%
Rugby - exclusive pitch only	907.00	943.00	each	3.97%
Rugby - standard pitch	346.00	360.00	each	4.05%
Rugby - standard pitch and changing	466.00	485.00	each	4.08%
Events				
Charity events (discretionary)	208.00	216.00	each	3.85%
Commercial events per day (minimum per day)	520.00	540.00	each	3.85%
Lodges - Rental Costs				
Grove Park Lodge	516.00	537.00	per month	4.07%
Shaftesbury Park Lodge	508.00	528.00	per month	3.94%
Christchurch Cemetery Lodge	466.00	485.00	per month	4.08%
St.Woolos Cemetery Lodge	531.00	552.00	per month	3.95%
Belle Vue Park - Residential Lodge Rent	531.00	552.00	per month	3.95%

SERVICE AREA: Corporate Services

Income Source		Current Charge (exc VAT) £	Proposed Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
CCTV for NCC clients		Variable		per SLA	
Environmental Health Advice and Training		Variable	Variable	per contract	
Houses in Multiple Occupation Pre-licensing Advice Service					
Property inspection and report with one schedule & fire plan		N/A	200.00	per survey	
Property inspection and report with 2 schedules & fire plans		N/A	250.00	per survey	
Each additional proposal over 2 proposals above		N/A	50.00	per additional proposal	
Property Surveys (Non-Statutory)		178.88	186.04	per survey	4.00%
Health and Safety - swimming pool/spa pool resamples following unsatisfactory result (plus VAT)		65.52	68.14	per sample	4.00%
Port Health Ship Sanitation Certificates					
Gross Tonnage					
Up to 1,000		85.00	90.00	per certificate	5.88%
1,001 to 3,000		120.00	125.00	per certificate	4.17%
3001 to 10,000		180.00	190.00	per certificate	5.56%
10,001 to 20,000		235.00	245.00	per certificate	4.26%
20,001 to 30,000		305.00	320.00	per certificate	4.92%
Over 30,000		360.00	375.00	per certificate	4.17%
With exception of vessels with capacity to carry between 50 and 100 persons		360.00	375.00	per certificate	4.17%
With exception of vessels with capacity to carry more than 1,000 persons		615.00	640.00	per certificate	4.07%
Extensions to Certificates		55.00	60.00	per certificate	9.09%
Tables and Chairs (Licence)					
Annual Fee		156.00	162.24	per licence	4.00%
4 chairs		57.20	59.49	per licence	4.00%
12 Chairs		88.40	91.94	per licence	4.00%
24 chairs		156.00	162.24	per licence	4.00%
24+ chairs		192.40	200.10	per licence	4.00%
smoking area		52.00	54.08	per licence	4.00%
change name on licence		26.00	27.04	per licence	4.00%
[a] Riding Establishments					
Up to 10 horses		118.56	123.30	per licence	4.00%
11 to 20 horses		144.56	150.34	per licence	4.00%
21 to 30 horses		154.96	161.16	per licence	4.00%
[b] Animal Boarding Establishments					
Pet Sitters		83.20	140.61	per licence	69.00%
Up to 25 animals		135.20	140.61	per licence	4.00%
25 to 50 animals		153.92	160.08	per licence	4.00%
Over 51 animals		179.92	187.12	per licence	4.00%
[c] Pet Shops					
[d] Dangerous Wild Animals		516.88	537.56	per licence	4.00%
[e] Dog Breeding Establishments		112.32	116.81	per licence	4.00%
[f] Zoo Licence		985.92	1025.36	per licence	4.00%

<i>For [a] to [f] above, in addition to the licence fee, the licensee to pay the Council's veterinary fees</i>				
Legal Services				
Local Land Charges Nlis Official Search (LLC1 and Con 29 R)	108.00	108.00	per search	0.00%
Local Land Charges Official Search (LLC1 and Con 29 R)	110.00	110.00	per search	0.00%
Optional questions	12 (for 20 out of 22 questions) 15 (2 out of the 22 questions)	12 (for 20 out of 22 questions) 15 (2 out of the 22 questions)	per search	
Solicitors own questions	25.00	25.00	per search	0.00%
Additional parcel fee (Con29 R)	24.00	24.00	per search	0.00%
Additional parcel fee (total)	25.00	25.00	per search	0.00%
Query re: personal search (dealing with errors etc)	25.00	25.00	per search	0.00%
Stray Dogs Reclaiming Fees:				
Dogs reclaimed after one day	90.48	94.10	per dog	4.00%
Dogs reclaimed after two day	104.00	108.16	per dog	4.00%
Dogs reclaimed after three day	117.52	122.22	per dog	4.00%
Dogs reclaimed after four day	131.04	136.28	per dog	4.00%
Dogs reclaimed after five day	144.56	150.34	per dog	4.00%
Dogs reclaimed after six overnight stays	158.08	164.40	per dog	4.00%
Dogs reclaimed after seven overnight stays	171.60	178.46	per dog	4.00%
Dogs reclaimed and staying with the kennels for an extended period (charge per night)	11.00	11.44	per dog	4.00%
<i>However there will be discretion given to the Kennels Officer on the level of charging due to unusual circumstances. Further, where the Council has found it necessary to pay for vet treatment, these fees should be passed on to the owner reclaiming the dog.</i>				
Dog re-homing fee :				
Puppies up to 1 years old	160.00	166.40	per dog	4.00%
Dogs aged 1-3 years old	140.00	145.60	per dog	4.00%
Dogs aged 3-6 years old	120.00	124.80	per dog	4.00%
Dogs aged 6 years old +	100.00	104.00	per dog	4.00%
Tagging inc. VAT	15.00	15.60	per tag	4.00%
Removal from home	49.00	50.96	per removal	4.00%
<i>However there will be discretion given to the Kennels Officer on the level of charging due to unusual circumstances</i>				
Property naming/renaming (does not cover newly built properties)	43.26	43.26	per property	0.00%
Single Plot Development	118.98	118.98	per plot	0.00%
Development 2+ Plots	118.98 + 43.26 per additional plot	118.98 + 43.26 per additional plot	per site/plot	
Changes to Development Layout after Notification	43.26 per plot affected	43.26 per plot affected	per plot	
Street Renaming at Residents Request	118.98 + 43.26 per property	118.98 + 43.26 per property	per street/property	
Confirmation of Address to Conveyancers etc	43.26	43.26	per property	0.00%
[a] Ear piercing, acupuncture, electrolysis and Tattooing - Registration				
Premises	95.68	99.51	per registration	4.00%
Practitioners	95.68	99.51	per registration	4.00%
Replacement Certificates	23.92	24.88	per certificate	4.00%
Temporary Premises for Public Event	66.00	68.64	per registration	4.00%
Temporary Practitioners for Public Event	33.00	34.32	per registration	4.00%

Voluntary Surrender of Food Certificate	57.20 for first half hour and 57.20 for every additional half hour or part thereof plus VAT	59.49 for first half hour and 59.49 for every additional half hour or part thereof plus VAT	per certificate	4.00%
Collection and Disposal of Food (with or without agreement)	To be determined by weight and cost of disposal	To be determined by cost of disposal and officer time	per disposal & hour	
Food Hygiene Rating Scheme - Rescore Fee	160.00	180.00	per certificate/ abortive visit	12.50%
[c] Export Health Certificates				
Export Health Certificate - Food Safety (per certificate)	112.32	116.81	per certificate	4.00%
Local land searches/Environmental Information Regulations requests in respect of contaminated land etc. [other than those under the Local Land Charges Act 1975]	56.16 for first hour and 56.16 for each additional hour or part thereof	58.40 for first hour and 58.40 for each additional hour or part thereof	per hour	4.00%
UK Entrance Clearance - Premises Assessment				
Property inspection	178.88	186.04	per inspection	4.00%
Re-assessment for additional person (within 6 months)	91.52	95.18	per assessment	4.00%
Houses In Multiple Occupation Licensing Fees				
(i) Initial Licence	937.04	974.52	per licence	4.00%
(For larger HMO (6+ units of accommodation/households))	54.08 extra per additional unit up to a max of 1,639	56.24 extra per additional unit up to a max of 1,704	per additional accommodation unit	4.00%
(ii) Renewal of Licence made before expiry of existing licence	740.48	770.10	per renewal	4.00%
(For larger HMO (6+ units of accommodation/households))	£54.08 extra per additional unit up to a max of 1,442	£56.24 extra per additional unit up to a max of 1,499	per additional accommodation unit	4.00%
(iii) Renewal of Licence made after expiry of existing licence	937.04	974.52	per renewal	4.00%
(For larger HMO (6+ units of accommodation/households))	£54.08 extra per additional unit up to a max of 1,442	£56.24 extra per additional unit up to a max of 1,499	per additional accommodation unit	4.00%
(iv) Licensing following revocation of previous licence (where ownership unchanged)	740.48	770.10	per application	4.00%
(For larger HMO (6+ units of accommodation/households))	54.08 extra per additional unit up to a max of 1,442	£56.24 extra per additional unit up to a max of 1,499	per additional accommodation unit	4.00%
(v) Licence Variations				
Property inspection required	84.24	87.61	per Variation	
Camp Site Licences	648.96	674.92	per site licence	4.00%
Mobile Homes				
Site Licence fees - small site (3-10 caravans)	648.96	674.92	per site licence	4.00%
Site Licence fees - medium site (11-49 caravans)	724.88	753.88	per site licence	4.00%
Site Licence fees - large site (50+ caravans)	865.28	899.89	per site licence	4.00%
Site Licence fees - sites of 2 or fewer pitches	0.00	0.00	per site licence	

Amendment to site licence conditions - variation	59.28	61.65	per amendment	4.00%
Amendment to site licence conditions - variation requiring an inspection	151.84	157.91	per amendment	4.00%
Fee to deposit site rules	48.88	50.84	per fee	4.00%
Fee for replacement licence	14.56	15.14	per replacement licence	4.00%
Fixed Penalty Notice charge	81.12	84.36	per FPN charge	4.00%
Housing Act 2004 Notice Fees				
Each additional notice (where schedule is identical) served on another recipient at the same time (charges added and split equally across recipients)	400.00	400.00	per notice	0.00%
	54.00	54.00	per notice	0.00%
Works in Default - Administration fee				
	Fee charges by the contractor (ex.VAT) plus:	Fee charged by the contractor (ex.VAT) plus:		
	20% for fees up to £1,000	20% for fees up to £1,000		
	10% for fees £1,001+	10% for fees £1,001+		
	*Fee charged by contractor plus "officer time" charge (up to a mx. Of the above charge) where EH Manager agree defaulter has special circumstances.	*Fee charged by contractor plus "officer time" charge (up to a max. of the above charge) where RS Manager agrees defaulter has special circumstances.		
Port Health – Water Sampling				
(i) Drinking water – Microbiological (First Sample) (Plus VAT)	95.06	98.86	per sample	4.00%
(ii) Drinking water – Microbiological (each subsequent sample) (plus VAT)	67.16	69.85	per sample	4.00%
(iii) Legionella water sample (first sample) (plus VAT)	113.44	117.98	per sample	4.00%
(iv) Legionella water sample (each subsequent sample) (plus VAT)	84.84	88.24	per sample	4.00%
Port Health – Organic Animal Feed and Food Import Certificate				
	45.00	46.80	Research on internet there is a national flat rate charge of £45	4.00%
Sports Grounds General Safety Certificates				
General Safety Certificates	Cost recovery up to maximum of £500	Cost recovery up to maximum of £500	per certificate	0.00%
Special Safety Certificates for Sports Grounds	150.00	156.00	per certificate	4.00%
CCTV Monitoring for external clients				
	Variable		per SLA	
Street Trading				
City centre pitch - application fee (monthly)	54.08	56.24	per licence	4.00%
City centre pitch - application fee (quarterly/full year)	162.24	168.73	per licence	4.00%
License fee (daily) - static trader	48.88	50.84	per licence	4.00%
License fee (weekly) - static trader	97.76	101.67	per licence	4.00%

License fee (monthly) - static trader	270.40	281.22	per licence	4.00%
License fee (quarterly) - static trader	378.56	393.70	per licence	4.00%
License fee (full year) - static trader	865.28	899.89	per licence	4.00%
City centre pitch - license fee (full year) - static trader	2,704.00	2,812.16	per licence	4.00%
License fee (daily) - mobile trader	48.88	50.84	per licence	4.00%
License fee (weekly) - mobile trader	97.76	101.67	per licence	4.00%
License fee (monthly) - mobile trader	130.00	135.20	per licence	4.00%
License fee (quarterly) - mobile trader	162.24	168.73	per licence	4.00%
License fee (full year) - mobile trader	324.48	337.46	per licence	4.00%
Taxi Licensing Fees				
Vehicles - less than 5 years	83.00	83.00	per licence	0.00%
Vehicles – more than 5 years, less than 10	114.00	114.00	per licence	0.00%
Vehicles – over 10 Years	166.00	166.00	per licence	0.00%
Drivers 3 year	249.00	249.00	per licence	0.00%
Driver instalments	83.00	83.00	per licence	0.00%
Operators 1-9 vehicles	1,000.00	1,000.00	per licence	0.00%
Operators 10-19 vehicles	1,500.00	1,500.00	per licence	0.00%
Operators 19-35 vehicles	2,000.00	2,000.00	per licence	0.00%
Operators 35+ vehicles	2,500.00	2,500.00	per licence	0.00%
Replacement rear plate	19.00	19.00	per item	0.00%
Replacement internal plate	12.00	12.00	per item	0.00%
Replacement licence	6.00	6.00	per licence	0.00%
Replacement bracket	13.00	13.00	per item	0.00%
Replacement Badge	19.00	19.00	per item	0.00%
Transfer Plate	65.00	65.00	per item	0.00%
Change of vehicle	115.00	115.00	per licence	0.00%
Knowledge test	65.00	65.00	per test	0.00%
Scrap Metal				
Site Licence	431.60	448.86	per licence	4.00%
Variation of licence	48.88	50.84	per licence	4.00%
Collectors licence	280.80	292.03	per licence	4.00%
Ceremony Charges for Naming and Vow Renewal Ceremonies				
Booking fee	70.00	70.00		0.00%
Mansion House - Monday to Thursday	250.00	270.00	per event	8.00%
Mansion House - Friday	305.00	325.00	per event	6.56%
Mansion House - Saturday (includes Premier Package)	340.00	360.00	per event	5.88%
Approved Venue - Monday to Thursday	355.00	375.00	per event	5.63%
Approved Venue - Friday	410.00	430.00	per event	4.88%
Approved Venue - Saturday	445.00	475.00	per event	6.74%
Approved Venue - Sunday, Bank holidays	515.00	535.00	per event	3.88%
Commemorative certificate packs	10.00	10.00	per pack	0.00%
Save the Date Fee	25.00	25.00	per request	0.00%
Certificate Fees	341.67	355.34	each	4.00%
Certificate Search Fees				
Search 1 year either side of date	0.00			
Search a further 5 years	10.00	10.00	per request	0.00%
Search a further 10 years	18.00	18.00	per request	0.00%
Same Day Service				
Standard Certificate - premium for issuing certificate on same day	7.00	10.00	per certificate	42.86%
Short Certificate - premium for issuing certificate on same day	7.00	10.00	per certificate	42.86%
Telephone Orders				
Administration Charge - Registrar Certificate	2.00	3.00	per application	50.00%

Administration Charge - Superintendent Certificate	4.00	5.00	per certificate	25.00%
Same day service certificates *	21.00	25.00		19.05%
Regular service applications *	14.00	15.00		7.14%
<i>* These total charges are made up of 3 elements - the certificate (statutory fee) plus same day issue (non-statutory, if applicable) and telephone order elements (non-statutory) - see sections above</i>				
Private Water Supplies				
Risk Assessment (each assessment) - Up to 3 hours	£168.48 for up to 3 hours plus £56.16 for each additional hour or part thereof, up to a maximum of £500*	£174.72 for up to 3 hours plus £58.41 for each additional hour or part thereof, up to a maximum of £500*	per assessment	4.00%
Sampling (each visit)	£100*	£100*	per sample	0.00%
Investigation (each investigation)	£100* plus the analysis cost	£100* plus the analysis cost	per investigation	0.00%
Grant of an authorisation (each authorisation)	£100*	£100*	per authorisation	0.00%
Analysis (taken under regulation 10)	£25*	£25*	per analysis	0.00%
Analysis (taken during check monitoring)	Analysis cost up to £100*	Analysis cost up to £100*	per analysis	0.00%
Analysis (taken during audit monitoring))	Analysis cost up to £500*	Analysis cost up to £500*	per analysis	0.00%
<i>* Maximum permitted by regulation</i>				
Fireworks - all year sales licence (set at statutory maximum)	500.00	500.00	per licence	0.00%
Ceremony Charges for Marriage and Civil Partnership				
Approved Premises License	1,560.00	1,600.00	per licence	2.56%
Mansion House - Monday to Thursday	250.00	270.00	per event	8.00%
Mansion House - Friday	305.00	325.00	per event	6.56%
Mansion House - Saturday (includes Premier Package)	340.00	360.00	per event	5.88%
Approved Venue - Monday to Thursday	355.00	375.00	per event	5.63%
Approved Venue - Friday	410.00	430.00	per event	4.88%
Approved Venue - Saturday	445.00	465.00	per event	4.49%
Approved Venue - Sunday, Bank holidays	515.00	535.00	per event	3.88%
Register Office (simple ceremony)	46.00	46.00	per event	0.00%
Church/Chapel ceremony attendance	86.00	86.00	per event	0.00%
Legal notice of marriage or civil partnership	35.00	35.00	per notice	0.00%
Certificate (issued at time of registration)	4.00	4.00	per certificate	0.00%
Certificate (issued within 28 days)	7.00	7.00	per certificate	0.00%
Citizenship Ceremonies	90.00	95.00	per event	5.56%
Single Adult	30.00	35.00	per event	16.67%
Same Day Service				
Certificate (from archive)	10.00	10.00	per certificate	0.00%
Regular Service				
Standard Certificate (from archive)	10.00	10.00	per certificate	0.00%
Short Certificate (from archive)	10.00	10.00	per certificate	0.00%
Legal Services				
Local Land Charges (LLC1 only)	6.00	6.00	per search	0.00%
Local Land Charges (Nlis LLC1)	4.00	4.00	per search	0.00%
Additional parcel fee (LLC1)	1.00	1.00	per search	0.00%

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Report

Cabinet

Part 1

Date: 13 February 2019

Item No: 8

Subject **2019/20 Capital Strategy and Treasury Management Strategy**

Purpose This report includes both the Capital Strategy and Treasury Management Strategy for Cabinets endorsement, prior to seeking approval by the Council and confirms the capital programme for Cabinets approval. The revenue impacts of both strategies are included within the Medium Term Financial Projection (MTFP) which are to be approved separately by Cabinet as part of the 2019/20 budget report.

Author Head of Finance

Ward General

Summary The Council has ambitious plans for the city as set out in its new Corporate Plan and the promises set out within it. A key enabler to deliver on this ambition is the capital programme. Significant progress has been made to date and the current capital programme, ending 2022/23 is ambitious with £176m of capital spend on projects. The Council is investing over c£70m in its schools, in its historical and cultural assets such as the Transporter bridge, supporting city centre redevelopment, providing modern, fit for the future 'neighbourhood hubs' and creating capacity in its recycling and waste facilities. Progress is being made in the delivery of these.

The Council has developed a new capital strategy which sets out the long-term context (10 years) in which capital decisions are made and should demonstrate that the Local Authority takes capital / investments decisions in line with service objectives, gives consideration to both risk/reward and impact; as well as properly taking account of stewardship, value for money, prudence, sustainability and affordability.

The capital plans of the Authority are inherently linked with the treasury management activities it undertakes, and therefore the Treasury Management Strategy is included alongside the capital strategy.

The main recommendations arising from the two strategies are summarised in the report below. These have been updated following comments from Audit Committee.

Proposal Cabinet is asked:

- To approve the updated current five-year capital programme ending 2022/23, and the current level of headroom available for future capital expenditure, noting the associated increased revenue costs within the current Medium Term Financial Projections for funding the cost of borrowing (MTFP) (Appendix 1)

- To recommend to Council the first Capital Strategy for approval including Prudential Indicators and recommended borrowing limits coming from the capital programme; (Appendix 2)
- To recommend to Council the Treasury Management Strategy and Treasury Management Indicators, the Investment Strategy and the Minimum Revenue Provision (MRP) for 2019/20. (Appendix 3)

Action by Head of Finance

Timetable Immediate

This report was prepared after consultation with:

- Chief Executive
- Strategic Directors
- All Heads of Service
- Newport Norse
- The Council's Treasury Advisors
- Accountancy Staff

Signed

Background

Context

1. The Council Corporate Plan sets out how the Council will take forward its mission of 'Improving People's Lives' and includes a set of key promises. Delivery of these will involve capital funded projects in some instances.
2. Good progress has been made in bringing forward some key schemes to date e.g. Transporter Bridge, Neighbourhood Hubs, City centre re-development, new schools. The current capital programme includes some £176m of investment in the city, which delivers on key priorities.
3. Demand however continues to exceed capital resources available and the Council has a framework which maximises available capital spend whilst keeping the cost of funding it within affordable limits. Delivery of the longer term demands will inevitably also involve how the Council works with external partners and prioritises and leverages in funding / projects from third parties.

Summary of recommendations

4. The Capital Strategy and Treasury Management Strategy detailed further in this report outline the current capital programme to 2022/23, links to treasury management decisions and a long-term view which highlight the challenges facing the authority for future capital decisions. The main recommendations and observations to Council coming from both strategies are as follows:

Capital Strategy

- i. In order to maximise capital expenditure within affordable revenue budget, capital expenditure decisions will continue to be made in line with the framework agreed in the February 2018 Council. This is detailed in paragraph 9.
- ii. Over the life of the current capital programme to 2022/23, capital expenditure funded from borrowing will be within the affordability headroom detailed in paragraphs 10-17, resulting in an increase on the revenue financing costs, which are included in the MTFP.
- iii. Notes that increasing the 'headroom' to create further capital expenditure will increase the capital financing costs for new borrowing this will entail. In the current financial climate and with an existing budget gap on the MTFP, this is challenging.
- iv. Observe that capital financing costs both for the provision of repayment of debt and interest payable budgets even without additional expenditure funded by borrowing in future programmes, are forecast to increase year on year in the long-term. Detailed in paragraph 18-24.
- v. Decisions on the level of capital expenditure for next capital programme from 2023/24 onwards will need to be made at that point, when there is more certainty on the level of funding available, interest rates and the Council's borrowing position.
- vi. However, it is important to note the strategy highlights that the Council is likely to face a significant challenge when setting the next capital programme given the demands on the authority and the increasing capital financing costs over the long term, even with no new capital spend funded from borrowing.
- vii. Given the above there is the need to develop our approach to using the various strategic plans of the authority (as highlighted in paragraph 25) in order to prioritise and find other ways of investing in our assets.

Treasury Management – Borrowing Strategy

- i. Whilst the capacity for further internal borrowing has reached capacity, and in 2019/20 the Council is expected to undertake external borrowing both for the refinancing of maturing loans and to fund the existing capital programme; it will remain as much 'internally borrowed' as is possible and increase actual external borrowing only when needed to manage its cash requirements. However, the Council may, where it feels necessary to mitigate the risk of interest rate rises, undertake borrowing early to secure interest rates within agreed revenue budgets. This will be done in line with advice from our Treasury Advisors.
- ii. The Council is committed to be a 'net borrower' over a long-term as shown in paragraph 21.
- iii. The borrowing limits over the medium term (paragraph 18) have been set in line with the expected borrowing required to finance the current capital programme to 2022/23. Plus, a buffer for the ability to manage day to day cash requirements, and undertake a level of borrowing early as per (i), and to borrow for investment/income generation schemes or regeneration investment purposes where the business case is approved within governance arrangements.
- iv. The Councils medium term financial projections (MTFP) includes the revenue costs required to finance the borrowing limits mentioned above
- v. It is recommended given the long-term need to remain a 'net borrower', that future external borrowing will be taken over long time period taking into account the maturity profile of existing debts.

Treasury Management – Investment Strategy

- i. Both the CIPFA Code and the WG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
- ii. Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to diversify into more secure and/or higher yielding asset classes during 2019/20. This is especially the case for the estimated £10 million that is available for longer-term investment. All of the Authority's surplus cash is currently invested in short-term unsecured bank deposits and local authorities. This diversification will represent a change in strategy over the coming year.
- iii. The approved counterparty list and limits are shown in the table in paragraph 46. Due to the move into longer-term investments, pooled funds and real estate investment trusts have been included as an investment option.
- iv. Treasury indicators and limits are outlined in the strategy, these set out the investment limits across various bodies/organisations, the maturity structure of borrowing and the amount invested over one year (long-term). The limit placed on investments over one year is £10m, in line with (ii) above.

- v. The Council will also be required to borrow and invest in the short-term to manage the shorter term cash-flow requirements of the Council.

The Capital Strategy and Treasury Management Strategy are further summarised below:

Capital Strategy 2019/20 to 2028/29

5. The 'Capital Strategy 2019/20 to 2028/29' is the Council's first capital strategy following the requirement placed on Local Authorities by the 'Prudential Code for capital finance in Local Authorities (2017)' to determine a capital strategy. The capital strategy sets out the long-term context (10 years) in which capital decisions are made and should demonstrate that the Local Authority takes capital / investments decisions in line with service objectives, gives consideration to both risk/reward and impact; as well as properly taking account of stewardship, value for money, prudence, sustainability and affordability.
6. The objective of the Prudential Code is to ensure, within a clear framework, that the capital expenditure plans of local authorities are affordable, prudent and sustainable. The capital strategy sets out;
 - The need for a capital strategy and the governance arrangements.
 - The current capital programme and its financing, and the revenue cost implications for the Council arising from that.
 - The long-term (10 year) projection for the capital financing costs of the Council and where future demands arise from the various strategic plans across the authority for further capital resources.
 - Links between the Capital Strategy to Treasury Management strategy and treasury decision making.
 - An overview of the commercial activity of the Council and its strategy going forward
 - Overview of other long-term liabilities of the authority
7. The full Council is required to agree the strategy and Cabinet is asked to endorse this document to Council.
8. Key areas contained within it include the (i) current 5-year capital programme to 2022/23 and its cost of financing plus (ii) the longer-term projection for capital financing costs and these are summarised in this report below.

(i) Current Capital Programme and cost of financing

9. Given the current demand and increased costs on Council services, plus funding constraints and uncertainty, Cabinet and Council established a framework in order to maximise capital expenditure but keep within a sustainable revenue budget to fund new borrowing; this was as follows:
 - Funding from sources other than borrowing needs to be maximised by securing grant funding whenever possible and, maximising capital receipts
 - Regeneration schemes would be funded from ring-fencing the capital works reserve only and Joint Venture funds. Other kinds of support through the making of loans etc. would then be considered to support schemes, where it was needed and appropriate.
 - Any change and efficiency schemes or schemes which save money requiring capital expenditure would be funded by netting off the capital funding costs from those savings achieved
 - Schemes and projects which generate new sources of income would need to fund any capital expenditure associated with those schemes.

10. This framework ensures that the current capital programme can be maximised by allocating the ‘capital expenditure headroom’ for those schemes which cannot fund any resulting borrowing costs themselves through resulting savings/income generated e.g. new schools programme, and then extending capital expenditure for those other schemes which can fund the resulting revenue borrowing costs themselves or use grants/specific reserves. The ‘headroom’ is made up of uncommitted capital reserves and capital receipts, an estimated level of borrowing and a prudent estimate of future capital receipts – shown in table 1 below.
11. Funding capital spend from borrowing incurs extra revenue costs (called ‘capital financing’) for the Council from:
- Minimum Revenue Provision (MRP) – repayment of the principal loan
 - Interest costs – from external loans
12. Whilst a decision can be made to increase the ‘headroom’ to create further capital expenditure, this will increase the capital financing costs for new borrowing this will entail. In the current financial climate and with an existing budget gap on the MTFP, this is challenging.
13. In February 2018 Cabinet approved a new 5-year capital programme from 2018/19 to 2022/23. This was in line with the above framework and additions are made to the programme as demand is required and capital bids are approved. The Capital Strategy explains the process by which projects are approved onto the capital programme, ensuring they meet key service priorities and in overall terms, keep within the affordability headroom.
14. The position on the current capital programme is summarised in the table below and shown in detail on Appendix 1. In 2019/20, the Council has capital schemes of £56.8m, and there is remaining headroom across the programme of £17.2m. The headroom has increased from previous monitoring reports to Cabinet due to a combination of two decisions from Welsh Government which were made between the draft and final settlement.
- an additional £4.6m of capital grants were included over 3 years (£2.3m in 2018/19; £1.4m in 2019/20; and £0.9m in 2020/21)
 - an increase in the contribution (intervention) rate from Welsh Government for the schools Band B programme, from 35% to 65%

Table 1: Prudential Indicator: Estimates of Capital Expenditure and Capital Financing in £ millions

	5-YEAR CAPITAL PROGRAMME					Total 5-year programme £m
	2018/19 forecast £m	2019/20 budget £m	2020/21 budget £m	2021/22 budget £m	2022/23 Budget £m	
Approved Schemes (Appendix 1)	34.2	56.8	28.9	20.1	19.1	159.1
Uncommitted headroom to invest in council assets / regeneration*		4.3	4.3	4.3	4.3	17.2
TOTAL EXPENDITURE	34.2	61.1	33.2	24.4	23.4	176.3
Financed by:						
Committed Grants and contributions	22.8	37.8	24.3	18.0	14.7	117.6

Committed Reserves, capital receipts, revenue	6.0	4.5	0.0	0.0	0.6	11.1
Committed new borrowing	5.4	14.5	4.6	2.1	3.8	30.4
TOTAL COMMITTED (Appendix 1)	34.2	56.8	28.9	20.1	19.1	159.1
Uncommitted borrowing headroom		1.9	1.9	1.9	1.9	7.6
Uncommitted forecast capital receipts/capital grants		1.1	1.1	1.1	1.1	4.4
Uncommitted capital reserves		1.3	1.3	1.3	1.3	5.2
TOTAL UNCOMMITTED		4.3	4.3	4.3	4.3	17.2
TOTAL FINANCING	34.2	61.1	33.2	24.4	23.4	176.3

*split equally across years 2019/20 to 2022/23, this can be flexed accordingly in line with need.

15. Demand for capital resources remains high and the current 'headroom' shows available capital funds over the next 4 years. In order to balance the need for further capital spend and affordability, prioritisation of capital expenditure is/will be inevitably required.
16. The programme above is increasing the capital financing costs as shown in table 2 below, and these costs are included in the Council's Medium Term Financial Projections (MTFP), which, in the current funding climate/uncertainty and continued increase on service demands, is challenging.

Table 2: Capital Financing Costs

	2019/20 budget	2020/21 budget	2021/22 budget	2022/23 budget
MRP*	7.5	8.1	8.4	8.5
Net interest cost	7.0	7.2	7.4	7.5
Total capital financing (exc PFI)	14.5	15.3	15.8	16.0
PFI	7.2	7.2	7.2	7.4
Total Financing costs* (£m)	21.7	22.5	23.0	23.4
Proportion of net revenue stream	7.7%	7.9%	8.0%	8.1%

*includes charges direct to service areas

17. **Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the 'authorised limit' for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as an early warning level should debt approach the limit.

Table 3: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2018/19 limit	2019/20 limit	2020/21 limit	2021/22 limit
Authorised limit – borrowing	217	230	204	207
Authorised limit – PFI and leases	46	44	43	42
Authorised limit – total external debt	263	274	247	249
Operational boundary – borrowing	197	220	194	197
Operational boundary – PFI and leases	46	44	43	42
Operational boundary – total external debt	243	264	237	239

➤ Further details on borrowing are in the treasury management strategy

The above limits look at the following factors and are set providing flexibility for these:

- Current external borrowing requirement coming from the capital programme and bringing forward a limited amount of early borrowing to replace internal borrowing where appropriate
- Ability to undertake borrowing for onward loans to third parties for regeneration purposes (subject to strict due diligence)
- Flexibility to borrow for investment / income generating / commercialisation opportunities (subject to governance arrangements)

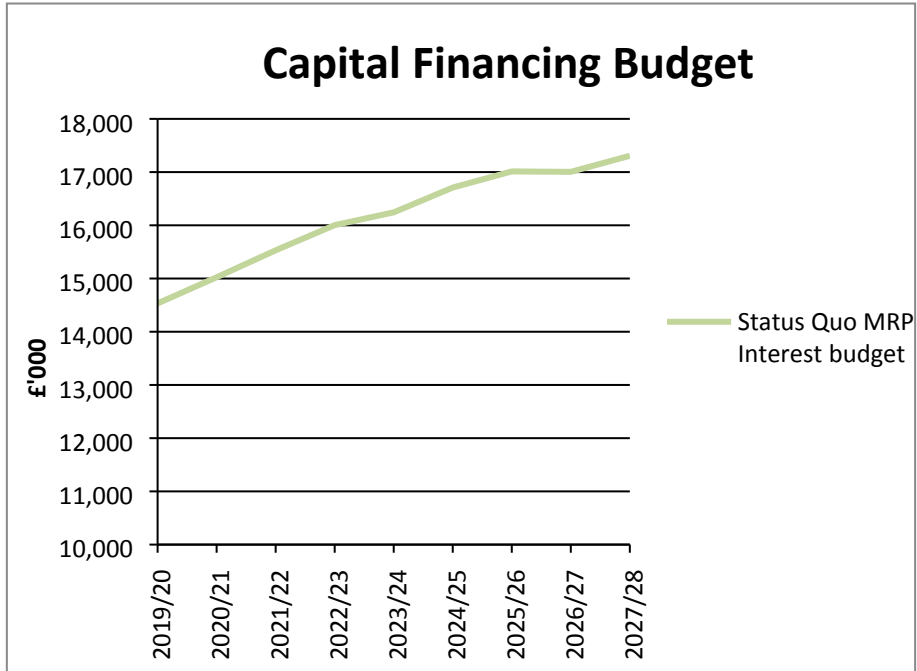
(ii) Long-term challenge - capital financing costs

18. Capital expenditure is often for assets which have a long-term life, therefore the financing of these assets could also be over a long-term period. Because of this, it is important to take a long-term view of capital expenditure plans and the impact that may have on the affordability and sustainability of capital expenditure. Once a decision has been made to fund capital expenditure from borrowing, the Council is locked into the revenue implications for that borrowing for a long - period.

19. When capital expenditure is funded by borrowing, there is a revenue capital financing cost incurred through repayment of borrowing (the MRP) and interest payable. The capital strategy highlights that capital financing costs are forecast to increase over the long-term i.e. the next 10 years. This is illustrated by Chart 1 which highlights the financing costs to 2027/28 and Chart 2 which looks at the longer term borrowing requirement.

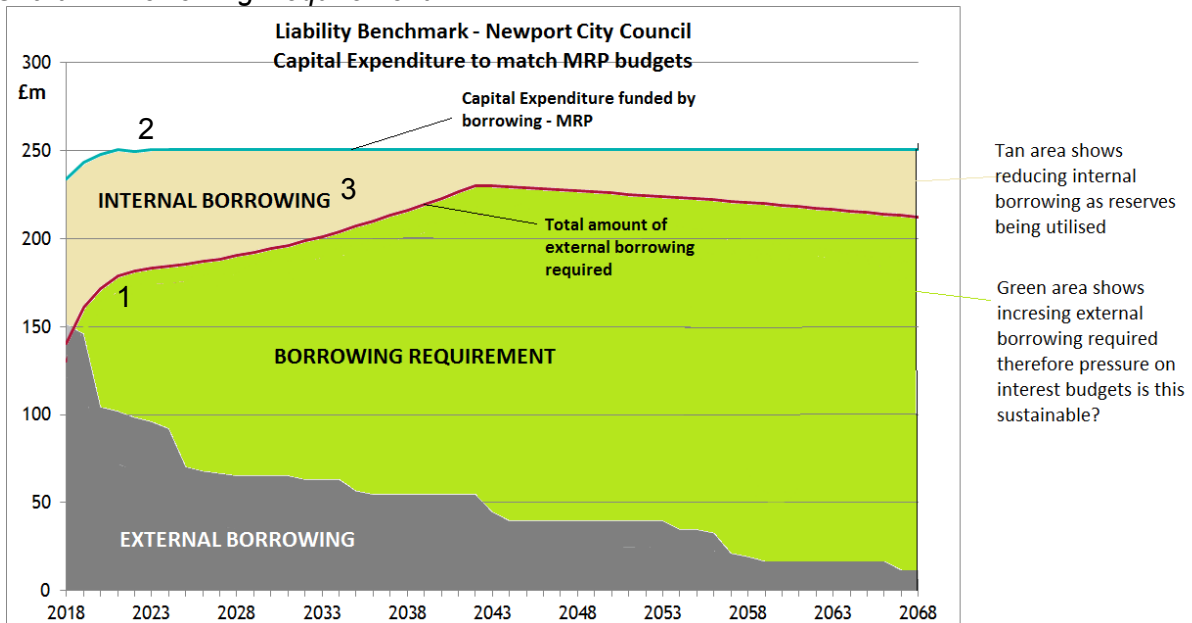
20. Chart 1 shows that by 2027/28, even with no further capital expenditure funded by borrowing in the future programme, the revenue financing cost of borrowing is predicted to rise to above £17m (from £14.5m in 2019/20). This is due to increasing external borrowing from the current capital programme to 2022/23 and resulting interest costs as internal borrowing capacity reduces, plus an increasing MRP.

Chart 1: Capital Financing Budget 2019/20 to 2027/28



21. Chart 2 illustrates the position the Authority faces on its borrowing over the very long-term and highlights the importance of maintaining capital expenditure at a sustainable level.

Chart 2 – Borrowing Requirement



22. The chart above shows that the Council is currently internally borrowed substantially c£90m (difference between the red [1] and the blue line [2]). As our ability to be internally borrowed reduces as reserves

get utilised (tan area [3] reducing), this requires internal borrowing to be replaced with actual borrowing, leading to increased interest costs.

23. The second element of the chart is of the capital expenditure funded by borrowing increases the blue line would increase, which would mean the need to take external borrowing would be needed immediately.

24. In summary, the chart shows:

- the Council will need to re-finance maturing debt over the long-term i.e. the Council is committed to long-term borrowing position
- internal borrowing is being replaced by external borrowing over time which increase the interest payable
- increased capital expenditure funded from borrowing immediately requires additional external borrowing, again putting pressure on interest budgets.

Strategic Plans

25. It is a requirement that the capital strategy demonstrates that the Local Authority takes both capital and investments decisions in line with service objectives. The capital strategy shows that the key drivers of the Council's Capital plans are captured through various plans across the authority. These include;



26. There are key issues coming out of all of these documents, over the long-term we know the Council has a difficult challenge in sustaining and building upon the current assets it has under the current financial climate. The Strategy acknowledges the need to further develop our use of these plans in developing and prioritising the Council's Capital Programme

Treasury Management Strategy

27. The Council is involved in two types of treasury activity:

- Borrowing long-term for capital purposes and short term for temporary cash flow
- Investment of surplus cash

28. The borrowing and investment activities are controlled primarily via the Council's Treasury Management Strategy and various measures and limits set via its Prudential Indicators to regulate/control the implementation of that strategy.

29. CIPFA requires local authorities to determine their Treasury Management Strategy Statement (TMSS) and Prudential Indicators (PIs) on an annual basis. This requires approval by full Council following a recommendation from the Cabinet. The TMSS also includes the Annual Investment Strategy (AIS) that is a requirement of the Welsh Government's (WG's) Investment Guidance.

30. Our detailed Treasury strategies for 2019/20 are included at Appendix 3. In addition, planned strategies to 2022/23 are also included, in line with the Council's 4-year Medium Term Projections. Key points of interest are summarised below.

31. The strategy and indicators here are based on the 2017 Prudential Scheme. This was updated recently and the new scheme was published January 2018. The biggest change is the need to include a 'capital strategy', with changes beyond that limited to smaller issues and updates to Prudential Indicators. The Capital Strategy will be approved by Council alongside the budget report in February 2019, the borrowing and investment figures included in this strategy are driven by the forecasts within the Capital Strategy, and the two strategies are inherently linked.

32. The detailed Treasury Management Strategy is shown in Appendix 3.

Borrowing Strategy

33. The Council has significant long term borrowing requirements but in recent years, the strategy has been able to fund its capital expenditure from reducing investments rather than undertaking more expensive new borrowing i.e. using 'surplus cash', known as 'internal 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 and therefore this strategy is more cost effective. Table 2 shows that at 31 March 2018 had a loans borrowing requirement of £237m, and had external borrowing of £148m, meaning that the Council was internally borrowed (mainly from reserves held) by £89m. This position is shown graphically in Chart 2 earlier in this report. To put this in context of the borrowing strategy, if the internal borrowing was replaced by external borrowing at a rate of 2.7%, this would require additional interest payable budget of c£2.4m.

34. The ability to undertake further internal borrowing has now ended and there will be requirement to take out external borrowing. In summary the borrowing strategy is as follows:

- Whilst the capacity for further internal borrowing has reached capacity and in 2019/20 the Council is expected to undertake external borrowing both for the refinance of maturing loans and to fund the capital programme, it will remain as much 'internally borrowed' as is possible and increase actual external borrowing only when needed to manage its cash requirements. However, the Council may, where it feels necessary to mitigate the risk of interest rate rises, undertake borrowing early to secure interest rates within agreed revenue budgets. This will be done in line with advice from our Treasury Advisors
- As existing borrowing matures there will be the need to refinance this debt over the long-term

taking into account the maturity profile of existing debts.

- The Council is committed to being a 'net borrower' over a long-term.
- The borrowing limits over the medium term have been set in line with the expected borrowing required. Borrowing limits are set within the parameters of the Capital Financing Requirement (CFR) – the Council's borrowing requirement. A buffer for the ability to undertake a level of borrowing early, and to borrow for commercialisation or regeneration investment purposes where the business case is approved within governance arrangements.
- The need to borrow is increasing over time, meaning that the Council will be required to undertake new borrowing over time, therefore putting pressure on the revenue budget through increased interest payments.
- Authority may borrow short-term loans to cover unplanned cash flow shortages.

35. In terms of the revenue budget, the Council must ensure it sets aside sums to repay capital expenditure funded from borrowing (irrespective of whether the borrowing itself is undertaken externally or through dis-investing). This is done via the 'Minimum Revenue Provision' (MRP). In addition, a budget is also needed to fund actual interest payable on loans taken out, which are based on predictions of actual external borrowing. Both are discrete budget lines in the Council's overall revenue budget.

36. The Capital Strategy in Appendix 2, highlights the challenges the Council faces in meeting the prudential code requirements of having a capital programme that is affordable, prudent and sustainable. The current Medium Term Financial Projections (MTFP) include sufficient capital financing revenue budgets to meet the current capital programme to 2022/23.

37. Local Authorities measure their underlying need for long-term borrowing through their 'Capital Financing Requirement' (CFR). This takes into account the amount of 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.

38. The table below shows the estimated Capital Financing Requirement / New Net Borrowing Requirement position for Newport City Council for 2018/19 to 2021/22:

Table 1: Newport City Council – CFR (all figures are cumulative)

	31.3.18 Actual £m	31.3.19 Estimate £m	31.3.20 Forecast £m	31.3.21 Forecast £m	31.3.22 Forecast £m
General Fund CFR	282.2	282.3	292.3	291.4	288.2
Less: Other debt liabilities *	(45.1)	(43.3)	(42.6)	(41.5)	(40.8)
Loans CFR	237.1	239.0	249.7	249.9	247.4
Less: External borrowing **	(147.5)	(145.8)	(104.2)	(101.9)	(98.4)
Less: Usable reserves	(102.9)	(91.9)	(85.6)	(82.1)	(78.8)
Less: Working capital	(10.2)	(10.2)	(10.2)	(10.2)	(10.2)
Preferred Investment position		10.0	10.0	10.0	10.0
Investments or (New borrowing)	23.5	(1.1)	(59.7)	(65.7)	(70.0)

* finance leases, PFI liabilities and transferred debt that form part of the Authority's total debt

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

39. As the table shows, the inherent 'need to borrow' as shown by the CFR is predicted to be £70 million over the next four years. The CFR is expected to remain relatively steady over the next four years, as the capital strategy is to fund capital expenditure within the budgets of the current Minimum Revenue Provision, therefore keeping the CFR stable.
40. Given **current** borrowing levels a further c£60m long term borrowing is likely to be required during the remainder of 2018/19 and 2019/20. This is due to the refinancing of maturing debts of £41.6m (including the £40m stock issue and the remainder to replace internal borrowing from reducing reserves and to fund new capital expenditure funded by borrowing. This is detailed in the table below:

Table 2 – impact on external borrowing

	31.3.18 Actual £m	31.3.19 Estimate £m	31.3.20 Forecast £m	31.3.21 Forecast £m	31.3.22 Forecast £m
Loans CFR (as per table 1)	237.1	239.0	249.7	249.9	247.4
- Internal Borrowing	89.6	92.1	85.8	82.3	79.0
- External Borrowing	147.5	146.9	163.9	167.6	168.4
Increase in External Borrowing		-0.6	17.0	3.7	0.8
<i>Represented by:</i>					
Change in loan CFR (Cap Exp funded by debt less MRP)		1.9	10.7	0.2	(2.5)
Reduction in reserves		11.0	6.3	3.5	3.3
Reduction in investments		(13.5)	0	0	0
Increase in External Borrowing		(0.6)	17.0	3.7	0.8

41. The authority will adopt a flexible approach to any borrowing necessary in consultation with its treasury management advisers, Arlingclose Ltd. The following issues will be considered prior to undertaking any external borrowing:
- Affordability
 - Maturity profile of existing debt
 - Interest rate and refinancing risk
 - Borrowing source

Investment Strategy

42. The authority has held invested funds over the year, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the authority's investment balance has ranged between £11 million and £46 million, the large balance being when the Council received the receipt from the sale of Friars Walk in 2018/19. In 2019/20, the level of investment is likely to remain between £10 million and £25 million, due to the continuation of the second Markets in Financial Instruments Directive (MiFIDII), where the authority will be required to maintain a minimum investment balance of £10 million. Whilst this puts a limit to the extent the Council can be internally borrowed, it is a relatively small balance in the wider scheme of the Councils cash-flows and borrowing and the strategy of keeping external borrowing to the minimum possible level still stands.
43. **Objectives:** Both the CIPFA Code and the WG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses.

44. Given the increasing risk and continued low returns from short-term unsecured bank investments, the Authority aims to diversify into more secure and/or higher yielding classes during 2019/20, this may include investing in pooled funds if the accounting arrangements are suitable.
45. **Approved Counterparties:** Whilst investment funds remain available and based on the treasury management advice from Arlingclose; the Authority may invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty) and the time limits shown will invest in the following areas:

Table 2: Approved Investment Counterparties and Limits

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£5m 5 years	£10m 20 years	£10m 50 years	£5m 20 years	£5m 20 years
AA+	£5m 5 years	£10m 10 years	£10m 25 years	£5m 10 years	£5m 10 years
AA	£5m 4 years	£10m 5 years	£10m 15 years	£5m 5 years	£5m 10 years
AA-	£5m 3 years	£10m 4 years	£10m 10 years	£5m 4 years	£5m 10 years
A+	£5m 2 years	£10m 3 years	£5m 5 years	£5m 3 years	£5m 5 years
A	£5m 13 months	£10m 2 years	£5m 5 years	£5m 2 years	£5m 5 years
A-	£5m 6 months	£5m 13 months	£5m 5 years	£5m 13 months	£5m 5 years
None	£1m 6 months	n/a	£10m 25 years	Not Applicable	£5m 5 years
Pooled funds and real estate investment trusts		£10m per fund or trust			

46. Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. Whilst the credit ratings score drives the approved listing, the day-to-day operational counterparties are generally limited to named counterparty listing as documented in Appendix 3c. However, where it is prudent to do so the Authority may also use other approved investments based on the approved credit ratings as documented in the table above.
47. A more detailed explanation of the different approved counterparty types is included in Appendix 3 but for the sake of clarity, the Council's investment strategy will, as per the Welsh Governments Investment Guidance, give priority to security and liquidity and will aim to achieve a yield commensurate with these principles.

Minimum Revenue Provision (MRP) Policy

48. The MRP Policy is detailed in Appendix 3d.

Treasury Management Indicators

49. Cabinet recommend the 2019/20 Treasury Management Strategy and Treasury Management Indicators detailed in Appendix 3 to Council.

50. Prudential Indicators that were previously included within the treasury management strategy have been moved to the capital strategy as these are better placed within that document.

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?
Capital Expenditure increases CFR	H	M	Regular monitoring and reporting of available headroom should identify any issues at an early stage and keep Cabinet / Council updated	
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/duration available for relatively higher risk investment as measured by 'credit ratings' will also alleviate the risk.	Members, Head of Finance, Treasury staff, based on advice from treasury advisors
Interest Rates moving adversely against expectations	Low	Low	Base and short-term Interest rates are expected to remain at current levels until. 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

Links to Council Policies and Priorities

The Capital strategy sets out the Capital Programme over a long term context and demonstrates that the Capital Programme supports a number of the Council's aims and objectives.

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 and considered

To endorse both the Capital Strategy and the Treasury Management Strategy and the recommendations within, and approve the capital programme.

Preferred Option and Why

To approve the 2019/20-2022/23 capital programme. The Prudential Code 2017 places a requirement on Local Authorities to determine a long term Capital Strategy. The Prudential Code and statute also requires that, before the end of the financial year, reports on Treasury Management matters are presented to

Cabinet/Council for approval. Therefore, Cabinet are required to endorse both the Capital Strategy and the Treasury Management Strategy to Council and approve the capital programme.

Comments of Chief Financial Officer

Both the Treasury Management and Capital Strategy highlight the revenue implications from capital expenditure, and for the need for the capital plans of the authority to be affordable, prudent and sustainable.

A framework has been approved which sets out how the Council will maximise its capital expenditure while staying within an affordability headroom. This 'headroom' provides a degree of flexibility for further projects to be added to the programme within the current capital financing budgets included over the life of the MTFP. A decision could be made to increase this headroom, but this would create a greater pressure on the MTFP, which in the current financial climate may not be affordable.

Over the long-term a view has to be taken on the programme to reflect the increasing capital financing costs and the need to restrict capital expenditure funded by borrowing to a minimum based on risk and prioritisation.

The treasury management strategy highlights that the borrowing strategy has changed on previous years due to the capacity for further internal borrowing being diminished. The Council now will need to undertake external borrowing, and will take a view on whether this can be done early to mitigate the risks of interest rate rises and remain within current set budgets.

Comments of Monitoring Officer

There are no legal implications. The in year and annual treasury management report is consistent with relevant Chartered Institute of Public Finance and Accountancy Guidance, Treasury Management principles and the Council's Investment Strategy.

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

N/A

Scrutiny Committees

N/A

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

N/A

Wellbeing of Future Generations (Wales) Act 2015

The Wellbeing of Future Generations (Wales) Act 2015 is taken into account when looking at the long-term impact of treasury management and capital decisions. The Council has a prudent Minimum Revenue Provision Policy and abides by the treasury management and prudential indicators detailed in the report. An effective capital strategy will enable the Council to support long term planning in line with the sustainable development principle of the Act.

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

N/A

Background Papers

Report on Treasury Management for the period to 30 September 2018
Capital Monitoring and Additions Report

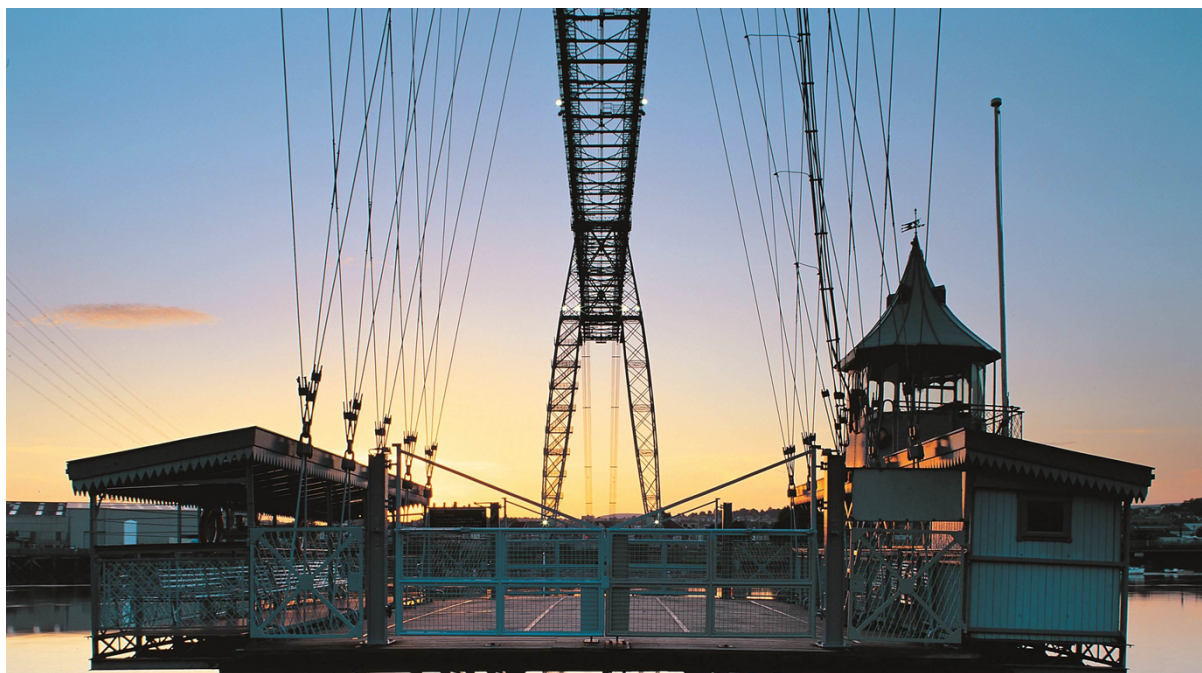
Dated:

Appendix 1 – Current Capital Programme

Scheme Name	Expenditure Forecast 2018/19 £'000	Forecast 2019/20 £'000	Forecast 2020/21 £'000	Forecast 2021/22 £'000	Forecast 2022/23 £'000	Programme Total £'000
21st Century Schools - Band A	8,453	1,033				9,486
21st Century Schools - Band B	398	14,968	18,436	9,611	11,834	55,247
Jubilee Park - Fixtures, Furniture & Equipment	23					23
Glan Llyn - Fixtures and Fittings	50	565				615
School IT Replacement Schemes	82					82
Blaen-y-Pant Bungalow (Educational Use)	60					60
St Mary's Toilet Refurbishment.	15					15
Feminine hygiene hardware & toilet facilities.	34					34
Llisbury High (S106 Funds)	105	67				172
Maesglas Reducing classroom size	50	471				521
Welsh Medium Primary School		600	600	1,300	1,000	3,500
Education Asset Improvements - balance to be drawn down	1,224					1,224
Total Education	10,495	17,704	19,036	10,911	12,834	70,980
Gypsy/Traveller Site Development	2,936	200				3,136
HLF Market Arcade Townscape Heritage Scheme	37	1,187	179			1,403
Civic Centre / Info Station Relocations / NSA enabling	1,173					1,173
123-129 Commercial Street (Pobl Regen)	623	623				1,246
Cardiff City Region Deal	1,738	496	496	782	782	4,293
Neighbourhood Hubs	404	1,316				1,720
Arva Investment Loan	750					750
Disabled Facilities	765	1,389	1,000	1,000	1,000	5,154
Safety at Home	346	300	300	300	300	1,546
ENABLE Adaptations Grant	197					197
Homelessness Prevention Grant	98					98
Asset Management Programme	1,300	2,149	1,500	1,500	1,500	7,949
Flying Start Scheme	215					215
Central Library - Structural Works	80	583				663
Transporter Bridge	100	4,213	4,313	4,313		12,938
Renewable Energy Investment		1,729				1,729
Medieval Ship				12		12

Scheme Name	Expenditure Forecast 2018/19 £'000	Forecast 2019/20 £'000	Forecast 2020/21 £'000	Forecast 2021/22 £'000	Forecast 2022/23 £'000	Programme Total £'000
Total Regeneration, Investment and Housing	10,761	14,185	7,788	7,906	3,582	44,222
IT Replacement Schemes	110	357	150	150	150	917
Corporate EDMS Rollout	13					13
Customer Relationship Management (CRM) System	461	220				681
Local Full Fibre Network	-	10,000				10,000
Print 2010- Managed Printer Service	210	170				380
Total People and Business Change	794	10,747	150	150	150	11,991
Telecare Service Equipment	30	30	30	30	30	150
Equipment for Disabled Grant (GWICES)	165	165	165	165	165	825
Total Adults and Community Services	195	195	195	195	195	975
Children Homes Investment	1,250	900				2,150
Oaklands Respite Home	540					540
Feasibility Study - ICF Funding	41					41
Children and Families Services	1,831	900	-	-	-	2,731
Fleet Replacement Programme	1,800	3,920	123	448	1,850	8,140
Bus station - Friars Walk Development	103					103
Flood Risk Regulation Grant	91					91
Cemetery Infrastructure Improvements	138					138
Peterstone Sewage Scheme	25	198				223
Road Safety Capital 2018/19	600	600	600			1,800
Composting	577					577
Docksway Cell 4 Development	1,501	654				2,156
Smaller Bins - Recycling	122	1,128				1,250
Newport Station Footbridge - LTF (Devon Place)	77	2,500	500			3,077
Local Transport Fund Grants	611					611
Decriminalised Parking	577	809				1,386
Update Facilities in Parks	56					56
Decommissioning of Cemetery Office & Toilets	10					10

Scheme Name	Expenditure Forecast 2018/19 £'000	Forecast 2019/20 £'000	Forecast 2020/21 £'000	Forecast 2021/22 £'000	Forecast 2022/23 £'000	Programme Total £'000
Building Improvements to Lodges	80					80
Small Scale Works Grant	34					34
Road Refurbishment Grant Scheme	1,038					1,038
Street Lighting LEDs	635	2,585				3,220
Safe Routes - St David's RC Primary	84					84
Gwastad Mawr Flood Attenuation Improvement Works	43					43
18-19 Collection Collaborative Change Programme	1,175					1,175
Pye Corner Railway Station Development Works	21					21
Maintenance, Footways and Street Lighting	536	500	500	500	500	2,536
Lliswerry Recreation Ground Changing Rooms	181	162				343
Total City Services	10,115	13,056	1,723	948	2,350	28,191
Total Capital Programme	34,191	56,788	28,892	20,110	19,110	159,090
Financed By:						
General Capital Grant	4,765	3,849	2,469	2,469	2,000	15,552
Supported Borrowing	4,051	4,077	4,058	4,058	4,000	20,244
Unsupported Borrowing	5,100	14,376	4,611	2,140	3,831	30,058
Prudential Borrowing	82					82
External Grants	12,979	25,442	17,643	11,333	8,692	76,088
S106	980	229				1,209
Other Concs		4,110	110	110		4,330
Capital Receipts	3,489	3,609			588	7,686
Reserve	2,535	926				3,461
Finance Lease	210	170				380
Total Funding	34,191	56,788	28,892	20,110	19,110	159,090



NEWPORT CITY COUNCIL
CAPITAL STRATEGY
2019/20 TO 2028/29



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EXECUTIVE SUMMARY

This strategy is the first capital strategy for Newport City Council and sets out the long-term view of the affordability, sustainability and prudence of the capital programme and the implications on the revenue budgets.

The capital strategy is inherently linked to the treasury management strategy and the borrowing and investment decisions it takes. Full Council are required to approve the capital strategy and the prudential indicators within.

It highlights that in the current climate of financial constraints and a Medium Term Financial Projection (MTFP) budget gap, that expenditure on capital needs to remain within affordable limits. Demand for capital resources remain high and therefore inevitably, prioritisation of projects, leveraging in other sources of funding and working with partners are required to meet this demand.

The strategy highlights the key risks and recommendations:

- Capital expenditure plans for the Council need to be affordable, prudent and sustainable.
- The MTFP includes the revenue costs for the financing of the current capital programme to 2022/23, which includes level of headroom for additional capital projects to be added without impacting further on the revenue budget.
- As per the agreed framework (detailed in the report) the current programme needs to be maintained within the affordability headroom, therefore not putting additional pressure on the MRP budget.
- Within the context of significant demands for capital resources and limited availability, there is the need to develop our use of the various strategic plans across the organisation which drive the need for capital and develop alternative strategies to meet demand so the Councils own capital programme is prioritised within an affordable framework. This will include clearer and corporate visibility and assessment of demand for schools, highways and other operational assets.
- Decisions on funding capital expenditure through borrowing locks the Council into committing revenue funding over a very long period (as long as 40 years+). With the MRP budget increasing over the long-term, the Council will need to make some difficult decisions going into the next programme to ensure the capital plans remain affordable and sustainable.
- The prudential indicators, including borrowing limits, are in line with the MTFP approved by Cabinet.

The strategy will be reviewed and updated on an annual basis alongside the Treasury Management Strategy.

1. OVERVIEW OF THE STRATEGY

1.1. INTRODUCTION

The prudential code for Capital Finance in Local Authorities (2017) placed a requirement on local authorities to determine a Capital Strategy in order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability.

This capital strategy is a new report for 2019/20 that sets out the long-term context in which capital expenditure decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

The report sets out:

- The prudential code the need for a capital strategy and the governance arrangements for the capital strategy and programme (Paragraph 2)
- The current capital programme to 2022/23 (5 years) and its financing, and the revenue implications arising from demands on capital expenditure (Paragraph 3)
- The long-term (10 year) projection for the capital financing costs of the Council and where future demands arise from the various strategic plans across the authority for further capital resources. (Paragraph 4)
- Links between the Capital Strategy to Treasury Management strategy and treasury decision making. (Paragraph 5)
- A look at the commercial activity of the Council and its strategy going forward (Paragraph 6)
- Overview of other long-term liabilities the Council has, which members need to be aware of when looking at the capital strategy. (Paragraph 7)
- Summary of the skills and knowledge the Council has to carry out its duties for capital and treasury matters. (Paragraph 8)

2. PRUDENTIAL CODE & GOVERNANCE

2.1. PRUDENTIAL CODE – KEY OBJECTIVES

The objective of the Prudential Code is to ensure, within a clear framework, that the capital expenditure plans of local authorities are;

- **AFFORDABLE** - Total capital investment of the authority remains within sustainable limits. A local authority is required to consider the resources currently available to it and those estimated to be available in the future, together with the totality of its capital plans and income and expenditure forecasts in assessing affordability.
- **PRUDENT** – The full Council set an authorised limit and operational boundary for external debt, these need to be consistent with the authority's plans for affordable capital expenditure and financing, and with its treasury management policy statement and practices. Authorities should

consider a balance between **security, liquidity and yield** which reflects their own risk appetite but which prioritises security and liquidity over yield.

- **SUSTAINABLE** – taking into account the arrangements for repayment of debt (including through Minimum Revenue Provision (MRP) and consideration of risk and the impact, and potential impact, on the authority's overall financial sustainability. This strategy will look at the sustainability over the period of 10 years.

and treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the organisation.

2.2. GOVERNANCE FOR APPROVAL AND MONITORING OF CAPITAL EXPENDITURE

Member responsibility for assets rests with a cabinet member, currently the cabinet member for assets and member development (Deputy Leader). The main governance and approval process for capital expenditure is summarised as follows:

- Council approve the overall revenue and capital budgets following recommendations from the Cabinet. They also approve the borrowing limits of which the capital programme will need to remain within. These limits are a key performance indicator for treasury management. This ensures that capital expenditure and borrowing remains within an affordable limit.
- This borrowing limit drives the headroom available for Capital Expenditure to be included on the programme.
- Council approve the Treasury Management and Investment strategies, which are intrinsically linked to capital expenditure and the capital strategy. Further details of these are provided in paragraphs 5.1 and 5.3.
- The detailed capital programme within the overall budget is approved by Cabinet following individual project appraisals by officers, containing the views of the Head of Finance.
- Items of capital nature, are discussed at the Capital Strategy Asset Management Group (CSAMG), which is made up of senior officers from all service areas and our property advisors, Newport Norse. Discussions include asset disposals, where capital expenditure is required and prioritisation of those areas and the overall asset management agenda.
- Decisions on Capital Expenditure will be made by the Senior Leadership Team (SLT) following review of the project appraisal.
- Cabinet approve capital expenditure to be added to the capital programme.
- Monitoring of Capital Expenditure is reported to Cabinet, and includes update on capital receipts and impact on the revenue budget of decisions made.

Affordability and sustainability is a key focus on the approval of expenditure, and therefore the agreed framework detailed in paragraph 3.1 is used. There is a process map for the approval of capital expenditure which is used, this is shown in Appendix 2a.

Decisions made on the approval of capital expenditure will be made with the liaison of the capital accountancy team and understanding of the long-term revenue implications of the expenditure is assessed before being added to the programme. Cabinet approve additions and deletions, as well as slippage, from the capital programme alongside the monitoring report.

3. CAPITAL EXPENDITURE AND FINANCING

Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. It is the Councils policy not to treat any expenditure under £10,000 as capital, and therefore under this value will be charged as revenue in the year of expenditure.

3.1. CURRENT CAPITAL PROGRAMME

The current 5-year capital programme (2018/19 to 2022/23) was approved at Council in February 2018. As part of the approval, a 'borrowing headroom' was agreed. This headroom enabled further capital projects to be added to the programme over the next 5 years, and not put additional pressure on the revenue budget over the Medium Term Financial Projection (MTFP).

Given the current financial constraints facing the authority, Cabinet and Council established a framework in order to maximise capital expenditure but keep within a sustainable revenue budget to fund new borrowing, this was as follows:

- a. Funding from sources other than borrowing needs to be maximised, by securing grant funding whenever possible and, maximising capital receipts
- b. Regeneration schemes would be funded from ring-fencing the capital works reserve only and Joint Venture funds. Other kinds of support through the making of loans etc. would then be considered to support schemes, where it was needed and appropriate.
- c. Any change and efficiency schemes or schemes which save money requiring capital expenditure would be funded by netting off the capital funding costs from the savings achieved
- d. Schemes and projects which generate new sources of income would need to fund any capital expenditure associated with those schemes.

This framework ensures that the capital programme can be maximised but those schemes which cannot fund any resulting borrowing costs e.g. new schools programme, can be afforded and maximised within the headroom available. The headroom is made up of identified uncommitted capital reserves and capital receipts, an estimated level of borrowing which is within the MRP budget and a prudent estimate of future capital receipts

In February 2018 Council approved a new 5-year capital programme from 2018/19 to 2022/23. This was in line with the above framework and additions are made to the programme as demand is required and capital bids are approved.

The latest capital programme is summarised in the table below. In 2019/20, the Council has approved capital schemes of £54.5m and there is remaining headroom of £17.2m:

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	5-YEAR CAPITAL PROGRAMME					Total 5-year programme £m
	2018/19 forecast £m	2019/20 budget £m	2020/21 budget £m	2021/22 budget £m	2022/23 Budget £m	
Approved Schemes (Appendix 1)	34.2	56.8	28.9	20.1	19.1	159.1
Uncommitted headroom to invest in council assets / regeneration*		4.3	4.3	4.3	4.3	17.2
TOTAL EXPENDITURE	34.2	61.1	33.2	24.4	23.4	176.3

*split equally across years 2019/20 to 2022/23, this can be flexed accordingly in line with need.

Paragraph 3.2 illustrates the revenue impact of the capital programme. The framework agrees that the over the term of the current **capital programme would set at a level that does not put additional revenue pressure on the Medium Term Financial Projections (MTFP)**. This is vitally important to maintain capital expenditure at a level that is affordable over the medium term. The headroom that is available allows for additional capital expenditure without increasing the pressures on revenue.

The programme has been compiled with regard for the latest demands on the capital programme which include:

- 21st Century Schools Programme – completion of Band A in 2018/19 and Band B from then on.
- Fleet Replacement Programme
- Gypsy & Traveller Site Development
- A number of HLF grant funded schemes including Transporter Bridge and Newport Market Arcade
- Cardiff Capital Region City Deal (CCRCD)
- Neighbourhood Hubs scheme
- Replacement of current street lighting to LED

There are a number of demands on the authority which will require significant capital expenditure which are not yet included on the programme, these will utilise the headroom available. It is important that capital expenditure is maintained at an affordable level within the framework agreed. Therefore, **prioritisation of capital expenditure is essential** and needs to be affordable and sustainable in the long-term to remain within the headroom available.

3.2. MEDIUM-TERM REVENUE IMPLICATIONS OF CAPITAL (CAPITAL FINANCING)

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). All debt has to be repaid and this includes both the actual debt principal plus interest costs on the debt. The planned financing of the expenditure shown in Table 1 is as follows:

Table 2: Capital financing in £ millions - Current 5-year programme

	5-YEAR CAPITAL PROGRAMME					Total 5-year programme £m
	2018/19 forecast £m	2019/20 budget £m	2020/21 budget £m	2021/22 budget £m	2022/23 Budget £m	
Committed Grants and contributions	22.8	37.8	24.3	18.0	14.7	117.6

Committed Reserves, capital receipts, revenue	6.0	4.5	0.0	0.0	0.6	11.1
Committed new borrowing	5.4	14.5	4.6	2.1	3.8	30.4
TOTAL COMMITTED (Appendix 1)	34.2	56.8	28.9	20.1	19.1	159.1
Uncommitted borrowing headroom*		1.9	1.9	1.9	1.9	7.6
Uncommitted forecast capital receipts/capital grants*		1.1	1.1	1.1	1.1	4.4
Uncommitted capital reserves*		1.3	1.3	1.3	1.3	5.2
TOTAL UNCOMMITTED*		4.3	4.3	4.3	4.3	17.2
TOTAL FINANCING	34.2	61.1	33.2	24.4	23.4	176.3

*split equally across years 2019/20 to 2022/23, this can be flexed accordingly in line with need.

When capital expenditure is financed by debt/borrowing, you are essentially locking the Council into a long-term revenue commitment. The Council is required to repay debt from our revenue budget over time; this is done through the Minimum Revenue Provision (MRP). Planned MRP payments (excluding PFI and leases) are as follows:

Table 3: Replacement of debt finance (MRP) in £ millions

	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget	2022/23 budget
MRP budget	7.5	7.5	8.1	8.4	8.5

The table above shows the budgeted amount of MRP that is included within the MTFP, the amount is increasing on annual basis, and this will continue to do so over the longer term due to the MRP charge increasing. This shows an increasing pressure over the next 5 years while there is still a funding gap within the MTFP, which emphasises the importance of maintaining capital expenditure within the headroom available in order not to put even more additional pressure on the revenue budget.

- The Council's full minimum revenue provision statement is available within the Treasury Strategy which will be approved alongside this capital strategy

Although capital expenditure is not charged directly to the revenue budget, as discussed above, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable - the net annual charge is known as 'financing costs'. The table below shows the financing costs as a percentage of the Council's net budget, which is one of the Councils Prudential Indicators.

Table 4: Prudential Indicator: Proportion of financing costs to net revenue stream

	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget	2022/23 budget

Financing costs* (£m)	25.1	21.7	22.5	23.0	23.4
Proportion of net revenue stream	9.1%	7.7%	7.9%	8.0%	8.1%

*includes capital financing costs of PFIs

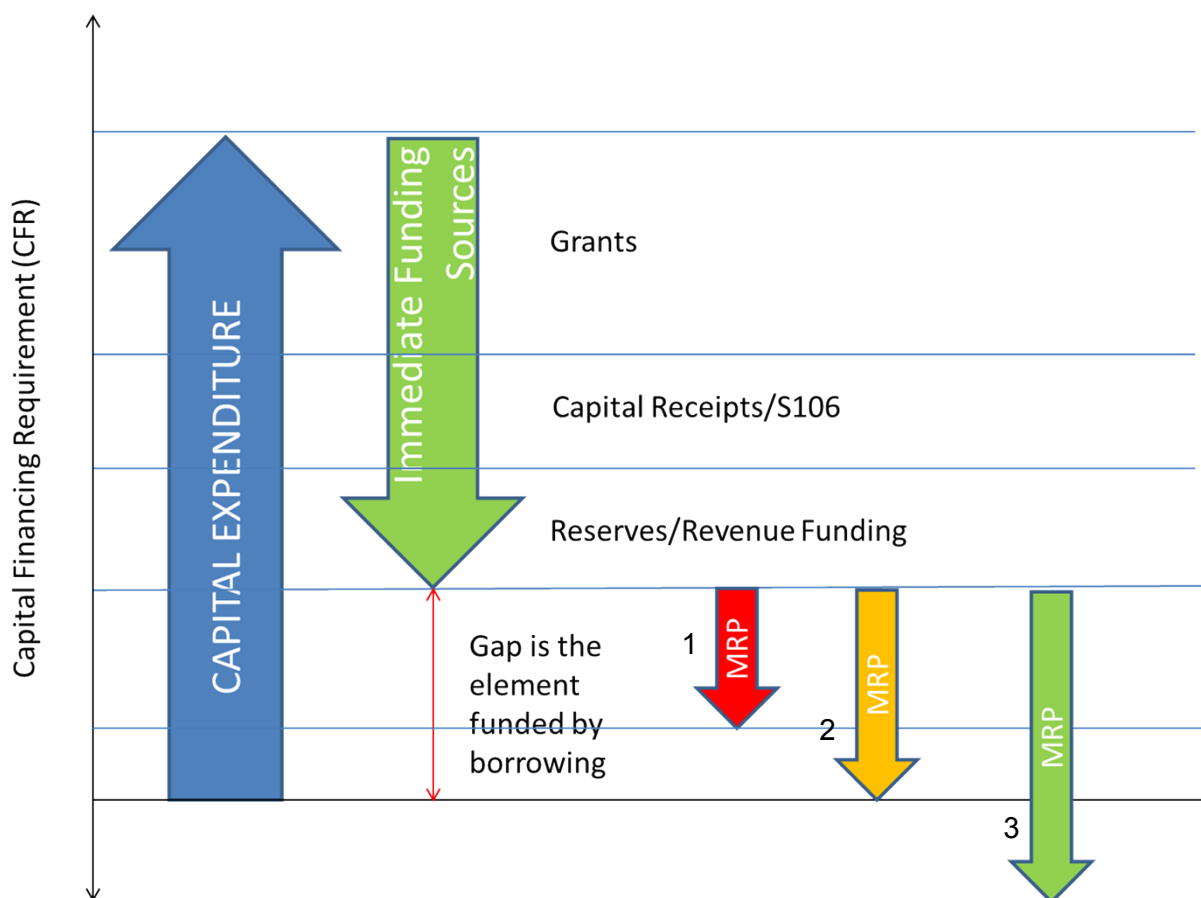
The ability to fund capital expenditure through internal borrowing is no longer applicable due to reserves being utilised, therefore this will need to be externally borrowed. External (or actual) borrowing will have interest rates payable on them which leads to increase in financing costs.

From the table above it is evident that the proportion of the budget set aside to finance capital expenditure is due to increase over the life of the current programme, again reiterating the pressure that capital expenditure, funded from debt, puts on the revenue budget.

- Further details on the revenue implications of capital expenditure are included in the 2019/20 revenue budget report.

Capital Financing Requirement (Our need to borrow)

The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The diagram below shows the impact of capital expenditure, financing and the MRP on the CFR:



The diagram above shows the following:

1. CFR **increases** when capital expenditure is incurred.
2. CFR **decreases** when capital expenditure is immediately financed i.e. through grants, capital receipts, revenue funding, reserves, S106 income.
3. If the MRP charge is **less than** capital expenditure funded by borrowing (Red [1]) the net CFR increases
4. If the MRP charge is **equal to** the capital expenditure funded by borrowing (Amber [2]) then net CFR stays the same
5. If the MRP charge is **more than** the capital expenditure funded by borrowing (Green [3]) then net CFR decreases

This is an important concept, as it shows how decisions on the level of capital expenditure and the level of MRP budget has on our long-term borrowing and the capital financing implications of this.

The CFR is expected to increase by £0.1m during 2019/20. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 5: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	31.3.2018 actual	31.3.2019 forecast	31.3.2020 budget	31.3.2021 budget	31.3.2022 budget
TOTAL CFR	282.2	282.3	292.3	291.4	288.2

The greater the CFR the larger the impact will be on the revenue budget, therefore in the long-term there will be a need to keep capital expenditure funded by borrowing at a level below the MRP budget in order to maintain the revenue budget at a sustainable level.

- For full details of the Council's capital programme are included in the Capital Additions and Monitoring Report to Cabinet February 2019.

4. LONG-TERM VIEW OF CAPITAL EXPENDITURE

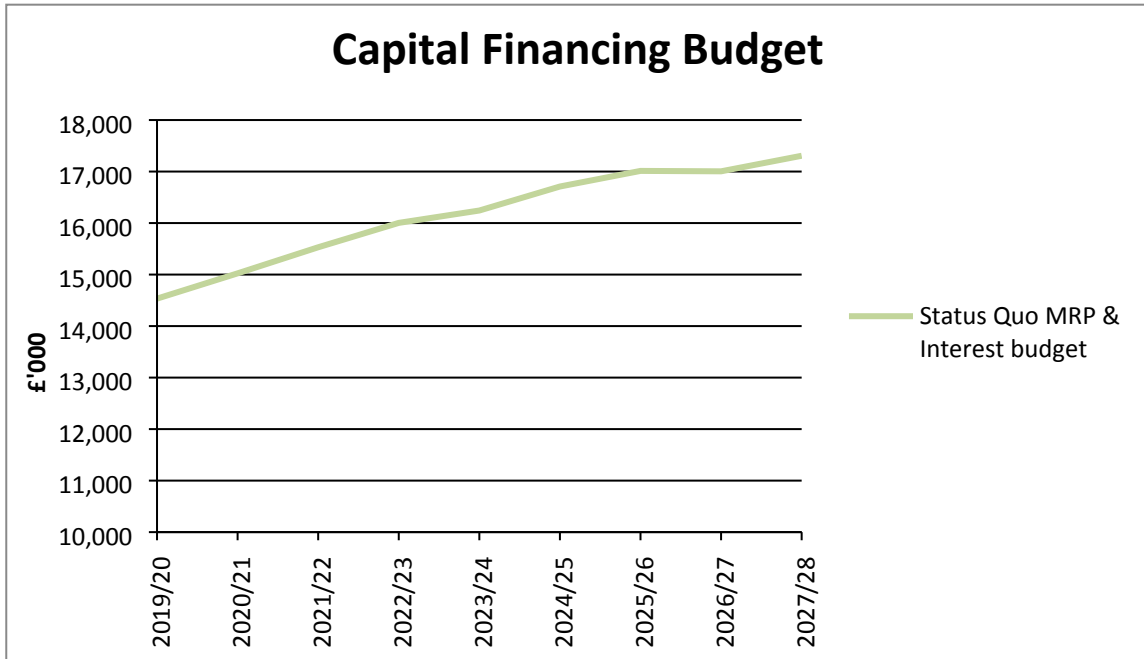
Expenditure on capital assets/projects are often for assets which have a long-term life i.e. buildings may have an asset life of 40 years+. The financing of these assets could also be over a long-term period. Therefore, as well as the Capital Programme highlighted in paragraph 3.1, it is important to take a long-term view of capital expenditure plans and the impact that may have on the affordability and sustainability of capital expenditure. Once a decision has been made to fund capital expenditure from borrowing, the Council is locked into the revenue implications for that borrowing for a long-period.

Due to the financial constraints that the Council is currently facing, assumptions on future available finances are likely to remain tight and therefore over the long-term it is anticipated that revenue to fund capital financing will remain restricted.

Recent changes to the MRP charging methodology and the fact that the capacity to use internal borrowing is reducing means that the authority will face a challenge in developing its next capital programme.

Chart 1 below shows the increasing capital financing costs over the next 10 years. As is evident, based on the current programme the revenue cost of implementing a challenging capital programme is increasing year on year, even with no additional funding from borrowing in future programme. Alongside a revenue budget Medium Term Financial Projection showing a funding gap this provides a significant challenge within current context of funding constraints on Local Government.

Chart 1

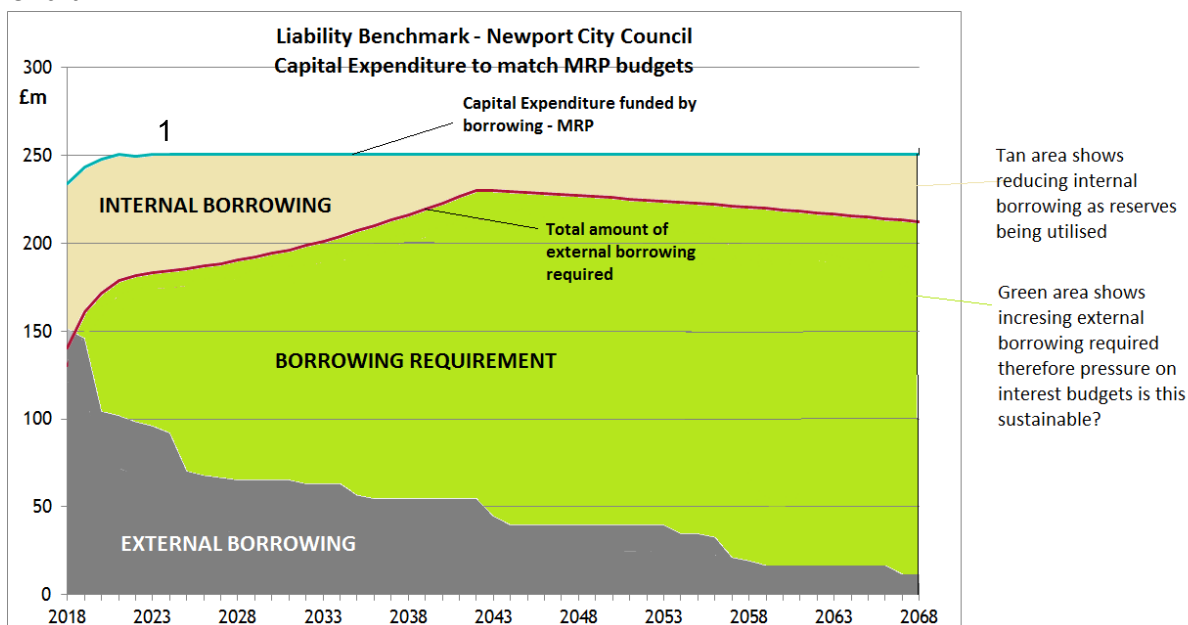


The above will obviously be affected by a number of factors including amount of capital funding from Welsh Government, achievement of capital receipts and use and level of earmarked reserves.

- Earlier in paragraph 3.1 it highlighted the future demands on capital expenditure; the CFR is integral to understanding the affordability and sustainability of the capital programme. If the CFR is increasing over the long-term this puts pressure on the revenue budget to both repay that debt and also on the interest rates to fund the borrowing.

The chart below shows the CFR over the long-term if we were to maintain capital expenditure funded by borrowing at the same value as MRP.

Chart 2



- The chart above illustrates the following:
 - Assumption that capital expenditure funded by borrowing will be at a level equal to the MRP budget (level blue line [1]) – with MRP and interest budgets increasing over time, to remain affordable, capital expenditure funded by borrowing should be no higher than the MRP budget and ideally should be lower to limit the level of external borrowing that is required over time.
 - As earmarked reserves are utilised the amount we are internally borrowed (using our own cash to fund capital expenditure) reduces. We have reached the capacity of internal borrowing, and any further capital expenditure which is not financed at source (i.e. grants, capital receipts, reserves) will require external borrowing.
 - As current external borrowing matures, we will need to re-finance this debt rather than re-pay debt. This is due to the inherent need to borrow over the long-term.
 - The above puts additional pressure on the capital financing budgets through additional interest costs.
 - Therefore, it is vital that the CFR is at a level which is affordable and sustainable.
 - Decisions on future capital programmes and the level of preferred CFR will be made at a time when the next programme is developed.
 - Recent decisions to change the MRP methodology for charging to annuity method for unsupported borrowing and to a 40-year asset life for supported borrowing put future pressures on the revenue budget without any additional capital expenditure (While over the long-term borrowing is still repaid, the charge today is less and increases over future years). The chart in appendix 2b, shows that the MRP charge with current capital expenditure doesn't decrease significantly until 2030. Therefore, we know that any additional expenditure funded by borrowing will put additional pressure on the revenue budgets in the future.
 - Overall this shows a significant challenge for the next capital programme, onwards, and will mean prioritising all forms of capital expenditure in order to keep additional borrowing to a minimum is essential.

- Capital Financing costs are discussed further in the Treasury Management section in paragraph 5.

Sustainability

Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Head of Finance is satisfied that the capital programme is prudent, affordable and sustainable, although there is currently a funding gap in the Medium Term Financial Projections, the increasing capital financing costs and challenges are included within these and plans for closing this gap will need to be put in place by the authority and this is understood by Senior Managers and Members. The next capital programme will be challenging due to the increasing capital financing costs and demands. Therefore, there is the need for prioritisation for the next capital and this will prove a challenge for the Council.

In light of the above, the authority needs to understand the demands and risks associated with the deliverability of meeting these demands. The key drivers of the Council's capital plans are captured through various plans across the authority, these include:



The Authority will need to develop its understanding of the costs arising from each of the above strategic documents, and use these to prioritise restricted funding over the current and future programmes.

5. TREASURY MANAGEMENT

5.1. TREASURY MANAGEMENT

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank

current account. The Council limits the need to take out actual borrowing by using positive cash-flow, largely from reserves, to fund capital expenditure funded by borrowing, known as internal borrowing.

Due to decisions taken in the past, the Council currently has £147m borrowing at a weighted average interest rate of 5.6% and £23m treasury investments at a weighted average rate of 0.7%.

5.2. BORROWING STRATEGY

Whilst the Council has significant long term borrowing requirements, the Council's current strategy of funding capital expenditure is through reducing investments ('internal borrowing') rather than undertaking new borrowing i.e. we defer taking out new long term borrowing and fund capital expenditure from day to day positive cash-flows for as long as we can.

By using this strategy, the Council can also minimise cash holding at a time when counterparty risk remains high. The interest rates achievable on the Council's investments are also significantly lower than the current rates payable on long term borrowing and this remains the main reason for our current 'internally borrowed' strategy.

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.

The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 2.0 to 3.0%).

Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities, leases are shown below, compared with the capital financing requirement (see above).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

	31.3.2018 actual	31.3.2019 forecast	31.3.2020 budget	31.3.2021 budget	31.3.2022 budget
Debt (incl. PFI & leases)	193	191	206	208	209
Capital Financing Requirement	282	282	292	291	288

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this in the medium term.

Affordable borrowing limit: The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2018/19 limit	2019/20 limit	2020/21 limit	2021/22 limit
Authorised limit – borrowing	217	230	204	207

Authorised limit – PFI and leases	46	44	43	42
Authorised limit – total external debt	263	274	247	249
Operational boundary – borrowing	197	220	194	197
Operational boundary – PFI and leases	46	44	43	42
Operational boundary – total external debt	243	264	237	239

➤ Further details on borrowing are in the treasury management strategy

The above limits look at the following factors and are set providing flexibility for these:

- Current external borrowing values and maturing debts that will require refinancing.
- Ability to undertake borrowing for loans to third parties for regeneration purposes (subject to strict due diligence)
- Flexibility to borrow for commercialisation agenda (subject to governance arrangements)

5.3. INVESTMENT STRATEGY

Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

The Council's strategies in this area of Treasury Management are (i) to be a short term and relatively low value investor and (ii) investment priorities should follow the priorities of security, liquidity and yield, in that order.

Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 8: Treasury management investments in £millions

	31.3.2018 actual	31.3.2019 forecast	31.3.2020 budget	31.3.2021 budget	31.3.2022 budget
Near-term investments	24	10	0	0	0
Longer-term investments	0	0	10	10	10
TOTAL	24	10	10	10	10

➤ Further details on treasury investments are in pages 6 to 9 of the treasury management strategy

Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Head of Finance and staff, who must act in line with the treasury management strategy approved by Council. Half-year and end of year reports on treasury management activity are presented Council. The audit committee is responsible for scrutinising treasury management decisions.

Loans to other organisations

The Council can and does make investments to assist local public services, including making loans to businesses to promote economic growth. The Council will assess these opportunities and will only plan that such investments at least break even after all costs. Loans to such organisations will be approved following a due diligence process and formal governance arrangements.

The Council will also use other methods of assisting businesses to promote economic regeneration by providing grants or by allowing rent free periods where the Council is the freehold, such as the case at Chartist Tower.

Decisions on service investments are made by the relevant service manager in consultation with the Head of Finance and monitoring officer and must meet the criteria and limits laid down in the investment strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

6. COMMERCIAL ACTIVITIES

6.1. COMMERCIALISATION

The Council is currently developing a commercialisation strategy which sets out the approach and policy for the Council's commercialisation agenda. This strategy will include the need to continuously assess all of the Council assets to understand what of the Council's assets can and should be making a financial return and maximising those and stop or dispose of them where they are not and is best way forward. To maximise on the Council's financial strength and covenant and skill's within its workforce and partners where appropriate.

Council Assets:

- We will look to use our existing infrastructure for commercial gain and use our land and buildings where we can to deliver housing and growth in such a way as to maximise benefits to the Council
- We will look to share and collaborate with our partners in use of buildings and other assets and generate capital receipts and reduce costs
- We will, through the Councils Treasury Strategy, consider changing our risk appetite for investing in higher return / less liquid assets and recalibrate the cost/benefit of the Councils current practices.
- Implementing this strategy will require, in some areas, financial resources and this will need to be made available via the Councils Invest to Save reserve and where appropriate, prudential borrowing. This will need to be approved via the governance framework upon business cases meeting assessment criteria, in particular payback period and levels of return.

The Council has an existing investment portfolio which is 100% based within the city including retail, industrial and office. The Council are currently undertaking a project alongside our property advisors, Norse Newport Ltd, assessing the performance of our Commercial & Industrial portfolio and potential for maximising returns on those assets (which may require up-front investment). The Council will consider, if the opportunities arise, the purchase of land and property as an investment – to both generate an ongoing income stream or to realise an increased capital value in the future.

The decision making on this would be based on a number of factors which would take into account potential for returns and risk and take into account other costs such as interest and Minimum Revenue Provision if financed through borrowing. The priorities for the Council when acquiring property interests for investment purposes are (in order of importance):

- **Covenant Strength**
- **Lease Length**
- **Rate of Return**
- **Risk**
- **Lease Terms**
- **Growth**
- **Location**
- **Sector**
- **Building Age and Specification**

We will use our property advisors, Newport Norse in the appraisal and evaluation process to inform decision making. Due diligence during this decision making process is of upmost importance and a set due diligence process is required to be adhered to.

Appropriate new governance arrangements are required for the commercialisation agenda and will be included in the ongoing commercial strategy.

Asset disposals

As part of the commercial activity, we will look at decisions about our Council assets and this could include disposal. When a capital asset is no longer needed or is not used as an investment opportunity, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Council forecasts to receive £1.7m of capital receipts in the coming financial year as follows:

Table 9: Capital receipts in £ millions

	2017/18 actual	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
Asset sales	2.0	2.2	0.5	0.3	0.3

7. OTHER LONG-TERM LIABILITIES

In addition to debt of £147m detailed above, the Council has a number of other long-term liabilities (potential call on future Council resources) as follows:

Private Finance Initiative (PFI)

The Council has two PFI arrangements for the provision of the Southern Distributor Road (25 years remaining) and for Glan Usk Primary School (16 years remaining). As at 31 March 2018 the value of the liability was £45.1m. The Council holds an earmarked reserve which covers the future costs of the PFI.

Pension Liability

The Council is committed to making future payments to cover its pension fund deficit (valued at £324.1m).

Provisions and Guarantees

The Council has set aside provisions and reserves for risks in relation to outstanding insurance claims and guaranteed subsidies in relation to Friars Walk. The Council has also entered into a number of

financial guarantees where the Council has entered into agreements to act as a guarantor in particular safeguarding of former employee pension rights when their employment is transferred to third party organisations.

8. KNOWLEDGE AND SKILLS

IN-HOUSE EXPERTISE

The overall Capital Programme and Treasury Management Strategy are overviewed by the Head of Finance and Assistant Head of Finance, who are both professionally qualified accountants with extensive Local Government finance experience between them. There is a Capital Accounting team consisting of qualified and part-qualified accountants who follow Continuous Professional Development Plan (CPD) / attend courses on an ongoing basis to keep abreast of new developments and skills. There is a small Treasury Management team who manage the day-to-day cash-flow activities and banking arrangements of the authority, these again attend the necessary courses and training and have a vast amount of experience.

EXTERNAL EXPERTISE

All the Council's commercial projects have project teams from all the professional disciplines from across the Council and when required external professional advice is taken from the property advisors, Newport Norse, or other professional advice if required.

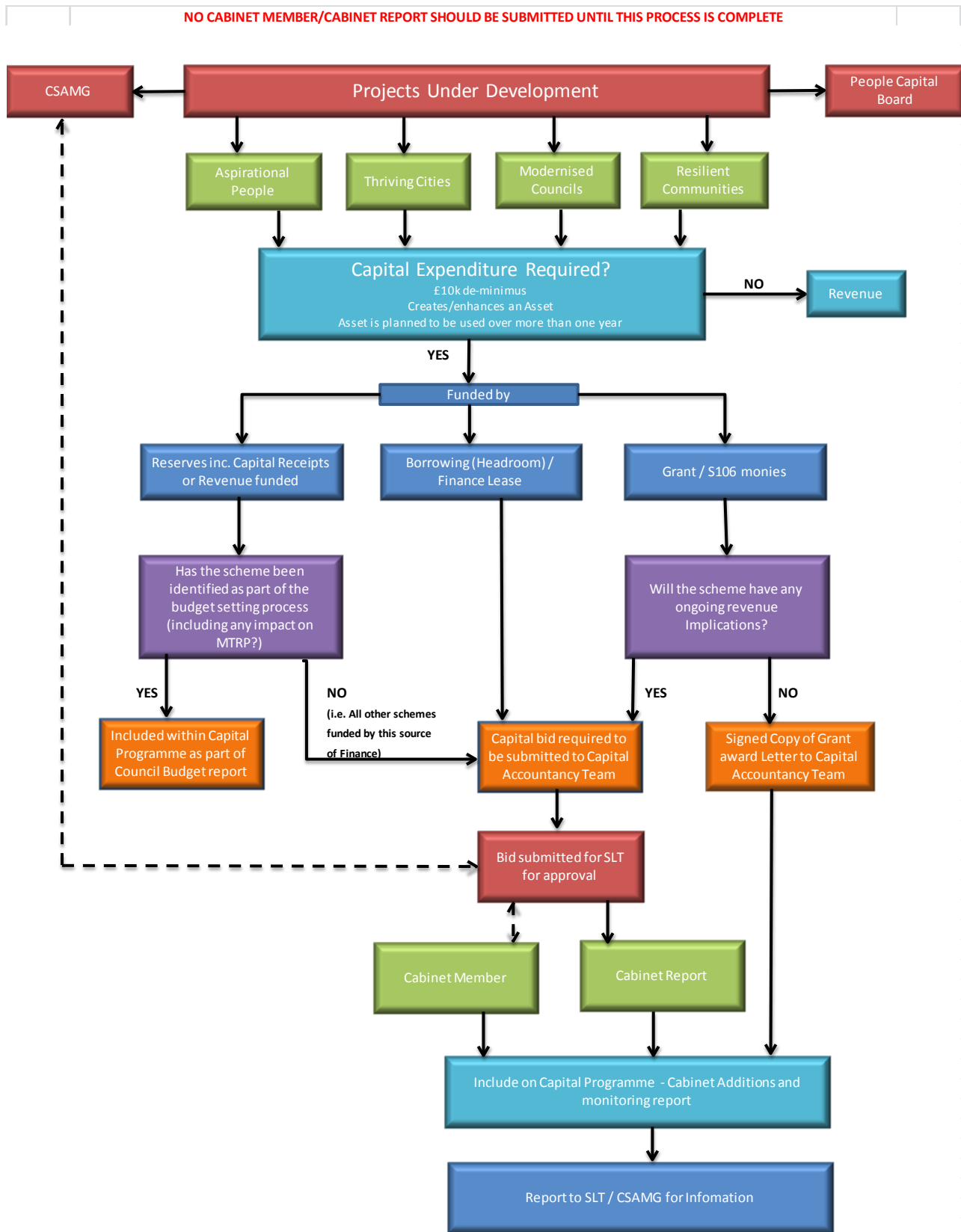
MEMBERS

Training is offered to members to ensure they have up to date skills to make capital and treasury decisions. A register is also kept on member attendance. The Council also involves members at a very early stage of a projects life cycle.

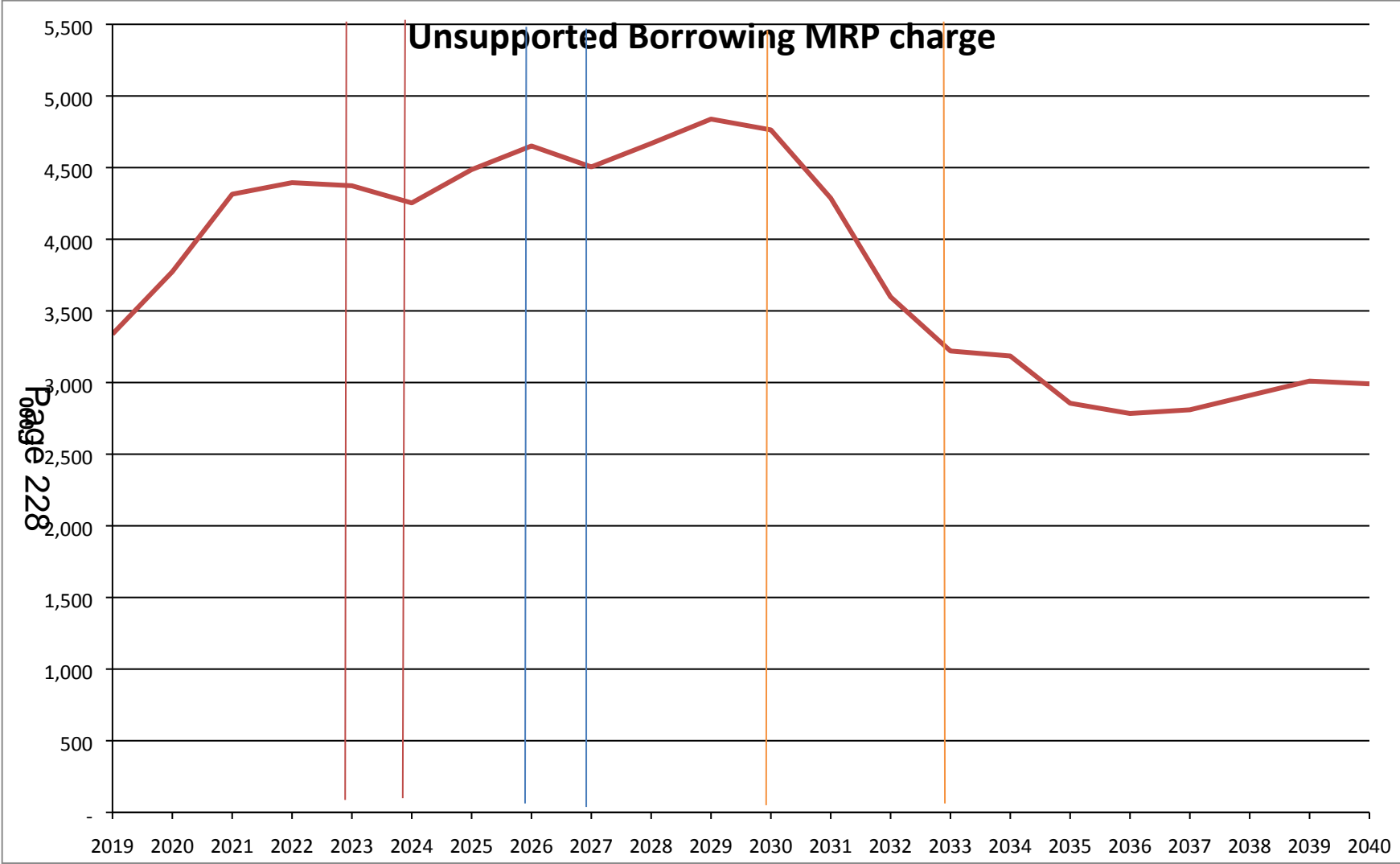
9. SUMMARY

- Capital expenditure plans for the Council need to be affordable, prudent and sustainable.
- The MTFP includes the current revenue costs for the capital programme, which includes level of headroom for additional capital projects to be added without impacting further on the revenue budget.
- As per the agreed framework the current programme needs to be maintained within the affordability headroom, therefore not putting additional pressure on the MRP budget.
- There are a number of demands on the capital programme, there is the need to link the capital strategy with a number of strategic plans across the organisation to ensure the pressures on the capital programme are known and the risks are assessed and prioritised within an affordable framework. This will include clear visibility and assessment of demand for schools, highways and other operational assets.
- Decisions on funding capital expenditure through borrowing locks the Council into committing revenue funding over a very long period (as long as 40 years +). With the MRP budget increasing over the long-term as shown in chart 1, the Council will need to make some difficult decisions going into the next programme to ensure the capital plans remain affordable and sustainable.

APPENDIX 2a – Capital Additions Process Map



Appendix 2b



Treasury Management Strategy Statement 2019/20

Introduction

Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested 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 financial risk are therefore central to the Authority's prudent financial management.

Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. In addition, the Welsh Government (WG) issued revised Guidance on Local Authority Investments in March 2010 that requires the Authority to approve an investment strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the WG Guidance.

Revised strategy: In accordance with the WG Guidance, the Authority will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, in the Authority's capital programme or in the level of its investment balance.

External Context

Economic background: The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Authority's treasury management strategy for 2019/20.

UK Consumer Price Inflation (CPI) for October was up 2.4% year/year, slightly below the consensus forecast and broadly in line with the Bank of England's November Inflation Report. The most recent labour market data for October 2018 showed the unemployment rate edged up slightly to 4.1% while the employment rate of 75.7% was the joint highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.3% as wages continue to rise steadily and provide some pull on general inflation. Adjusted for inflation, real wages grew by 1.0%, a level still likely to have little effect on consumer spending.

The rise in quarterly GDP growth to 0.6% in Q3 from 0.4% in the previous quarter was due to weather-related factors boosting overall household consumption and construction activity over the summer following the weather-related weakness in Q1. At 1.5%, annual GDP growth continues to remain below trend. Looking ahead, the BoE, in its November Inflation Report, expects GDP growth to average around 1.75% over the forecast horizon, providing the UK's exit from the EU is relatively smooth.

Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy has been made since. However, the Bank expects that should the economy continue to evolve in line with its November forecast, further increases in Bank Rate will be required to return inflation to the 2% target. The Monetary Policy Committee continues to reiterate that any further increases will be at a gradual pace and limited in extent.

While US growth has slowed over 2018, the economy continues to perform robustly. The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the current 2%-2.25% in September. Markets continue to expect one more rate rise in December, but expectations are fading that the further hikes previously expected in 2019 will materialise as concerns over trade wars drag on economic activity.

Credit outlook: The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ring-fencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ring-fenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets

and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ring-fenced banks generally being better rated than their non-ring-fenced counterparts.

The Bank of England released its latest report on bank stress testing, illustrating that all entities included in the analysis were deemed to have passed the test once the levels of capital and potential mitigating actions presumed to be taken by management were factored in. The BoE did not require any bank to raise additional capital.

European banks are considering their approach to Brexit, with some looking to create new UK subsidiaries to ensure they can continue trading here. The credit strength of these new banks remains unknown, although the chance of parental support is assumed to be very high if ever needed. The uncertainty caused by protracted negotiations between the UK and EU is weighing on the creditworthiness of both UK and European banks with substantial operations in both jurisdictions.

Interest rate forecast: Following the increase in Bank Rate to 0.75% in August 2018, the Authority’s treasury management adviser Arlingclose is forecasting two more 0.25% hikes during 2019 to take official UK interest rates to 1.25%. The Bank of England’s MPC has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. Arlingclose believes that MPC members consider both that ultra-low interest rates result in other economic problems, and that higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise when rate cuts will be required.

The UK economic environment remains relatively soft, despite seemingly strong labour market data. Arlingclose’s view is that the economy still faces a challenging outlook as it exits the European Union and Eurozone growth softens. Whilst assumptions are that a Brexit deal is struck and some agreement reached on transition and future trading arrangements before the UK leaves the EU, the possibility of a “no deal” Brexit still hangs over economic activity (*at the time of writing this commentary in mid-December*). As such, the risks to the interest rate forecast are considered firmly to the downside.

Gilt yields and hence long-term borrowing rates have remained at low levels but some upward movement from current levels is expected based on Arlingclose’s interest rate projections, due to the strength of the US economy and the ECB’s forward guidance on higher rates. 10-year and 20-year gilt yields are forecast to remain around 1.7% and 2.2% respectively over the interest rate forecast horizon, however volatility arising from both economic and political events are likely to continue to offer borrowing opportunities.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A.

For the purpose of setting the budget, it has been assumed that new investments (exc cash & cash equivalents) will be made at an average rate of 0.9%, and that new long-term loans will be borrowed at an average rate of 3%.

Local Context

On 31st December 2018, the Authority held £147.2m of borrowing and £14.6m of investments. This is set out in further detail at **Appendix 3b**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.18 Actual £m	31.3.19 Estimate £m	31.3.20 Forecast £m	31.3.21 Forecast £m	31.3.22 Forecast £m
General Fund CFR	282.2	282.3	292.3	291.4	288.2
Less: Other debt liabilities *	(45.1)	(43.3)	(42.6)	(41.5)	(40.8)
Loans CFR	237.1	239.0	249.7	249.9	247.4
Less: External borrowing **	(147.5)	(145.8)	(104.2)	(101.9)	(98.4)
Less: Usable reserves	(102.9)	(91.9)	(85.6)	(82.1)	(78.8)
Less: Working capital	(10.2)	(10.2)	(10.2)	(10.2)	(10.2)
Preferred Investment position		10.0	10.0	10.0	10.0

Investments or (New borrowing)	23.5	(1.1)	(59.7)	(65.7)	(70.0)
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* finance leases, PFI liabilities and transferred debt that form part of the Authority's total debt

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

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), 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 has an increasing CFR due to the capital programme, but minimal investments and will therefore be required to borrow up to £70m over the forecast period, this is broken down into £49.1m refinancing of maturing existing borrowing and £21m additional (£147.5m to £168.4m) external borrowing, while internal borrowing is forecast to reduce by £10.6m as shown in table 2 below.

Table 2: Year on year change in internal and external borrowing

	31.3.18 Actual £m	31.3.19 Estimate £m	31.3.20 Forecast £m	31.3.21 Forecast £m	31.3.22 Forecast £m
Loans CFR (as per table 1)	237.1	239.0	249.7	249.9	247.4
- Internal Borrowing	89.6	92.1	85.8	82.3	79.0
- External Borrowing	147.5	146.9	163.9	167.6	168.4
Increase in External Borrowing		-0.6	17.0	3.7	0.8
<i>Represented by:</i>					
Change in loan CFR (Cap Exp funded by debt less MRP)		1.9	10.7	0.2	(2.5)
Reduction in reserves		11.0	6.3	3.5	3.3
Reduction in investments		(13.5)	0	0	0
Increase in External Borrowing		(0.6)	17	3.7	0.8

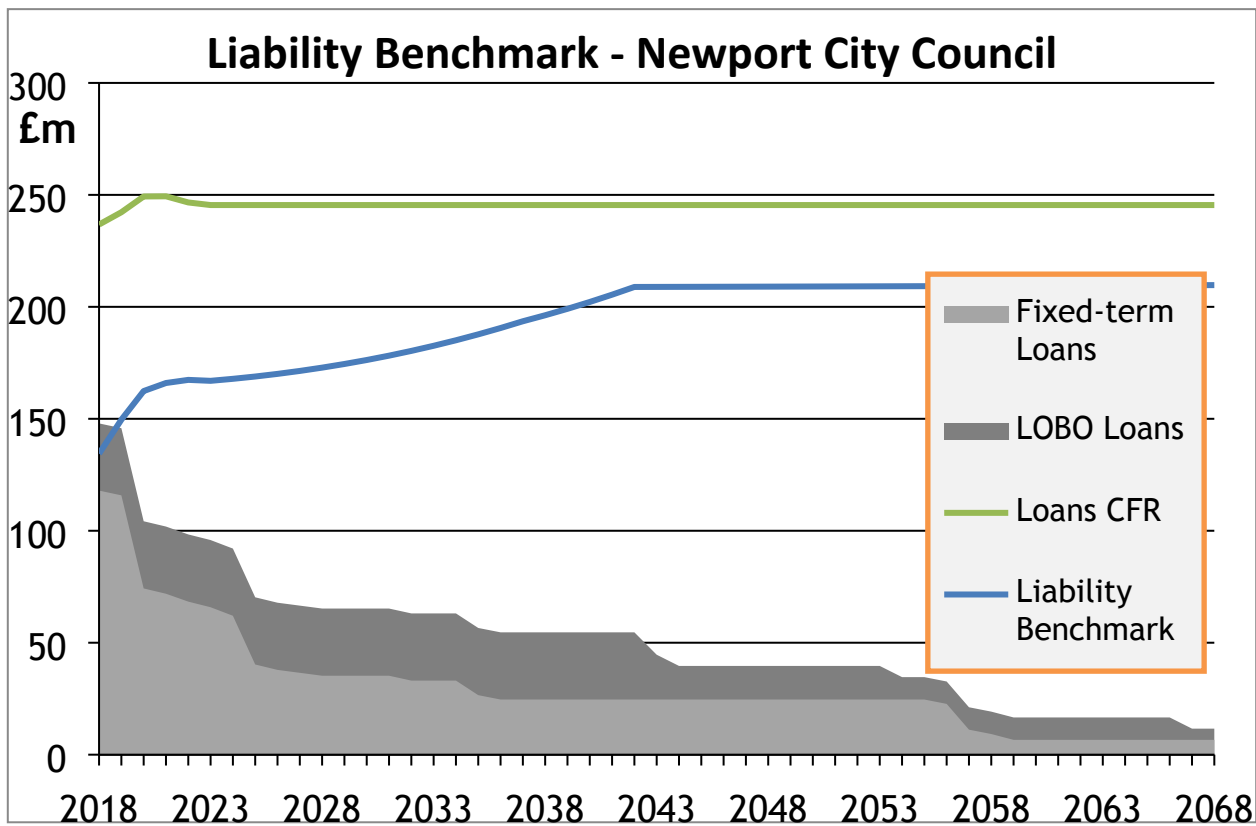
CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2019/20.

Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.

Table 3: Liability benchmark

	31.3.18 Actual £m	31.3.19 Estimate £m	31.3.20 Forecast £m	31.3.21 Forecast £m	31.3.22 Forecast £m
Loans CFR	237	239	250	250	247
Less: Usable reserves	(103)	(92)	(86)	(82)	(79)
Less: Working capital	(10)	(10)	(10)	(10)	(10)
Plus: Minimum investments	24	10	10	10	10
Liability Benchmark	148	147	164	168	168

Following on from the medium-term forecasts in table 3 above, the long-term liability benchmark assumes capital expenditure funded by borrowing at the same level as the minimum revenue provision therefore not increasing the CFR, and reserves in regards to the Private Finance Initiative (PFI) reserves being utilised over the life of the PFI contract. This is shown in the chart below:



The chart above shows actual borrowing maturing over time (grey area reducing), however our need to borrow (the green CFR line), over the long-term, remains at a consistent level due to the assumption that capital expenditure funded from borrowing will be at a level the same as the MRP charge. The Council need to borrow up to the liability benchmark (blue line) with the remaining amount being covered by internal borrowing as previously discussed. Therefore, the chart is showing the following important points/assumptions:

- The capital financing requirement is assumed to remain at a consistent level over the long-term.
- The ability to use further internal borrowing has diminished, with internal borrowing reducing over time as reserves are utilised.
- As existing borrowing matures (grey area reducing) there will be the need to refinance this debt over the long-term.
- The liability benchmark is increasing over time, meaning that the Council will be required to undertake new borrowing over time, therefore putting pressure on the revenue budget through increased interest payments.
- The only way to reduce this need to borrow is to reduce the level of capital expenditure funded by borrowing.

Borrowing Strategy

The Authority currently holds £147.2 million of loans, a decrease of £0.3 million on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Authority expects to borrow a minimal amount (up to £0.4 million) in 2019/20. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £230 million.

Objectives: The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are

required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

Strategy: Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2019/20 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Alternatively, the Authority may arrange forward starting loans during 2019/20, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Authority may borrow short-term loans to cover unplanned cash flow shortages.

Sources of borrowing: The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except the Greater Gwent Pension Fund)
- capital market bond investors
- Special purpose companies created to enable local authority bond issues

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

The Authority has previously raised the majority of its long-term borrowing from the PWLB but it continues to investigate other sources of finance, such as local authority loans and bank loans, that may be available at more favourable rates.

LOBOs: The Authority holds £30m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. £25m of these LOBOs have options during 2019/20, and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so. Total borrowing via LOBO loans will be limited to £30m.

Short-term and variable rate loans: These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.

Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with

new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Investment Strategy

The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority’s investment balance has ranged between £11.0 million and £46.5 million, levels of c. £10 to £25 million are expected in the forthcoming year.

Objectives: Both the CIPFA Code and the WG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

Negative interest rates: If the UK enters into a recession in 2019/20, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy: Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to diversify into more secure and/or higher yielding asset classes during 2019/20. This is especially the case for the estimated £10 million that is available for longer-term investment. All of the Authority’s surplus cash is currently invested in short-term unsecured bank deposits and local authorities. This diversification will represent a change in strategy over the coming year.

Business models: Under the new IFRS 9 standard, the accounting for certain investments depends on the Authority’s “business model” for managing them. The Authority aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Approved counterparties: The Authority may invest its surplus funds with any of the counterparty types in table 3 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 3: Approved investment counterparties and limits

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£5m 5 years	£10m 20 years	£10m 50 years	£5m 20 years	£5m 20 years
AA+	£5m 5 years	£10m 10 years	£10m 25 years	£5m 10 years	£5m 10 years
AA	£5m 4 years	£10m 5 years	£10m 15 years	£5m 5 years	£5m 10 years
AA-	£5m 3 years	£10m 4 years	£10m 10 years	£5m 4 years	£5m 10 years
A+	£5m 2 years	£10m 3 years	£5m 5 years	£5m 3 years	£5m 5 years
A	£5m 13 months	£10m 2 years	£5m 5 years	£5m 2 years	£5m 5 years
A-	£5m 6 months	£5m 13 months	£5m 5 years	£5m 13 months	£5m 5 years
None	£1m 6 months	n/a	£10m 25 years	Not Applicable	£5m 5 years
Pooled funds and real estate investment trusts		£10m per fund or trust			

This table must be read in conjunction with the notes below

Credit rating: Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

Banks unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Banks secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent.

Registered providers: Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Pooled funds: Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Operational bank accounts: The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Authority’s treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments: The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority’s treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Investment limits: The Authority’s revenue reserves available to cover investment losses are forecast to be £90 million on 31st March 2019. In order that no more than 15% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £10 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers’ nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Investment limits

	Cash limit
Any single organisation, except the UK Central Government	£10m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£10m per group
Any group of pooled funds under the same management	£10m per manager
Negotiable instruments held in a broker’s nominee account	£5m per broker
Foreign countries	£2m per country
Registered providers and registered social landlords	£5m in total
Unsecured investments with building societies	£5m in total
Money market funds	£10m in total
Real estate investment trusts	£10m in total

Liquidity management: The Authority uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority’s medium-term financial plan and cash flow forecast.

Treasury Management Indicators

The Authority measures and manages its exposures to treasury management risks using the following indicators.

Maturity structure of borrowing: This indicator is set to control the Authority’s exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

	Upper	Lower
Under 12 months	60%	0%
12 months and within 24 months	40%	0%
24 months and within 5 years	40%	0%
5 years and within 10 years	40%	0%
10 years and within 20 years	30%	0%
20 years and within 30 years	20%	0%
30 years and within 40 years	20%	0%
40 years and within 50 years	20%	0%
50 years and above	20%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal sums invested for periods longer than a year: The purpose of this indicator is to control the Authority’s exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2019/20	2020/21	2021/22
Limit on principal invested beyond year end	£10m	£10m	£10m

Related Matters

The CIPFA Code requires the Authority to include the following in its treasury management strategy.

Financial Derivatives: In the absence of any explicit legal power to do so, the Authority will not use standalone financial derivatives (such as swaps, forwards, futures and options). Derivatives embedded into loans and investments, including pooled funds and forward starting transactions, may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.

Markets in Financial Instruments Directive: The Authority has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority’s treasury management activities, the Head of Finance believes this to be the most appropriate status.

Government Guidance: Further matters required by the WG Guidance are included in Appendix 3c

Financial Implications

The budget for investment income in 2019/20 is £0.1 million, based on an average investment portfolio of £10 million at an interest rate of 0.9%. The budget for debt interest paid in 2019/20 is £7.1 million, based on an average debt portfolio of £1.7 million at an average interest rate of 3.6%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

Other Options Considered

The WG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Head of Finance believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Appendix 3a - Arlingclose Economic & Interest Rate Forecast December 2018

Underlying assumptions:

- Our central interest rate forecasts are predicated on there being a transitional period following the UK's official exit from the EU.
- The MPC has a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. We believe that MPC members consider that: 1) tight labour markets will prompt inflationary pressure in the future, 2) ultra-low interest rates result in other economic problems, and 3) higher Bank Rate will be a more effective policy weapon if downside risks to growth crystallise.
- Both our projected outlook and the increase in the magnitude of political and economic risks facing the UK economy means we maintain the significant downside risks to our forecasts, despite the potential for slightly stronger growth next year as business investment rebounds should the EU Withdrawal Agreement be approved. The potential for severe economic outcomes has increased following the poor reception of the Withdrawal Agreement by MPs. We expect the Bank of England to hold at or reduce interest rates from current levels if Brexit risks materialise.
- The UK economic environment is relatively soft, despite seemingly strong labour market data. GDP growth recovered somewhat in the middle quarters of 2018, but more recent data suggests the economy slowed markedly in Q4. Our view is that the UK economy still faces a challenging outlook as the country exits the European Union and Eurozone economic growth softens.
- Cost pressures are easing but inflation is forecast to remain above the Bank's 2% target through most of the forecast period. Lower oil prices have reduced inflationary pressure, but the tight labour market and decline in the value of sterling means inflation may remain above target for longer than expected.
- Global economic growth is slowing. Despite slower growth, the European Central Bank is conditioning markets for the end of QE, the timing of the first rate hike (2019) and their path thereafter. More recent US data has placed pressure on the Federal Reserve to reduce the pace of monetary tightening - previous hikes and heightened expectations will, however, slow economic growth.
- Central bank actions and geopolitical risks have and will continue to produce significant volatility in financial markets, including bond markets.

Forecast:

- The MPC has maintained expectations of a slow rise in interest rates over the forecast horizon, but recent events around Brexit have dampened interest rate expectations. Our central case is for Bank Rate to rise twice in 2019, after the UK exits the EU. The risks are weighted to the downside.
- Gilt yields have remained at low levels. We expect some upward movement from current levels based on our central case that the UK will enter a transitional period following its EU exit in March 2019. However, our projected weak economic outlook and volatility arising from both economic and political events will continue to offer borrowing opportunities.

	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.17
Arlingclose Central Case	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.17
Downside risk	0.00	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.65
3-mth money market rate														
Upside risk	0.10	0.10	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.17
Arlingclose Central Case	0.80	1.00	1.10	1.20	1.30	1.30	1.25	1.20	1.20	1.20	1.20	1.20	1.20	1.17
Downside risk	0.20	0.50	0.60	0.70	0.80	0.80	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.68
1-yr money market rate														
Upside risk	0.20	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.33
Arlingclose Central Case	1.05	1.25	1.35	1.40	1.50	1.45	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.37
Downside risk	0.35	0.50	0.60	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.69
5-yr gilt yield														
Upside risk	0.15	0.20	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.15	1.20	1.25	1.35	1.40	1.40	1.35	1.35	1.30	1.30	1.30	1.30	1.30	1.30
Downside risk	0.30	0.35	0.45	0.50	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.54
10-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.60	1.65	1.65	1.70	1.75	1.75	1.75	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Downside risk	0.30	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.55
20-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.90	1.95	1.95	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.98
Downside risk	0.30	0.40	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.43
50-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.80	1.85	1.85	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.88
Downside risk	0.30	0.40	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.43

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

PWLB Local Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Appendix 3b - Existing Investment & Debt Portfolio Position

	31/12/2018 Actual Portfolio £m	31/12/2018 Average Rate %
External borrowing:		
Public Works Loan Board	69.2	4.52
Local authorities	3.0	0.77
LOBO loans from banks	30.0	4.43
Other loans	45.0	8.31
Total external borrowing	147.2	5.58
Other long-term liabilities:		
Private Finance Initiative	45.0	
Finance Leases	0.1	
Total other long-term liabilities	45.1	
Total gross external debt	192.3	
Treasury investments:		
Banks & building societies (unsecured)	4.6	0.65
Government (incl. local authorities)	10	0.9
Total treasury investments	14.6	0.82
Net debt	177.7	

Appendix 3c - Additional requirements of Welsh Government Guidance

Specified investments: The WG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of “high credit quality”.

The Authority defines “high credit quality” organisations and securities as those having a credit rating of [A-] or higher that are domiciled in the UK or a foreign country with a sovereign rating of [AA+] or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of [A-] or higher.

Non-specified investments: Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in table C1 below.

Table C1: Non-specified investment limits

	Cash limit
Total long-term investments	£30m
Total investments without credit ratings or rated below [A-] (except the UK Government and UK local authorities)	£20m
Total investments (except pooled funds) with institutions domiciled in foreign countries rated below [AA+]	£0m
Total non-specified investments	£30m

Investment training: The needs of the Authority’s treasury management staff for training in investment management are assessed as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.

Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.

Investment advisers: The Authority has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues.

Investment of money borrowed in advance of need: The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long-term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority’s overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £230 million.

Appendix 3d - Minimum Revenue Provision Policy

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Welsh Government's *Guidance on Minimum Revenue Provision* (the WG Guidance) most recently issued in 2010.

The broad aim of the WG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The WG Guidance requires the Authority to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance.

For supported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments, this is currently deemed to be an average of 40 years.

For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in on an annuity basis with an annual interest rate equal to the average relevant PWLB rate for the year of expenditure, starting in the year after the asset becomes operational.

For capital expenditure loans to third parties that are repaid over a short time period or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead.

Capital expenditure incurred during 2019/20 will not be subject to a MRP charge until 2020/21.

Based on the Authority's latest estimate of its Capital Financing Requirement on 31st March 2019, the budget for MRP has been set as follows:

	31.03.2019 Estimated CFR £m	2019/20 Estimated MRP £m
Supported capital expenditure	163	4
Unsupported capital expenditure	76	3
Finance leases and Private Finance Initiative	43	2
Total General Fund	282	9

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Report

Cabinet

Part 1

Date: 13th February 2019

Item No: 9

Subject **Signing up to the Welsh Government Code of Practice, Ethical Employment in Supply Chains**

Purpose To request Cabinet approval to sign up to the Code of Practice

Author Head of Finance
Procurement Manager

Ward All

Summary A Code of Practice has been established by the Welsh Government to support the development of more ethical supply chains to deliver contracts for the Welsh public sector and third sector organisations in receipt of public funds.

Evidence illustrates that unethical employment practices are taking place in supply chains throughout Wales and beyond.

This Code is designed to ensure that workers in public sector supply chains are employed ethically and in compliance with both the letter and spirit of UK, EU, and international laws.

Local Authorities in Wales are expected by the Welsh Government to sign up to and adopt the policy, and embed the twelve principles of the Code of Practice into the Council in a meaningful and proportionate manner.

Proposal (1) To approve signing up to the Code of Practice
(2) To approve the implementation plan shown in Appendix 1, to be overseen by the Deputy Leader in his role as 'champion' for ethical procurement / practices

Action by Deputy Leader
Head of Finance

Timetable Immediate

This report was prepared after consultation with:

- Chief Executive
- Strategic Directors
- Heads of Service
- Cabinet Member for Assets, Equalities & Member Development

Background

The Welsh public sector spends around £6bn every year on goods, services and works involving international supply chains. A huge range of goods, works and services are purchased by every part of the public sector but the unifying factor is that people are involved in each stage of these supply chains.

It is therefore vital that, at every stage, there are good employment practices for the millions of employees. Good employment practices, which empower and reward workers, help to improve the quality of life of people here in Wales and further afield and, in turn, result in better quality goods and services. Poor – and even unethical – practices, such as the unfair use of zero hours contracts, can lead to poor morale, high staff turnover and, in some cases, can be dangerous and exploitative.

Although slavery was outlawed many years ago, and is illegal throughout the world, it is an endemic problem in some industries and in some parts of the world. Indeed, cases of people being held in conditions of modern slavery are discovered within the UK. We must do more to ensure these practices cannot take place in Wales and in our public sector supply chains around the world.

The Code covers the following employment issues:

- Modern Slavery and human rights abuses
 - Blacklisting
 - False self-employment
 - Unfair use of umbrella schemes and zero hours contracts
- and
- Paying the Living Wage

In this respect Local Authorities in Wales are expected by the Welsh Government to sign up to and adopt the policy, and embed the twelve principles of the Code of Practice into the Council in a meaningful and proportionate manner.

In order to embed the twelve principles, an Action Plan on what Newport City Council will do to meet the Codes commitments has been produced and is attached in Appendix A.

There are no direct legal implications of either signing up to the Code of Practice or not.

There are no direct staffing issues of either signing up to the Code of Practice or not.

Financial Summary

	Year 1 (Current) £	Year 2 £	Year 3 £	Ongoing £	Notes including budgets heads affected
Costs (Income)					Not applicable
Net Costs (Savings)					
Net Impact on Budget					

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?
Not signing up to the Code of Practice	M	L	All Councils in Wales are expected to sign up to the Code. Not signing up will expose the Council to challenge from WG and potentially bad publicity. There is little that can be done to mitigate this risk.	Cabinet/Leader

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

This code of practice is closely associated with a number of council policies and priorities, with strong positive links to the authority's Corporate Plan. Well-being Objective 4 within the plan commits the authority to developing 'cohesive and sustainable communities by working towards 'a globally responsible Wales', this code of practice is an important step in meeting that challenge.

Adopting the code of practice would also help the authority fulfil its obligations under the Equality Act by making a positive contribution to the authority's general equality duty. The code of practice also sits well alongside the authority's Strategic Equality Plan, specifically Equality Objective 9 that acknowledges the strong role the authority has to play in strategic leadership in the field of equalities.

Options Available and considered

Newport City Council has the option to either sign up to the Code of Practice or to not sign up.

Preferred Option and Why

The preferred option is to sign up to the Code of Practice. Adopting the policy and embedding the twelve principles into our working practices can only help improve the lives of employees working for suppliers that provide goods, works or services to the Council.

Comments of Chief Financial Officer

The action plan represents a list of activities required to meet the key principles of the WG Code of Practice and approval of this will show the Council's commitment and intent to support this, in practical terms. Most actions have no financial implications but where there is, they will need to be understood before implementation and appropriate budget provisions made, as needed.

There are no timescales for implementation of the actions plan set by WG. Therefore, the Council will implement the action plan in line with the timescales shown and move towards meeting the key principles as resources allow.

Comments of Monitoring Officer

The proposal to adopt the Welsh Government Code of Practice on Ethical Employment in supply chains is in accordance with the Council's statutory powers under Section 135 of the Local Government Act 1972 and section 17 of the Local Government Act 1988. Under the 1988 Act, it was originally unlawful

for local authorities to have regard to “non-commercial” matters when procuring goods and services and entering into supply contracts. Any non-commercial considerations were prohibited, both in relation to the selection of tenders and the terms and conditions of local authority contracts. However, those rules have now been substantially relaxed and the Local Government Best Value (Exclusion of Non-commercial Considerations) (Wales) Order 2002 repealed those parts of section 17 that related to the terms and conditions of employment of supply contractors. The Council is also able to have regard to “social value” considerations, and not just commercial factors, when contracting for supplies and services. For the most part, the ethical standards required in the Code are already embodied within procurement processes and contract conditions, particularly outsourcing contracts and staff transfer arrangements. However, the adoption of the Code and its oversight by the Cabinet Member for Assets and Member Development will formalise the process and provide a more robust and transparent arrangement for monitoring implementation and compliance. The Code is more of an operational policy and does not substantively change Contract Standing Orders, and therefore its adoption is an executive decision for the Cabinet.

Comments of Head of People and Business Change

This Welsh Government-established Code of Practice has been designed to support the development of more ethical supply chains across the public sector in Wales. As such the adoption of this Code of Practice represents an important step in the further entrenchment of the 7 Well-being Goals set out in the Well-being of Future Generations Act, with clear positive contributions towards making Newport and Wales a more equal and globally responsible place.

Beyond the Well-being Plan for Newport, this Code of Practice also makes positive contributions towards delivering on the authority’s general equality duty as laid out under the Equality Act, with specific contributions towards helping the authority develop more cohesive communities.

In addition, the integration of the monitoring of the Code of Practice within the Strategic Equalities Annual Report is not only logical but makes it easier for the general public to navigate and understand in a more comprehensive way, the authority’s contributions to the equalities landscape. This makes our work more transparent.

Comments of Cabinet Member

In an era of human slavery, people trafficking and exploitation, it is essential not only that this local authority has ethical principles and practices, but also that it is seen by the community to adopt them. The Code of Practice is a fundamental safeguard in this respect, to ensure that we, as a tier of government, set an example and a lead in ensuring the implementation of our policies, supply chains and processes are ethically based. The current administration is strongly committed to this both in principle and practice.

Local issues

Not applicable

Scrutiny Committees

Not applicable

Equalities Impact Assessment and the Equalities Act 2010

A Fairness & Equalities Impact Assessment has been undertaken and is available to view.

Children and Families (Wales) Measure

No consultation was needed for this report.

Wellbeing of Future Generations (Wales) Act 2015

It is possible that improving the employment practices and opportunities for employees in our supply chain may have a positive effect on households with regards to tackling poverty and helping generate a more prosperous and healthier Wales.

Ethical employment practices throughout the supply chain should improve opportunities in terms of working life for adults, by eradicating poor employment practices, reducing zero hour contracts, improving employer/trade union relationships, eliminating blacklisting practices and providing safeguards against modern slavery. The Council will expect our suppliers to also sign up to the code and promote ethical employment practices to their supply chains. Improving ethical practices in our supply chains may result in Welsh employers being more attractive to potential employment candidates therefore contributing to a more resilient and equal Wales.

The Code of Practice seeks to improve the employment practices of supply chain contractors (where appropriate in certain sectors). This links in with safeguarding protocols with regards to modern slavery. Applying the code can improve working conditions for employees that are employed by suppliers that deliver goods and services to the Council. This in turn can promote better health and wellbeing for those employees who enjoy fair working practices, and helping towards a more globally responsible Wales.

Crime and Disorder Act 1998

Not applicable

Consultation

Not applicable

Background Papers

Set out a list of any relevant background papers and whether they are available to the public.

Dated: 24th January 2018

Newport City Council, Code of Practice Commitments 'Action Plan'

No	Code of Practice Commitments	What Newport City Council will do to meet the Codes Commitments – Our Action Plan	Current or New Activity & Timeline	Owner(s)
Page 250	<p>Produce a written policy on ethical employment within our own organisation and our supply chains. Once produced we will communicate the policy throughout our organisation and we will review it annually and monitor its effectiveness. As part of this we will:</p> <p>Appoint an Anti-Slavery and Ethical Employment Champion.</p>	<p>We need to produce a written policy on ethical employment within our own organisation and our supply chains and communicate through the Council and via Council internet and Intranet.</p> <p>We need to translate the policy to comply with Welsh Language Standards.</p> <p>Arrange for the policy to be monitored in line with Council procedure every two years.</p> <p>-----</p> <p>Include Policy in all Tender documentation once approved.</p> <p>-----</p> <p>We need to appoint an Anti-Slavery and Ethical Employment Champion in the form of the Cabinet Member for Assets, Equalities & Member Development.</p>	<p>New policy required, to be written, translated and published in February 2019</p> <p>-----</p> <p>New activity, for Procurement to manage from February 2020</p> <p>-----</p> <p>Current position filled by Cllr mark Whitcutt</p>	<p>Head of HR</p> <p>-----</p> <p>Service Manager Procurement</p> <p>-----</p> <p>Cllr Mark Whitcutt appointed</p>
2	<p>Produce a written policy on whistle blowing to empower staff to raise suspicions of unlawful and unethical employment practices, and which places a responsibility on staff to report criminal activity taking place within our own organisation and our supply chains. Once produced we will</p>	<p>We have an existing policy can be found via; https://intranet.corporate.newport/sites/live/Lists/Announcements/News.aspx?ID=509</p> <p>We need to review existing Whistle Blowing Policy and amend for approval if required.</p> <p>-----</p> <p>We need to Incorporate promotion of the 'Unseen UK' App to raise awareness of Modern Slavery and reporting mechanisms. This will be done as part of internal and external communications and incorporated within 'Modern Slavery' awareness training.</p>	<p>Current policy published on our intranet</p> <p>New activity to review policy in February 2019</p> <p>-----</p> <p>New activity for PP&I to promote the app, and to include within training commencing February 2019</p>	<p>HR</p> <p>-----</p> <p>Policy, Partnership & Involvement</p>

	<p>communicate the policy throughout the organisation. We will review the policy annually and monitor its effectiveness. We will also:</p> <p>Provide a mechanism for people outside our organisation to raise suspicions of unlawful and unethical employment practices.</p>	<p>-----</p> <p>We need to allow people outside the Council that wish to, raise suspicions of unlawful and unethical employment practices. This can be addressed through the Councils website, see http://www.newport.gov.uk/en/Council-Democracy/Equalities-the-Welsh-language/Human-trafficking-and-modern-day-slavery.aspx</p>	<p>-----</p> <p>Current activity, available on our website</p>	<p>-----</p> <p>Policy Partnership & Involvement</p>
<p>Page 251</p> <p>3</p>	<p>Ensure that those involved in buying/procurement and the recruitment and deployment of workers, receive training on modern slavery and ethical employment practices, and keep a record of those that have been trained.</p>	<p>We need to publish a copy of the Code of practice – ethical employment in supply chains via the Authority’s intranet and internet.</p> <p>-----</p> <p>ELearning Tool to be made available to all employees involved in recruitment and procurement, and a record kept of those undertaken training. i.e. all 350 Council supervisors/managers, as well as all HR Officers and Procurement Officers to undertake ELearning training.</p> <p>https://learning.wales.nhs.uk/course/view.php?id=1050 English https://learning.wales.nhs.uk/course/view.php?id=1051 Welsh</p> <p>-----</p> <p>We will signpost staff via Equalities intranet page to the link to WG Anti-Slavery webpage and YouTube video;</p> <p>https://gov.wales/topics/people-and-communities/communities/safety/anti-slavery/?lang=en</p> <p>https://youtu.be/Dh7xovOblvU English</p>	<p>New activity to put on our Procurement and HR intranet pages in February 2019</p> <p>-----</p> <p>New activity to arrange and monitor training for all supervisors and managers by September 2019</p> <p>-----</p> <p>New activity to put on our Equalities intranet page in February 2019</p>	<p>Procurement and HR</p> <p>-----</p> <p>HR OD Team</p> <p>-----</p> <p>Policy Partnership & Involvement</p>

		https://youtu.be/pEVJn2mKI9Y Welsh		
Page 252	<p><i>Ensure that employment practices are considered as part of the procurement process. We will:</i></p> <p>Include a copy of our Policy on Ethical Employment (commitment 1) in all procurement documentation.</p> <p>Include appropriate questions on ethical employment in tenders and assess the responses provided.</p> <p>Incorporate, where appropriate, the elements of the Code of Practice as conditions of contract.</p> <p>Ask suppliers to explain the impact that low costs may have on their workers each time an abnormally low quote or tender is received.</p>	<p>We need to update all procurement documentation to include a copy of the Council Policy, including a copy of the Code as standard documentation.</p> <p>We need to include the standard SQUiD questions from the Code in the Qualification questions for all tenders and evaluate as Pass or Fail.</p> <p>We need to review terms and conditions of contract where necessary to reflect appropriate areas of the Code of Practice.</p> <p>As and when required, Procurement will need to review and clarify with tenderers any bids considered abnormally low.</p>	<p>New activity to include as part of future tenders commencing February 2019</p>	<p>Service Manager Procurement</p>
5	<p><i>Ensure that the way in which we work with our suppliers does not contribute to the use of illegal or unethical</i></p>	<p>We will need to review requirements when producing service specifications to ensure we do not apply undue cost and pressures to the supply chain through</p>	<p>New activity to commence in February 2019</p>	<p>Procurement and Service Areas</p>

	<p><i>employment practices within the supply chain. We will:</i></p> <p>Ensure that undue cost and time pressures are not applied to any of our suppliers if this is likely to result in unethical treatment of workers.</p> <p>Ensure that our suppliers are paid on time – within 30 days of receipt of valid invoice.</p>	<p>unrealistic or unreasonable service requirements. Procurement Officers to guide service areas during pre-tender stages.</p> <hr/> <p>We need to ensure all contracts stipulate 30 days payment terms on receipt of a valid invoice, including any sub-contractor payments. Standard Qualification questions already require this commitment. Council policy and performance indicator already monitors payments within 30 days.</p>	<hr/> <p>Current activity</p>	<hr/> <p>Procurement and Service Areas</p>
	<p>Expect our suppliers to sign up to this Code of Practice to help ensure that ethical employment practices are carried out throughout the supply chain.</p>	<p>We need to ensure that all “Invitation To Tender” documentation has the necessary request for all contractors to consider their commitment to the Code of Practice. Question to be included in Qualification question set.</p>	<p>New activity to commence in February 2019</p>	<p>Service Manager Procurement</p>
7	<p><i>Assess our expenditure to identify and address issues of modern slavery, human rights abuses and unethical employment practice. We will:</i></p> <p>Carry out regular reviews of expenditure and undertake a risk assessment on the</p>	<p>We will firstly need to seek guidance from Welsh Government on undertaking a review of bought in goods, services and works to understand where the risks of slavery or unethical employment practices are more prevalent. Also consult with other Welsh Authorities through the WLGA Heads of Procurement forum</p>	<p>New activity to commence in February 2019, along with discussions with Norse to adopt the same approach</p>	<p>Service Manager Procurement</p>

	<p>findings, to identify products and/or services where there is a risk of modern slavery and/or illegal or unethical employment practices within the UK and overseas.</p> <p>Work with our suppliers to rectify any issues of illegal or unethical employment practice.</p> <p>Monitor the employment practices of our high risk suppliers, making this a standard agenda item for all contract management meetings/reviews.</p>	<p>to seek out examples of best practice approach. Use this information to monitor expenditure and identify any suspect areas, contracts etc. Newport Norse to be required to comply with all policies and practices to ensure construction contracts on behalf of the Council include all measures around this Policy.</p> <hr/> <p>Note the difference between illegal or unethical. Illegal or suspected illegal practices should be reported to the Police and/or Modern Slavery Helpline 08000 121 700. For unethical employment practices, work with suppliers through Contract Management meetings to discuss and support behavioural change.</p> <hr/> <p>With support from WG as detailed above in identifying high risk suppliers, include standard questions within qualification documents around prosecutions etc in relation to employment practices, and use Contract Management meetings to discuss employment practices. Include advice and guidance on Procurement intranet pages.</p>	<p>on construction/property contracts</p> <hr/> <p>New activity to commence February 2019</p> <hr/> <p>New activity to commence in February 2019</p>	<p>and Newport Norse</p> <hr/> <p>Service Area Managers</p> <hr/> <p>Service Managers & Procurement</p>
<p>8</p>	<p>Ensure that false self-employment is not undertaken and that umbrella schemes and zero hours contracts are not used unfairly or as a means to:</p> <p>Avoid, or facilitate avoidance of, the payment of tax and National Insurance contributions</p>	<p>We need to have guidance published on our website which provides information to managers on the appropriate use of contracts and employment, particularly around self-employment</p> <p>http://www.newport.gov.uk/documents/Policies/HR-Guidance-on-Engaging-Workers-Service-Providers-and-Individuals.pdf</p> <hr/> <p>We need to engage with the NPS regarding the temporary staff contracts and ensure communications across the organisation including schools.</p>	<p>Current activity, guidance published in May 2017.</p> <p>Current activity</p>	<p>HR</p>

	<p>and the relevant minimum wages.</p> <p>Unduly disadvantage workers in terms of pay and employment rights, job security and career opportunities.</p> <p>Avoid Health and Safety responsibilities.</p>			
<p>Page 255</p> <p>9</p>	<p><i>Ensure that workers are free to join a Trade Union or collective agreement and to undertake any related activity and raise worker concerns without risk of discrimination. We will:</i></p> <p>Not make use of blacklists/prohibited lists.</p> <p>Ensure that our suppliers do not make use of blacklists/prohibited lists.</p> <p>Not contract with any supplier that has made use of a blacklist/prohibited list and failed to take steps to put matters right.</p>	<p>We need to ensure new starters are provided information on joining a trade union and are directed to local trade union webpages for more information Facility Time Agreement provides information on support for employees who are trade union representatives.</p> <hr/> <p>We need to have a question set in our tender documentation/SQUiD covering activities known as 'blacklisting' /producing prohibited lists, in order to avoid contracting with suppliers who are not operating lawfully.</p> <hr/>	<p>Current activity</p> <hr/> <p>Current activity</p> <hr/>	<p>HR</p> <hr/> <p>Service Manager Procurement</p>

	Expect our supplier to ensure that Trade Union representatives can access members and contracted workers.	Draft a question for insertion into Qualification question set.	New activity to commence February 2019	
Page 256	<p><i>Consider paying at least the Living Wage Foundations Living Wage as a minimum and encourage our suppliers to do the same. We will:</i></p> <p>Consider paying at least the Living Wage Foundations Living Wage to all our staff in the UK.</p> <p>Consider becoming an accredited Living Wage Employer.</p> <p>Encourage our suppliers based overseas to pay a fair wage to all staff and to ensure that staff working in the UK are paid at least the minimum wage.</p>	<p>We need to have an organisation decision that NCC commits to pay the foundation living wage to all eligible employees on a non-contractual basis.</p> <p>We will need to consider becoming an accredited Living Wage Employer</p> <p>-----</p> <p>We need to ensure contract terms and conditions stipulate compliance with the National Minimum Wage Regulations, even though this is law within the UK and employers should comply. A question will be incorporated into the tender qualification stage asking and encouraging suppliers who employ overseas staff how they ensure a fair wage is paid to these employees.</p>	<p>Current activity</p> <p>-----</p> <p>Current activity regarding the minimum wage, and a New question to be included in tender documents regarding overseas staff from February 2019.</p>	<p>HR</p> <p>-----</p> <p>Service Manager Procurement</p>
11	Produce an annual written statement outlining the steps taken during the financial year, and plans			

<p>for future actions, to ensure that slavery and human trafficking are not taking place in any part of our organisation and its supply chains. We will:</p> <p>Ensure that the statement is signed off at senior management/board level.</p> <p>Publish the statement on our website. If this is not possible, we will provide a copy to anyone within 30 days of a request being made.</p>		<p>The Annual Statement will be incorporated within the Strategic Equalities Annual report and reflect the progress made on the Action Plan. The SEP annual report is signed off at Cabinet and presented to full Council. The report will be published on the NCC Equalities internet page bilingually.</p>	<p>New annual activity to commence 2019/20 financial year.</p>	<p>Policy Partnership & Involvement</p>
<p>For Public Sector to whom the Code of Practice on Workforce Matters (2014) applies:</p> <p>Ensure all those undertaking work on an outsourced contract are treated fairly and equally. We will:</p> <p>Ensure that public sector staff that are transferred as part of a public service which is outsourced to a third party retain their terms and conditions of employment.</p>		<p>We need to ensure that HR / Legal / Trade Unions as standard practice are all consulted and involved in any outsourcing of services to a third party. In line with regulation, staff conditions of employment and pension rights are protected through the application of the Code of Practice on Workforce Matters 2014 and TUPE for all contracts.</p>	<p>Current activity</p>	<p>HR & Legal</p>



Report

Report to Cabinet Corporate Safeguarding (2017/2018) Executive Summary

Part 1

Date: 13 February 2019

Item No: 10

Subject Corporate Safeguarding (2017/2018) Executive Summary

Purpose To establish an annual corporate safeguarding report which monitors, scrutinises and plans on the theme of “safeguarding” becoming fundamentally embedded within all aspects of Council services, functions and duties.

To provide Scrutiny with essential and key information to build their understanding and knowledge on the topic of “safeguarding” in order to allow them to effectively scrutinise the Council’s safeguarding practice.

To update Cabinet members on the work that has been undertaken to improve arrangements for safeguarding and protecting children and adults who require specific Council services and to ensure that these arrangements are effective.

Author Mary Ryan, Service Manager, Safeguarding Unit
Sally Ann Jenkins, Head of Children and Young People Services
Lynsey Thomas, Consultant Social Worker, Safeguarding Unit

Ward N/A

Summary This is the first review of the annual corporate safeguarding report. The original report was established in November 2016 and sought to synthesise the various safeguarding reporting strands into one Corporate Safeguarding report which provides scrutiny information on how well the council is achieving on its safeguarding arrangements. At its meeting on 21 February 2018, the Committee received the full Annual Report on Corporate Safeguarding, the committee requested an executive summary be produced summarising the key areas for consideration, this report was presented to Scrutiny on 21 June 2018 and is now being presented to Cabinet.

The comments of the scrutiny committee from June 2018 are being addressed in detail in the forthcoming Corporate Safeguarding Report (2018/2019) in March 2019.

Proposal To scrutinise and review the progress of the key priority work plans for both corporate safeguarding arrangements and the safeguarding specific teams as identified in 2017/2018.

Action by Sally Jenkins (HOS) Mary Ryan (Service Manager Safeguarding)

Timetable ...

This report was prepared after consultation with:

- Cabinet Member for Social Services
- Strategic Director People
- Head of Children and Young People Services
- Head of Finance
- Monitoring Officer
- Head of People and Business Change

Signed *Mary Ryan*

Background

The detailed annual corporate safeguarding report (2017/2018) and the executive summary (2017/2018) report documents have been provided to members for their scrutiny and review. These documents were also presented to the Overview and Scrutiny Board in June 2018 for comments and ratification.

Members' specific comments on future report formatting have been acknowledged and this will be evident in the 2018/2019 report which will be presented to Cabinet on 17 April 2019. The annual report has reduced the amount of "safeguarding" topic information within the body of the report. The report continues to be presented in two parts with part one focusing on corporate safeguarding requirements and part two presenting a combined safeguarding unit action plan comprising of the unit's key priorities.

Members' queries in relation to the roles of the "Safeguarding Champions", "Lead Cabinet Member" and "Strategic Director" in terms of Safeguarding will all be directly addressed in the 2018/2019 annual report in the "Planned developments to enhance safeguarding within Newport" section (Functions of Key Officers).

Members concerns regarding the communication methods currently being used with the public predominantly focusses on web based platforms has been acknowledged, it is recognised that other methods of communication including Newport Matters; leaflets; and disseminating via partner agencies are all avenues which must be considered and utilised but it is also respectfully reminded that there are also legal requirements under the new legislation and regulations that we must provide certain information in web based formats and this is often the most accessible and easily developed form of communication. In the forthcoming annual report (2018/2019) the action plan considers how communicating safeguarding information with the citizens of Newport can be more effectively managed and disseminated.

Member's requests to receive further information in relation to Safeguarding training for staff and members is acknowledged and is a detailed on-going objective of the Part one action plan. Member awareness raising and training scheduled will be agreed and timetabled with the Leader's approval. Further updates on the planned developments and progress that will be achieved will be provided in the forthcoming 2018/2019 annual report.

Financial Summary

- The costs for the full council to take on the safeguarding proposals across each service will not incur or require additional finances. Each directorate will be taking on the safeguarding awareness raising for employees and Newport citizens for their own service area. The safeguarding agenda for immediate protection for citizens remains with Social Services for Adults and Children within agreed budgets.

Risks

The risks for the Council by not accepting this proposal have been raised within the Welsh Audit Office recommendations as an area that requires development across the Corporate agenda. The risks identified are to ensure that employees and citizens of Newport are services by a knowledgeable staff group that understands and are aware of their duty to report safeguarding concerns that they come across in delivering services on behalf of the council and knowing how to protect vulnerable citizens. The risks for citizens will be minimised by ensuring the Council is a responsible and accountable Local to all safeguarding issues in the community and within the work place.

You will need to complete the following Risk table

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?
Corporate Safeguarding not extended outside of People directorate	M	L	<p>Introduce safeguarding agenda across all service areas.</p> <p>Provide information through regular local network meetings.</p> <p>Address SG issues when they arise within service areas.</p> <p>Introduce safeguarding champion network for Council staff.</p> <p>Champions to disseminate SG awareness and updates within own service areas.</p> <p>Duty to report and legislative requirements supported for all employees</p>	<p>Mary Ryan Safeguarding Lead for the Council.</p> <p>Any risks identified will be addressed with specific Head of Service</p>

Links to Council Policies and Priorities

This proposal directly enhances the Councils priorities and plans within all Corporate services. The Council safeguarding statement clearly sets out the expectations on all who deliver services on behalf of the Council;

“Newport City Council expects all employees to take reasonable steps to ensure that the safety and wellbeing of the children and adults they may come into contact with is upheld and that all employees (paid or voluntary) recognise and respond to their duty of care to objectives. to be responsible.

All Council plans including the Corporate plan, the improvement plan, Strategic Well-Being and future generations plan, Strategic director for people plan and service area plans with Social Services all include ensuring we deliver a safe and inclusive community for the citizens of Newport.

Options Available and considered

1. Council view safeguarding as a social services responsibility only.
2. Council acknowledge the importance of having an informed and responsible workforce aware of legislative requirement for safeguarding citizens and when representing the council.

Preferred Option and Why

Option 2 is the preferred option as it reflects the Corporate plan of ensuring we deliver a fair, safe and learning environment for the workforce and citizens. It takes on board all Welsh Office Audit recommendations and is in line with the Social Services and Well-Being Act (2014) also enhances the Well-Being and future generations Act, includes the VAWDASV legislation and demonstrates a forward thinking inclusive Council.

Comments of Chief Financial Officer

There are no direct, additional costs identified as being required stemming from this report. The report updates Members on progress in embedding safeguarding practices across all areas of the Council.

Comments of Monitoring Officer

There are no specific legal issues arising from the Report, which simply updates Cabinet on the progress made in implementing the arrangements for corporate safeguarding in relation to children and vulnerable adults in accordance with the annual Corporate Safeguarding Plan.

Comments of Head of People and Business Change

As the report seeks to update Cabinet on arrangements for safeguarding children and vulnerable adults there are no specific human resources issues. The report acknowledges comments made regarding mechanisms for engagement and they should be viewed in parallel with the approach to engagement and involvement that the Council is moving towards in order to fulfil the requirements of the Well-being of Future Generations Act.

Comments of Cabinet Member

The Cabinet Member has approved the report for consideration by Cabinet.

Local issues

N/A

Scrutiny Committees

[Meeting of Overview and Scrutiny Management Committee, Thursday 21st June 2018 \(10am\).](#)

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

Report writes 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
- Prevention: How acting to prevent problems occurring or getting worse may help us meet our objectives
- Integration: Consider how the proposals will impact on our wellbeing objectives, our wellbeing goals, other objectives or those of other public bodies
- 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
- 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.

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

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

Background Papers

Safeguarding Annual plan 17/18
Executive summary for Scrutiny committee
Strategic Directors report

Dated: 24/01/2019

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Scrutiny Report



Overview and Scrutiny Management Committee

Part 1

Date: 21 June 2018

Subject Corporate Safeguarding (2017 -18) Executive Summary

Author Overview and Scrutiny Officer

The following people have been invited to attend for this item:

Invitee	Title
Mary Ryan	Corporate Safeguarding Manager
Sally Ann Jenkins	Head of Children and Young Peoples Services

Section A – Committee Guidance and Recommendations

1 Recommendations to the Committee

The Committee is asked to

1. Consider the Annual Corporate Safeguarding Executive Summary report, to scrutinise and review the progress of the key priority work plans for both corporate safeguarding arrangements and the safeguarding specific teams.
2. Determine if it wishes to make any comment / recommendations to Cabinet regarding the report and the how the Council is managing corporate safeguarding.

2 Context

Background

- 2.1 Safeguarding, whether concerning children or adults is of paramount importance and accordingly occupies a high priority within the Council's services.
- 2.2 Hitherto, reports on aspects of safeguarding responsibilities of the Council have been reported in the past to a joint Committee or individual Committees whom the relevant safeguarding matters relate to. This has been programmed for scrutiny on a regular basis annually.

- 2.3 Safeguarding is a complex topic in so far as safeguarding responsibilities are present in all aspects of Council Services and external life activities. The theme of safeguarding is therefore present in all aspects of Council Services, functions and duties. Due to the overarching corporate significant the Corporate Safeguarding and relating Individual Teams Key Priority Plans are being brought to the Overview and Scrutiny Management Committee.
- 2.4 This report combines the relevant portfolio areas for Committees with scrutiny safeguarding roles and enables the topic of safeguarding across the spectrum to be addressed at the same time.
- 2.5 The report firstly seeks to make Members aware of the scope and detail of the Council's safeguarding services and role of the Committees at the Joint Meeting will be to monitor the performance of each element of the services provided and to comment on planned activity for the coming period.in order to plan for the theme of "safeguarding" becoming fundamentally embedded within all aspects of council services.,
- 2.6 In order to maintain and improve understanding of the services provided and roles associated with safeguarding, as Councillors and Scrutiny Members specifically, Members are also asked to endorse the planning and future provision of suitable training through a range of opportunities.

Previous Consideration of Corporate Safeguarding

- 2.7 In the previous term, the issue of Corporate Safeguarding was considered through a joint meeting of the Learning, Caring and Leisure Overview and Scrutiny Committee and the Community, Planning and Development Overview and Scrutiny Committee.
- 2.8 The Scrutiny Committee's had a Joint meeting in November 2016, which was to present the Annual report on Corporate Safeguarding, covering safeguarding and Corporate safeguarding arrangements and an update on the Safeguarding Unit Team plans. At this meeting the Committee agreed to monitor on an annual basis.
- 2.9 The annual update on Safeguarding is scheduled on the work programme of the Overview and Scrutiny Management Committee for March this year. As Scrutiny is not a decision making forum, the Scrutiny Committee's review and subsequent comments / recommendations on this matter will be reported to the Cabinet for consideration and action.
- 2.10 As Elected Members, and Scrutiny Members, the Committee has an important role in considering the arrangements that the Council has in place for Safeguarding, Corporately and for those in direct contact with vulnerable groups.
- 2.11 The Committee received this report at the previous meeting but the Officers were unavailable for questioning. The Committee requested that the Officers provide additional information and present the information in a different way to increase their access to the most important information. The minutes from this meeting can be found [here](#).

3 Information Submitted to the Committee

- 3.1 Attached at **Appendix 1** is the Annual Corporate Safeguarding Executive Summary update. This report provides key information on the topic of "safeguarding" for members, provides information on how well the council is achieving on its safeguarding arrangements, and provides a specific focus on the areas in which the performance is AMBER or RED.

4. Suggested Areas of Focus

Role of the Committee

The role of the Committee in considering the report is to:

- Establish whether associated key priorities and themes are appropriately addressed within the Action Plan (2018/2019) and planned actions are geared to meet the objectives within the timescale concerned.
- Determine whether there are any perceived areas of practice where objectives are not effectively addressed or met (both Corporate or within specific work plans of the Safeguarding Unit)
- Consider whether the structure for the Newport Safeguarding Unit Structure and Individual Teams Key Priority Plans is appropriate to meet the Council's responsibilities for safeguarding matters.
- Consider whether an adequate monitoring and performance management framework and measures are in place to ensure an appropriate level of management on an ongoing basis and to consider possible arrangements for the Committee to implement.
- Consider the level of planning and future provision of suitable training through a range of opportunities for Members in their roles as Councillors and Members of Scrutiny Committees.

4.1 Suggested Lines of Enquiry

The following broad lines of enquiry have been adapted from the Centre for Public Scrutiny / Improvement and Development Agency 'Safeguarding Children Scrutiny Guide' as areas to consider when thinking about safeguarding both children and adults:

4.1.1 Partnership Working:

- Is the relationship between the Council and the Regional Safeguarding Boards (SEWSCB; GWASB; VAWDASVB) clear and working effectively to improve outcomes for children and adults?
- Scrutiny arrangements - Is the Scrutiny Committee for Partnerships aware of all relevant partnerships and are they included on their Forward Work Programme?

4.1.2 Quality and Performance:

- Is there evidence that learning from the regional boards leads to service improvement at system and frontline practitioner level? For example, how embedded and integrated is the learning following Child Practice Reviews/ Adult Practice Reviews to local practice within Newport Social Services?
- How is the Council and the Regional Safeguarding Boards gathering and using the experiences of children, young people and families to inform improvements to safeguarding arrangements?
- Is there a robust assessment process in place for both children and adults who may have care and support needs and are outcomes well understood?

4.1.3 **Practice:**

- Are universal services supporting vulnerable children well and are there adequate and effective early intervention or prevention services in place for children and families? What safeguards are there to protect children and families from inappropriate child protection interventions?
- Are services reaching the most vulnerable groups e.g. children with disabilities, children in families affected by substance misuse, domestic violence or parental mental illness and children from refugee and asylum seeking communities?
- Do all Care and Support Plans contain specific, achievable, focussed outcomes intended to safeguard and promote the well-being of the person?
- Are these plans measureable and are those care and support plans for children identified in need of protection independently reviewed?
- What is the quality and frequency of supervision and training given to frontline staff? Does supervision routinely address safeguarding practice and performance?
- Role of Members – is the role for Members clear, and accountable?

Section B – Supporting Information

5 Supporting Information

5.1 The Corporate Safeguarding report included a number of attachments for information purposes; these have been included as a supplementary document online and can be found (here):

1. 'Overview of Safeguarding' Members training
2. Newport City Council Safeguarding Statement (October 2017)
3. Newport City Council Safeguarding Child Protection Policy and Procedure (October 2017)
4. Newport City Council Safeguarding Adults at Risk Policy and Procedure (October 2017)
5. Newport City Council Safeguarding in Education Child Protection Policy (2017)
6. Safeguarding Champion Briefing (2017)

6. Links to Council Policies and Priorities

Well-being Objectives	Promote economic growth and regeneration whilst protecting the environment	Improve skills, educational outcomes & employment opportunities	Enable people to be healthy, independent & resilient	Build cohesive & sustainable communities
Corporate Plan Commitments	Thriving City	Aspirational People		Resilient Communities
Supporting Function	Modernised Council			

7 Wellbeing of Future Generation (Wales) Act

7.1 General questions

- What evidence is provided to demonstrate WFGA has been / is being considered?
- Is there evidence of links to Wellbeing Plan?
- How are the Wellbeing goals reflected in the policy / proposal / action?
 - *A prosperous Wales*
 - *A resilient Wales*
 - *A healthier Wales*
 - *A more equal Wales*
 - *A Wales of cohesive communities*
 - *A Wales of vibrant culture and thriving Welsh language*
 - *A globally responsible Wales*
- Does the update on Corporate Safeguarding demonstrate how as an authority we are working in accordance with the sustainable development principles from the act when planning services?
 - Long Term -** *The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs*
 - Prevention -** *How acting to prevent problems occurring or getting worse may help public bodies meet their objectives*
 - Integration -** *Considering how the public body's well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies*
 - Collaboration -** *Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives*
 - Involvement -** *The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.*

8. Background Papers

- [The Essentials - Wellbeing of Future Generation Act \(Wales\)](#)
- [Corporate Plan](#)
- [Centre for Public Scrutiny \(CfPS\) Practice Guide – Safeguarding Children](#)
- Learning, Caring and Leisure Scrutiny Committee (15 April 2015)
- Joint meeting of the Learning Caring and Leisure Overview and Scrutiny Committee and Community Planning and Development Overview and Scrutiny Committee – November 2016.

Report Completed: 12th June 2018

Submission of Evidence to Scrutiny

Authors: Safeguarding Service Manager
Consultant Social Worker- Safeguarding

Date: February 2018

Corporate Safeguarding (2017-2018)

Purpose To establish an annual corporate safeguarding report which monitors, scrutinises and objectively plans on the theme of “*safeguarding*” becoming fundamentally embedded within all aspects of council services, functions and duties.

To provide Cabinet members with essential and key information to build their understanding and knowledge on the topic of “safeguarding” in order to allow them to effectively scrutinise local safeguarding practice.

To update Cabinet members on the work that has been undertaken to improve arrangements for safeguarding and protecting children and adults who require specific Council services and to ensure that these arrangements are effective.

Summary This is the first review of the annual corporate safeguarding report. The original report was established in November 2016 and sought to synthesise the various safeguarding reporting strands into one Corporate Safeguarding report which provides scrutiny information on how well the council is achieving on its safeguarding arrangements. Since the development of this report there have been significant changes in the quality assurance measures which are required to be reported on within the Director’s report for Social Services (formerly the annual council reporting format –ACRF), this has meant that there has been some change in the required key performance indicators for “safeguarding” specifically. Although it will remain the principal objective of the annual Director’s Report for Social Services to report on these performance measures the safeguarding specific indicators have been extrapolated and have been provided as performance measures for scrutiny purposes within this report for members to be aware of. This information has been provided in a separate table for ease of reference however the performance measures will also be referenced within the specific team action plan, for example, the performance measure for “duty to enquire” regarding an adult at risk is also detailed within the “Adult at Risk” team action plan.

The report is again provided in two parts, with part one providing members with the corporate over- view in terms of safeguarding requirements and arrangements based upon the Welsh Audit Office “Review of Corporate Arrangements in Welsh

Councils” (October 2014), used to form the basis of the reporting format and structure, and additionally provides the “safeguarding” specific quality measures as defined within the Director’s report for Social Services. Part two of the report presents the key priority work plans for each team incorporated within the Safeguarding Unit for Newport City Council and allows members to scrutinise and reflect upon the work being undertaken to ensure effective safeguarding arrangements are in place for children and adults in Newport.

Proposal To scrutinise and review the progress of the key priority work plans for both corporate safeguarding arrangements and the safeguarding specific teams.

1. Background

1.1 “Safeguarding involves us all” was the key headline of the safeguarding campaign launched within Newport City Council in 2014. This campaign highlighted how safeguarding is everybody’s business and identified the responsibilities of all staff and elected members, both corporately and individually, via the suite of safeguarding policies and procedures. This campaign was in part due to the recommendations made resulting from The Wales Audit Office ‘Review of Corporate Safeguarding Arrangements in Welsh Councils’ (October 2014) which found that many of the corporate safeguarding responsibilities within local authorities across Wales were underdeveloped and not well understood. The detailed survey findings and recommendations specifically for Newport City Council were considered in the Learning, Caring and Leisure Scrutiny Committee (15th April 2015) where a safeguarding action plan was ratified. It is from the recommendations of the WAO review to “*improve the work of the council’s scrutiny committees to ensure it is providing assurance on the effectiveness of the council’s corporate safeguarding arrangements (proposal 4)*” and “*identify and agree an appropriate internal audit programme of work for safeguarding (proposal 6)*” that this annual report on Safeguarding has been established.

1.2 The Annual Report of the Director of Social Services (2017) acknowledges that Social Services has faced challenges in this period seeing significant budget reductions at a time of increasing need for a population which is growing quickly with indicators for deprivation showing that we have some of the highest rates of vulnerable Children and Adults in Wales. Additionally, with the implementation of the Social Services and Well-Being (Wales) Act 2014 there has been both a cultural and practice change required from Adult and Children’s Services in order for the local authority to be compliant with the new legislation, moving away from the traditional models of providing social care services to one which ‘promotes the wellbeing of people and carers who need care and/or support’. The Act provides opportunity for innovation and positive change and certainly focusses on the “Well-being” of our citizens, but as with any major change in legislation the Act requires to ‘bed in’ and the implications for front line practitioners in this ‘new world’ has been an additional challenge experienced within this period.

- 1.3 As identified within the annual report of the Director of Social Services, the new Act (Social Services and Well-Being Act 2014) has brought a number of legislative changes into the practice of social work in Wales. One of the most significant changes from a safeguarding perspective is the new definition of an “adult at risk” and the new legal duty to report where there are concerns identified for either a Child or Adult. This new legal duty to report is of significance and clearly illustrates how safeguarding is everybody’s business, hence a further reason for the establishment of a corporate safeguarding report of this nature to assure members of the pro-active arrangements which the local authority are under taking in safeguarding provisions and service planning. “Safeguarding” under the new Act is covered in more detail in Part 1 of this Report.
- 1.4 Newport City Council is an active member of each of the two regional safeguarding boards that have amalgamated under the umbrella of “Gwent Safeguarding”. The two specific boards are the South East Wales Safeguarding Children’s Board (SEWSCB) and Gwent Wide Adult Safeguarding Board (GWASB); working alongside both boards we also have strong partnership and embedding of the Violence Against Women, Domestic Abuse and Sexual Violence Partnership Board (VAWDASVB). The context for each Board is described below and provides Members with information regarding the changes resulting from the new Act (Social Services and Wellbeing (Wales) Act 2014).
- 1.5 Newport officers are involved at all levels of the work of the three boards. Heads of Children and Adult services are members at both Boards, the safeguarding service manager for Newport chairs the business planning meeting for both boards and also chairs the local safeguarding network meetings in Newport. The local safeguarding network in Newport meets bi monthly and is well attended from all partner agencies across Newport for Adults, Children and specialist services. The local safeguarding network also arranges 2 practitioner events per year, which is open to all practitioners in Newport. The events update practitioners on all local and regional developments such as learning/messages from Child/Adult practice reviews, new services and local developments, as well as introducing updated policies and/or procedures.
- 1.6 Detailed information about the Boards and their work can be accessed via the Gwent Safeguarding website however a synopsis and key contact details for each board has been provided below.

www.gwentsafeguarding.org.uk



- **South East Wales Safeguarding Children's Board (SEWSCB)**



Local Safeguarding Children Boards (LSCB's) were introduced on a statutory footing by Welsh Government in October 2006 through the Children Act (2004). The Local Boards were set up with a number of statutory partners including Police, Health, Probation and a range of Local Authority services including Children's Services, Youth Offending Service, Education and Housing. For a number of years they operated on a local authority boundary basis (former Newport Safeguarding Children's Board) however in July 2013 the five local authorities merged to form the Regional SEWSCB. The Social Services and Well Being (Wales) Act 2014 specifies the objectives of Safeguarding Children's Boards as being:

- To protect children within its area who are experiencing, or are at risk of abuse, neglect or other kinds of harm, and
- To prevent children within its area from becoming at risk of abuse, neglect or other kinds of harm.

The SEWSCB is chaired by – Damien McCann - damien.mccann@blaenau-gwent.gov.uk
 Vice Chair – Gareth Jenkins - JENKIG2@CAERPHILLY.GOV.UK

- **Gwent Wide Adult Safeguarding Board (GWASB)**



The regional Gwent Wide Adult Safeguarding Board (GWASB) was established in January 2011, merging the existing tri Council Area Adult Protection Committee arrangements in Blaenau Gwent, Torfaen and Monmouthshire, with those of Caerphilly and Newport. However, this Board was not a statutory partnership until the introduction of the Social Services and Well Being (Wales) Act 2014, which ensured that GWASB was on an equal statutory footing with the Children's Board, Therefore, this Board now has duties and

statutory functions to perform as per the children's safeguarding board. The Social Services and Well Being (Wales) Act 2014 specifies the objectives of Safeguarding Adult's Boards as being:

- To protect adults within its area who;
Have needs for care and support (whether or not a local authority is meeting any of those needs), and
Are experiencing, or are at risk of, abuse or neglect and,
- To prevent those adults within its area mentioned above from becoming at risk of abuse and neglect

The GWASB is chaired by – Keith Rutherford - keith.rutherford@torfaen.gov.uk
Vice Chair – Lin Slater - Lin.Slater@wales.nhs.uk

Both the **SEWSCB** and **GWASB** consist of a strategic membership for the Board and a number of sub groups responsible for completing the work and ensuring this is disseminated for implementation in regional safeguarding practices. It is prescribed in legislation and guidance that each Board must produce an Annual Plan and an Annual Report detailing work undertaken and achievements which is reported directly into Welsh Government. Currently the business support processes for facilitating and supporting these two boards is being developed in order to merge the work of Adult and Children subgroups where practicable and reasonable to do so, however, the SEWSCB and GWASB have not merged into one strategic board at this point. The close collaboration and joint attendance across the two streams of safeguarding practice and policy ensures a robust tie with all agendas, including VAWDASV and therefore reduces duplication of work streams and ensures attendance to all Board objectives are met.

- ***(South East Wales) Violence Against Women, Domestic Abuse and Sexual Violence Partnership Board (VAWDASVB)***



Newport City Council host the pilot team of officers for this legislation on behalf of the Gwent region and Welsh Government.

The Violence Against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015 aim is to improve the prevention, protection and support for people affected by violence against women, domestic abuse and sexual violence. This Act recognises that Public Services need to work together to protect people experiencing such abuse and from suffering any further harm and protecting any children within the family. The VAWDASV partnership board will report annually to each of the Gwent Public Service Boards. The Act introduces requirements for relevant authorities to prepare, publish and implement strategies to contribute to the pursuit of the purpose of the Act and through a guidance power the Act will also introduce:

- A National Training Framework on VAWDASV
- A principles based approach to targeted enquiry for these issues across the Public Service known as “Ask and Act”
- Improved multi agency collaboration in relation to VAWDASV
- Improved commissioning of specialist VAWDASV services

The implementation of “Ask and Act” will be overseen by the South East Wales VAWDASV Partnership Board which is responsible for driving early implementation of “Ask and Act” within two sites; the Abertawe Bro Morgannwg Health Board and the South East Wales Local Authorities in order to establish a model or models of implementation which are fit for national rollout. The South East Wales VAWDASV Board receives information and updates from the Regional Adviser through the “Ask and Act” Steering Group. The work plan of the VAWDASV Board ensures that this ACT dovetails with the Social Services and Wellbeing (Wales) Act 2014, The Wellbeing of Future Generations (Wales) Act 2015 and The Housing (Wales) Act 2014 requirements in relation to safeguarding duties and responsibilities. Currently the Engagement and Communications sub group of the SEWSCB feeds directly into the VAWDASV Board and future planning and process mapping for this subgroup to merge the adult and children’s engagement and communication subgroups will also aid in ensuring that “Ask and Act” is embedded throughout ALL council service areas.

The VAWDASVB is chaired by – Rhian Bowen Davies - rbowendavies@outlook.com (previous National independent representative for Welsh Government VAWDASV)
Vice Chair– Rob Hartshorn. - hartsr@caerphilly.gov.uk

1.7 The Social Services and Well-being (Wales) Act 2014 also establishes a National Independent Safeguarding Board which works alongside the regional safeguarding boards to secure improvements in safeguarding policy and practice throughout Wales. The two boards, Children and Adults are required to complete and report annual plans to the Wales National Independent Safeguarding Board. It is recorded at the National Safeguarding board’s summit in 2017 that focussed on safeguarding leadership in Wales that the *“design of an effective practice culture to safeguard children, young people and adults is compromised by increasing demand and diminishing resources”*.

The National Independent Safeguarding Board is chaired by Dr Margaret Flynn and has five appointed members,

- Keith Towler, the former Children’s Commissioner for Wales
- Ruth Henke QC, an eminent lawyer in the protection of Children and vulnerable Adults

- Simon Burch, a former director of social services at Monmouthshire Council
- Jan Pickles OBE, programme director at the NSPCC, Jan also attends the Gwent Boards as the National Board representative.
- Rachel Shaw, designated nurse, safeguarding Children at Public Health Wales.



**National Independent
Safeguarding Board Wales**

**Bwrdd Diogelu Annibynnol
Cenedlaethol Cymru**

<http://safeguardingboard.wales/>

2. Format of the Report

- 2.1 The report is presented in two parts. Part one focusses on the theme of “safeguarding” providing essential information to members to inform their understanding of the topic, this section will provide relevant links to Welsh Government “safeguarding” training videos, regional safeguarding board websites for familiarisation and exploration purposes and specific training resources from approved agencies/ services. It is the anticipated outcome that by providing members involved in the scrutiny of safeguarding arrangements with the right level of useful information on the theme that they will feel able to effectively conduct their duties whilst feeling supported in knowing where and who to go to should they require to clarify or establish any further information.
- 2.2 Part one will then introduce the recommendations made from the Welsh Audit Office ‘Review of Corporate Safeguarding Arrangements in Welsh Councils’ (October 2014) and will report on the measures and arrangements currently in place for corporate safeguarding arrangements and highlight to members the future work anticipated in relation to corporate safeguarding.
- 2.3 Part two presents the key priority work plans for each team incorporated within the Safeguarding Unit for Newport City Council and allows members to scrutinise and reflect upon the work being undertaken to ensure effective safeguarding arrangements are in place for children and adults in Newport.

Part 1- “Safeguarding” and corporate safeguarding arrangements

1. What is “safeguarding”?

- 1.1 Safeguarding means protecting people’s health, wellbeing and human rights, and enabling them to live free from harm, abuse and neglect (Care Quality Commission, 2014). Every person whatever their background, culture, age, disability, gender, ethnicity, religious belief, has a right to participate and live in a safe society without any violence, fear, abuse, bullying or discrimination. For those children and adults “at risk” living within our society they have a right to be protected from harm, neglect, exploitation and abuse and wherever concerns are identified for those believed to be “at risk” of harm that the appropriate and proportionate action will be taken to make enquiries and to ensure the safety of that person (whether an adult or child).
- 1.2 All employees of Newport City Council are required to undertake the Corporate Induction Training which offers basic safeguarding awareness and advises all employees of their responsibilities in relation to safeguarding. Additionally, for those employees whose employment results in them directly coming into contact with Children generally and Adults who may be identified as “at risk” they must also complete additional safeguarding training proportionate to their role. The following resources represent the basic safeguarding information which is available and communicated to employees as part of their induction.
- All Employees must attend the Corporate Induction Session where “Safeguarding Awareness” Slides are presented.
 - For those staff whose employment brings them into direct contact with Children they must complete the basic safeguarding awareness presentation created by the South East Wales Safeguarding Children’s Board.
 - For those staff whose employment brings them into direct contact with Adults who may have care and support needs a leaflet has been created by the Gwent Wide Adult Safeguarding Board.
 - Where employees are identified as requiring further/ more advanced safeguarding training proportionate to their employment (ie. social care practitioners; education staff; etc.) the appropriate training will be identified as part of the wider induction and “Clear Review” development plan of the employee and overseen by their line manager. Further safeguarding training can be accessed via regional safeguarding boards; in-house training (ie. social services training department); and on occasions bespoke training facilitated by external agencies (ie. Children in Wales/ Barnardo’s/ etc.).

- Elected members were provided with an “Overview of Safeguarding” training session delivered in November 2017 (**attachment 1**). It is proposed that this over view training is timetabled annually for all members to attend in addition to providing a programme of safeguarding topic specific sessions (ie. child sexual exploitation; modern day slavery; etc.) which can be facilitated throughout the year (please refer to action plan and future development section of the report for more detail).
- 1.3 Newport City Council has a suite of Safeguarding Policy documents encompassing Children, Adults and Education, which all staff, including voluntary staff members, elected members and contractors must adhere to. These policies were first launched in 2014 as part of the original “Safeguarding Involves Us All” campaign and are hosted on the intranet as well as being promoted within the council induction training. These policy documents have since been reviewed to ensure compliance with the new Act and relevant changes in legislation and regulations (**attachments 2-5**). The policies have been ratified and are due to be relaunched as part of the refresher campaign for “Safeguarding Involves Us All” in the 2018 period.

2. Safeguarding in a legislative and policy context

- 2.1 The Social Services and Well-Being (Wales) Act 2014 is a major change in legislation for Wales which modernises and brings together former social care law, it seeks to simplify how care and support will be delivered to those giving and receiving care and support (Adults, Children and Carers). The Act strengthens the safeguarding and protection of both Adults and Children and there are new duties on relevant partners of the local authority to inform them when it suspects that a person (Adult or Child) may be “at risk”. There are also new legal powers to protect Adults “at risk”.
- 2.2 The following video is a Welsh Government produced resource which summarises the Act and what the Act means for citizens:
- <https://www.youtube.com/watch?v=-Ci5WByP6Gw>
- 2.3 Section 197(1) of the Act prescribes definitions of ‘abuse’ and ‘neglect’ as follows:
- “*abuse*” means physical, sexual, psychological, emotional or financial abuse (and includes abuse taking place in any setting, whether in a private dwelling, an institution or any other place),
 - “*financial abuse*” includes, having money or other property stolen; being defrauded; being put under pressure in relation to money or other property; having money or other property misused,

- “*neglect*” means a failure to meet a person’s basic physical, emotional, social or psychological needs, which is likely to result in an impairment of the person’s well-being (for example, an impairment of the person’s health or, in the case of a child, an impairment of the child’s development).

The following is a non-exhaustive list of examples for the categories of abuse and neglect:

- *Physical abuse* - hitting, throwing, drowning, burning, shaking, poisoning, suffocating, scalding, slapping, over or misuse of medication, undue restraint, or otherwise causing physical harm to a child or adult.
- *Sexual abuse* - rape and sexual assault or sexual acts to which the person has not or could not consent and/or was pressured into consenting. In respect of children, where a child or young person is forced or enticed to take part in sexual activities whether or not the child is aware of what is happening. This includes;
 - Physical contact, including penetrative or non-penetrative acts;
 - Non-contact activities such as involving children looking at, or involved in the production of pornographic material or watching sexual activities;
 - Encouraging children to behave in sexually inappropriate ways.
- *Emotional/ Psychological abuse* - threats of harm or abandonment, humiliation, verbal or racial abuse, isolation or withdrawal from services or supportive networks, coercive control (‘coercive control’ is an act or pattern of acts of assault, threats, humiliation, intimidation or other abuse that is used to harm, punish or frighten the victim). Emotional abuse may involve conveying to children that they are worthless or unloved, inadequate, or valued only in so far as they meet the needs of the person. Exposure of children, directly or indirectly, to domestic abuse.
- *Neglect* - failure to access medical care or services, negligence in the face of risk-taking, failure to protect a child from danger (including lack of supervision/ exposure to adults who pose a risk), failure to give prescribed medication, failure to assist in personal hygiene or the provision of food, shelter, clothing.
- *Financial abuse* in relation to people who may have needs for care and support may include –
 - unexpected change to their will;
 - sudden sale or transfer of the home;

- unusual activity in a bank account;
- sudden inclusion of additional names on a bank account;
- signature does not resemble the person's normal signature;
- reluctance or anxiety by the person when discussing their financial affairs;
- giving a substantial gift to a carer or other third party;
- a sudden interest by a relative or other third party in the welfare of the person;
- bills remaining unpaid;
- complaints that personal property is missing;
- a decline in personal appearance that may indicate that diet and personal requirements are being ignored;
- deliberate isolation from friends and family giving another person total control of their decision-making.

2.4 A “*child at risk*” is defined under the Act as a person under the age of 18 years who:

“(a) is experiencing or is at risk of abuse, neglect or other kinds of harm, and

(b) has needs for care and support (whether or not the authority is meeting any of those needs)” (section 130 (4)) .

Although the Act does enforce change in respect of social work with children fundamentally the existing legislation for safeguarding children (ie. The Children Act 1989) remains in place.

2.5 An “*adult at risk*” is defined under the Act as a person over the age of 18 years who:

“(a) is experiencing or is at risk of abuse or neglect,

(b) has needs for care and support (whether or not the authority is meeting any of those needs), and

(c) as a result of those needs is unable to protect himself or herself against the abuse or neglect or the risk of it” (Section 126 (1)).

This definition is of significance and marks a major change from a legislative and policy context as the former definition in respect of a “vulnerable adult” has been replaced with a more broad ranging definition of an “adult at risk” with new legal duties and powers being placed on local authorities and partner agencies to act and respond to **all** adults who meet this definition.

2.6 An “*Adult Protection and Support Order*” is a new legal order which the local authority can apply to the courts to obtain in respect of identified or suspected “adults at risk”, this is a major change in legislation and within social work practice with adults as safeguarding adults prior to the Act had relied upon the former “vulnerable adult” definition and where there were no statutory powers or legal orders available when concerns were suspected or identified. This change in legislation is likely to see a more broad ranging scope of reasons

for intervention given the definition terminology change and in respect of timeliness in gaining access to the “adult at risk” when an order has been invoked.

- 2.7 “Safeguarding” is also intrinsically embedded within The Well-Being of Future Generations (Wales) Act 2015. This Act ensures that public bodies think more about the long term, work better with people and communities and each other, look to prevent problems and take a more joined-up approach to ensure sustainability and ultimately to create a Wales that we all want to live in, now and in the future. In order to achieve the “well-being duty” we must ensure that our citizens are safe, residing in well-connected communities and within a society where people’s physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.

The following resources have been identified to provide further detail about the Well-Being of Future Generations (Wales) Act 2015::

- <http://gov.wales/topics/people-and-communities/people/future-generations-act/future-generations-act-video/?skip=1&lang=en>
- A guide to the Well-Being and Future Generations Act - [The Essentials - Summary of the Well-being and Future Generations \(Wales\) Act](#)

- 2.8 The Violence Against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015 is a further new piece of legislation within Wales reflective of safeguarding. The VAWDASV Act 2015 aims to improve the Public Sector response to domestic abuse; sexual violence; honour based violence; forced marriage and female genital mutilation by providing the strategic focus to improve the arrangements for the prevention, protection and support for individuals affected by such violence and abuse. The Act introduces requirements for relevant authorities (local authorities, local health boards, fire and rescue and National Health Service trusts) to prepare, publish and implement strategies regarding a principles based approach to targeted enquiry known as “Ask and Act”, an improved multi-agency collaboration and improved commissioning of services in relation to VAWDASV, and a national training framework on VAWDASV . The five South East Wales local authorities have been selected as an early adopter site in Wales for “Ask and Act” to develop and implement policies and processes ahead of a national roll out, the Regional VAWDASV Advisory Team is located within the Newport Safeguarding Unit. Members should be aware of the corporate responsibilities of the Local Authority and strengthening senior leadership requirements in relation to VAWDASV, the following training videos have been identified to assist members in respect of this legislation;

- **1st Episode - The role of senior leadership** <https://www.youtube.com/watch?v=nS1W5hALkY4>
- **2nd Episode- A Workforce Issue** <https://www.youtube.com/watch?v=liSV8nootbE>

3. What are our corporate responsibilities regarding safeguarding?

- 3.1 The Safeguarding Action Plan presented to the Learning, Caring and Leisure Scrutiny on 15th April 2015 used the six proposals for improvement recommended by the Wales Audit Office review of “Local Authority Arrangements to Support Safeguarding of Children”. This action plan has now been developed to also incorporate and reflect the wider context of safeguarding Adults under the new Act. The corporate safeguarding action plan (PART 1) in addition to the individual work plans of the teams within Newport Safeguarding Unit (PART 2) illustrate how we as an organisation will ensure that the duty of “safeguarding” is embedded across all service areas.
- 3.2 The local authority also has duties to report on the National Measures identified within the Director’s Report for Social Services. The safeguarding specific quality assurance measures taken from the Director’s Report for Social Services are illustrated in the tables below and provide members with the performance reported to Welsh Government in the 2017 report. A narrative column has been provided for members to accompany this data for context purposes and is taken directly from the Director’s Report. Members are respectfully reminded that the following data is safeguarding specific extracted from the wider data set required for Welsh Government as National Measures. As a local authority we also record and monitor our own local safeguarding performance measures to quality assure our performance and planning and this data is recorded within the team specific action plans (see part 2 of the report).

Quantitative data:

% of adult protection enquiries completed within statutory timescales	97.78%	Newport have performed well in respect of the response to the “Duty to report an adult at risk”, as 97.78% of all referrals received have a decision made within the statutory timescale of 7 working days in respect of the potential adult at risk
% of re-registrations of children on local authority child protection register	10.91%	The percentage of re-registrations of children on Newport’s Child Protection Register within the year in this period is

		<p>currently 10.91%, this is a slight increase on the number recorded in the previous period. Viewing the number of re-registrations should not automatically be framed in the context that there has been a failure to protect the child from abuse, harm or neglect during the original period of registration as the re-registration period may result from entirely separate circumstances to the original registration reason.</p>
<p>Average length of time for all children on cpr during year</p>	<p>265.3</p>	<p>The average length of time for children on the Child Protection register during this year was 265 days. It is important to note the context in which this statistic is supplied and it must be taken into account that the safety and permanency planning for a child identified “at risk” of abuse or harm should always be considered/ reviewed on an individual basis, as one child’s circumstances for</p>

		registration will not be the same as another child's circumstances even if within the same registration category.
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Qualitative data:

Survey data responding to "People reporting that they feel safe"		
Carers Survey 84% (84) carers said they felt safe; 12% (12) said sometimes, 4% (4) did not feel safe.	Adult Survey 75% (311) of adults felt safe; 15 % (57) said 'sometimes'; 6% (24) said no. (unaccounted 4% did not respond to survey question)	Children's Survey 19 out of 22 children felt they were safe (86%), the other 3 children said they felt safe 'sometimes'.

4. Planned developments to enhance safeguarding within Newport

4.1 Newport Safeguarding Hub (pilot)

Newport City Council agreed to pilot a safeguarding multi-agency HUB on behalf of Gwent partners. On Monday 12th February 2018 Newport City Council are hosting a pilot safeguarding Hub on behalf of Gwent councils and partner agencies. The Hub is based in the Civic centre and professionals working within the Hub to begin with are, the Police, Social Services Children safeguarding (duty) and Adult safeguarding, Children Preventions and Newport independent domestic abuse advisors.

There is no precedent for a safeguarding HUB across 5 Local Authority areas and the pilot will be focussing on:

- Information gathering
- Assessment of risk
- Decision making.

The pilot will be compiling data and measuring to evidence if delivering safeguarding services through the HUB model will improve efficiency and processes by robust partnership collaboration and decision making.

The process will also evidence if there is an improved citizen journey and feedback to referrers.

There will be a full evaluation of the pilot at 3 and 6 months and will be reported back to strategic leaders. The results of the evaluation will also inform the Council's future planning in respect of delivering services through such a resource past the pilot phase.

4.2 Mental Capacity Act (Deprivation of Liberty safeguards)

The revised Mental Health Act of 2007, developed an alternative legislative pathway to be considered primarily for adults with mental capacity issues by the introduction of the Mental Capacity Act 2005. The legislative provision for deprivation of liberty safeguards (DOLs) is located within the Mental Capacity Act 2005. In 2015 The Law Commission completed a consultation regarding a review of the Dols Process, which has been criticised for being bureaucratic and unnecessarily complicated. It remains unclear, with the present Government's list of commitments as to when the review of this legislation will occur; until then, the process remains as it is.

Newport City Council has legislative responsibilities to discharge all duties as a Supervisory Body within the Act. As a Supervisory Body we are responsible for scrutinising, authorising as appropriate and reviewing all DOLs authorisations for citizens in Care homes within Newport, and also any Newport citizen that is ordinarily resident but may be accommodated outside of the City, and is subject to a deprivation safeguard.

Authorisations for Newport council are at Head of Service and Service Manager level within adult services and safeguarding. Regionally Newport City Council are part of a Gwent Consortium model funded by the 5 local authorities and ABUHB, the regional team manage all requests for authorisations under schedule A1 of the Deprivation of Liberty Safeguards 2009 (hospitals and care home residents). Funding contributions by the 5 LA's and ABUHB is based on Population numbers within each area.

When the regional team are notified of a request for a citizen to possibly have a deprivation applied for, the team arrange for a Best Interest Assessment (BIA) to be completed by the pool of staff dedicated within the regional team.

Regional team composition:

- 1 x dedicated Team lead/ BIA
- 5x Dedicated BIA's
- Seconded BIA's (from LA's and ABUHB)
- Pool BIA's [a group who have agreed to undertake BIA work of 1x month]

- 2 x admin Local Authorities,
Hospital deprivations are managed by the Gwent Dols Team, and the Supervisory Body is the ABUHB.

Newport has the second highest number of care homes in the region (22) and has increased requests for authorisations as a result. The applications for authorisations have continued to increase annually across Wales and the UK. Within a year Welsh Government report a significant increase in Welsh statistics, CSSIW and HIW Annual Monitoring Report for Health and Social Care 2014-2015 reported the figures below;

2013 - 2014	631 applications across Wales
2014 ~ 2015	10,679 applications across Wales

Newport statistics for DOLs recorded by the Regional team:

April 1st 2016- March 31st 2017 339 referrals complete and 201 in progress (197 Female 142 Male)

Not all requests for DOLS are managed by the regional team, Newport Adult Social Services manage all applications for citizens living in supported living types of accommodation. These are managed through the Court of Protection and have significant impact on resources and financial pressures on the Council.

Future challenges for developments for discharge of DOLs duties;

1. Financial pressures for Court of Protection applications
2. Increase in volume of work for initial Authorisation for DOL
3. Increase in number of review of DOLs Authorisations (some are very short)
4. Increase in volume of work predicted as a result of raising awareness of DOLs within Childrens services and case Law specifically for 16-18yr olds or children in residential establishments at age 18.
5. Increase in case law regarding deprivations in the community is proving a difficult area to quantify as many citizens are not known to social services, but all authorisations will be the responsibility of Newport Council.
6. Increase in paid advocacy (RPR) is evidencing an increase in appeals.
7. Training for staff continual requirement
8. Contracting and commissioning of care to ensure all Managing Authorities (Care homes) are aware of their duty to refer in a timely manner and not allow a DOLs to lapse without review or discharge.

9. Care reviews to include all legal authorisations and DOL requirements.

Future annual safeguarding reporting will include a DOLs specific action plan within Part 2 of this report and will evidence the work completed and pending in regards to the number of BIAs completed and pending; DOLs authorisations completed; reviews completed in time frame; discharge of DOLs.

4.3- Elected Members “Safeguarding” training

During 2017 we facilitated a whole Member training event, addressing the corporate safeguarding agenda to raise awareness with Members (**see attachment 1**). We have agreed to facilitate a number of safeguarding topics throughout the year to enable Members to discuss specific issues and gain an increased understanding of service areas. Topics suggested for this programme of work include:

- Child Sexual Exploitation, how do we manage the process in Newport, current numbers and practice?
- Adult Safeguarding, duty to report and duty to enquire what does that mean in practice?
- Professional Strategy meetings, how do we manage concerns regarding professionals and safeguarding issues with children and adults? Looking at the process and understanding risk.
- Child protection conferences, when do we have them, what are the outcomes? Do we complete within timescales, what is the role of an Independent Reviewing Officer (IRO)
- Adult and Child practice reviews, what are they and are they of benefit to improved services?
- Domestic Homicide Reviews, the process and responsibility for shared learning
- Safeguarding Champions throughout Newport Corporate services.

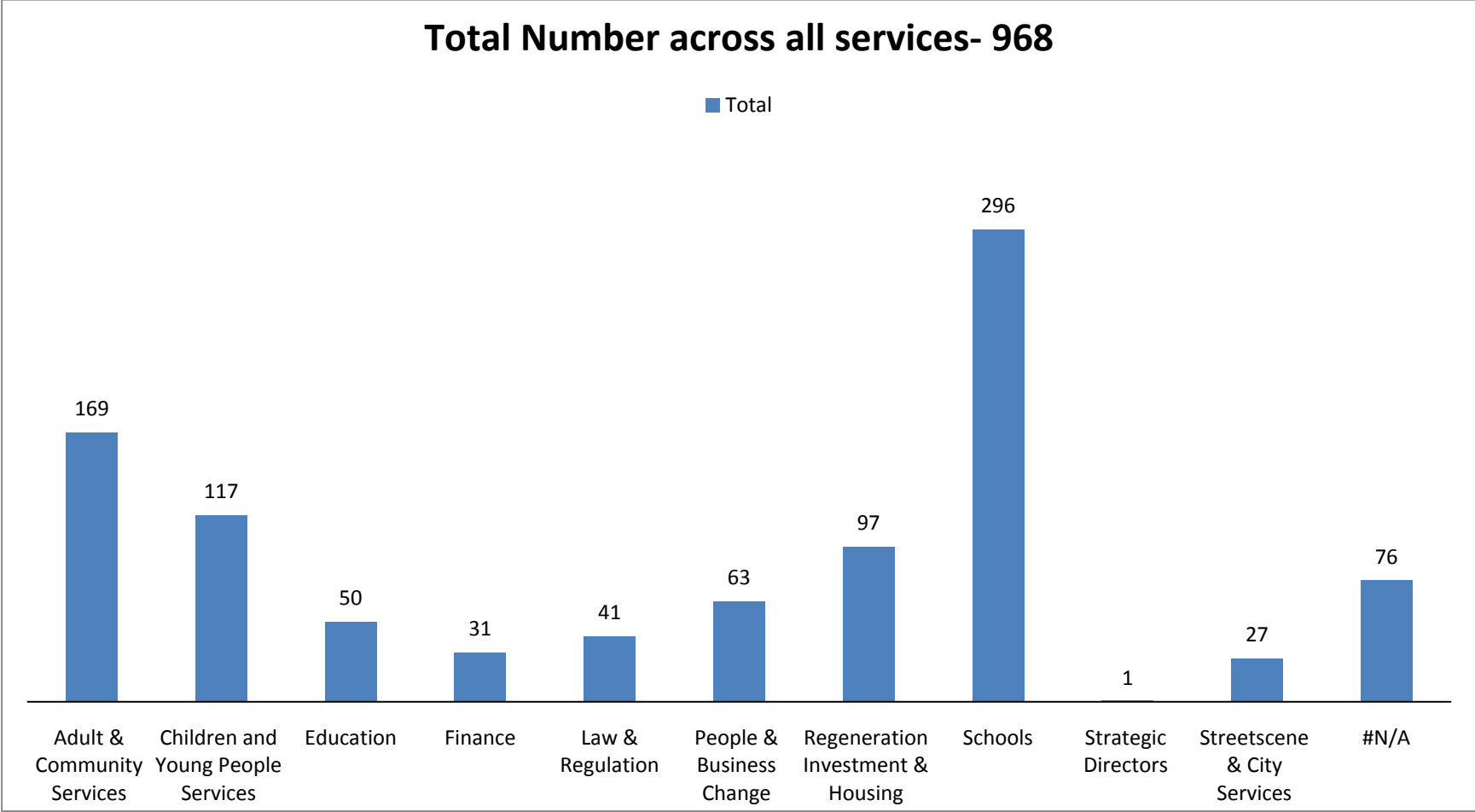
4.4 E- learning and training

The local authority has a duty to ensure that safeguarding training is mandatory for all staff (including volunteers, elected members) and is proportionate to their role requirements. Encompassed within this includes the Welsh Government request to ensure that all employees where possible (those who have not been affected by Domestic Abuse) complete the e-learning course- Violence Against Women, Domestic Abuse and Sexual Violence. The total number of employees categorised into service areas has been provided in table 1:

(Table 1)

Adult & Community Services Count	628
Children and Young People Services Count	409
Education Count	364
Finance Count	94
Law & Regulation Count	261
People & Business Change Count	112
Regeneration Investment & Housing Count	643
Schools Count	3865
Strategic Directors Count	3
Streetscene & City Services Count	393
Total of every employee	6772

Currently 968 employees have completed this specific e-learning course and the figures for each service area have been provided in the graph below.



It is evident that further progress is still to be made in order to meet the required target for Welsh Government, therefore, this is a key priority on the corporate safeguarding action plan over the forthcoming year to deliver on improving the numbers of employees who have completed this training.

This work will be in addition to the key priority already identified regarding the creation of a corporate-wide system to identify, track and monitor compliance on attending safeguarding training in all Council departments, elected members, schools, governors and volunteers.

4.5 Relaunch “Safeguarding Involves Us All” Campaign

The “Safeguarding Involves Us All” Campaign will be relaunched within this next quarter and will incorporate the revised Safeguarding Policy Suite (**attachments 2-5**); launching the “Safeguarding Champions” role within each service area (**attachment 6**); and revising the information provided on the Safeguarding section of the staff intranet to ensure that all of the information is relevant, up to date and provides useful links which include Gwent Safeguarding Boards.

Part 1- Corporate Safeguarding Action Plan (2017/2018)

1. Key Priorities/ Themes for Corporate Safeguarding (2017/2018)

What outcomes do we want to achieve? (Objectives to achieve)	How will we make this happen?	When will we achieve this?	How will we know it's making a difference? (Performance measures)	RAG status
Review the Corporate Safeguarding Policies and Procedures developed in 2014 to ensure they are Act Compliant and relaunch the suite of documents across all service areas to ensure that all Council employees are aware of their responsibilities.	<ul style="list-style-type: none"> - Safeguarding documents to be reviewed by lead authors (education/ adults/ children) to ensure they are complaint with the SSWB Act. - Work with H.R/ Legal to establish a process for recognising "failure to act" in safeguarding circumstances as 	<ul style="list-style-type: none"> - Education Policy Completed (September 2017) - Children's Policy review by end of November 2017 - Adult's Policy review by end of November 2017 - Completed, ratified by CSMT, need to be relaunched - Proposal of process to be submitted to Heads of Service 	All Employees will know basic safeguarding information and their responsibilities regarding safeguarding as an employee will be clearly communicated and understood.	<p>Green</p> <p>Policies have been updated in line with new Act</p> <p>Where we are currently: AMBER</p> <ul style="list-style-type: none"> - Policies need to be relaunched as part of safeguarding awareness campaign

	<p>a potential disciplinary matter and reflect this within the corporate mission statement of safeguarding.</p> <ul style="list-style-type: none"> - Documents to be re-launched utilising the intranet resource and notification via the staff e-bulletin to ensure all employees know where to access the information. 	<p>for preliminary discussion by March 2017</p> <p>Outstanding-18/19</p> <ul style="list-style-type: none"> - Policy relaunch and dissemination <p>Outstanding-March 18</p>		<ul style="list-style-type: none"> - Need to work with legal and HR re. “failure to act”
<p>To meet the WAO recommendations the council should confirm the “senior lead officer who is accountable for safeguarding and protecting children and young people with corporate responsibilities for planning improvements”; and the “appointment of a lead member for safeguarding”</p>	<ul style="list-style-type: none"> - Heads of adult and children services raise at corporate level and agree appropriate representation highlighting importance of the role 	<ul style="list-style-type: none"> - Within forthcoming quarter for 2018 	<p>All Staff will be aware of the following identified persons identified with Safeguarding responsibilities:</p> <ul style="list-style-type: none"> - Senior Lead Officer: James Harris (Strategic Director- People) - Lead Member for Safeguarding: Councillor Paul Cockeram (Cabinet Member for Social Services) 	<ul style="list-style-type: none"> - Amber <p>This information will be publicised within the Safeguarding Awareness Campaign and via the safeguarding champions network; wider staff news information; intranet “safeguarding” section</p>

<p>Agree designated corporate safeguarding champions within all Council Service Areas who will be responsible for championing “safeguarding” within their service area and providing advice and direction for staff within the service area should a query/ concern arise.</p>	<ul style="list-style-type: none"> - Nominations for champions for each service area to be requested by Heads of Service/ Safeguarding Service Manager. - Identified Champions Register to be created by the Safeguarding Unit. The register should be held centrally by Human Resources and updated should an identified champion no longer hold that position. - Champions’ names and contact details to be published on the intranet safeguarding tab and communicated via e-bulletin. - Champions to be briefed/ supported in respect of their role by the 	<ul style="list-style-type: none"> - March 2018 <p>All information prepared and ready for nominations from each service area.</p> <p>Schedule of meetings to be agreed for the year to establish the safeguarding champions network</p> <p>Register to be held in HR and reviewed at each network meeting to ensure correct officers in post.</p>	<p>Every service area reflects that “safeguarding” is a key priority/ theme embedded within all services being delivered by the Council.</p> <p>All employees will feel that they know who and how to contact the right person within the organisation should they have a query or concern.</p> <p>Improvement in how information on safeguarding is shared across the organisation collectively.</p>	<p>Amber</p> <p>“Safeguarding Champions” briefing and requirements have been ratified by CEO and will now require to be presented to Heads of Service Areas to identify an appropriate employee (Document attached as appendices for Members to view-attachment 6)</p> <p>Clear strategy for taking forward in18/19 will be evidenced through staff news and as part of all service areas information.</p>
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	<p>Safeguarding Unit (QA/ Service Manager) ensuring they are aware of the safeguarding policies and processes of who to contact/ where to direct and access information on safeguarding generally and in specific circumstances.</p> <ul style="list-style-type: none"> - Review with service leads if the Action plan in each service area reviewed by People Portfolio Board outlines safeguarding training as a key priority 			
<p>Develop a system to identify, track and monitor compliance with attendance at safeguarding training in all council departments, elected members, schools, governors and volunteers and to identify and prompt those staff members who require</p>	<ul style="list-style-type: none"> - Corporate e-learning induction regarding safeguarding information to be reviewed by Quality Assurance (Safeguarding Unit) with People and Business Change (Jane 	<ul style="list-style-type: none"> - August 2017 	<p>There is a corporate safeguarding register which identifies those staff members who require additional/ refresher safeguarding training beyond the corporate induction process. Those identified employees will be notified and can be monitored</p>	<p>Amber- Page Tiger will be used as the new corporate induction- will work with Business Change to further this once established, new induction occurring from March 2018</p>

<p>refresher safeguarding training as part of their role.</p>	<p>Westwood-Gover). Amendments to the e-learning module to be ratified through Heads of Service and Cabinet.</p> <ul style="list-style-type: none"> - Work with People and Business Change to identify all those staff/ positions which require additional/ refresher safeguarding training and then devise a register and monitoring process. - General “Safeguarding” training provided to all members (Nov 2017) and an offer extended to members to provide a rolling programme of safeguarding awareness training sessions on specific issues (ie. CSE, DOLS) 	<p>- August 2017</p> <p>November 2017</p>	<p>through the system to ensure that they have attended the required safeguarding training proportionate to their role.</p> <p>The council will be able to demonstrate via evidence (data) that those employees who require refresher/ additional safeguarding training are compliant.</p> <p>All council members have awareness in respect of their safeguarding duties and responsibilities</p>	<p>Amber- Need to meet with HR and training department to track additional refresher training processes and to monitor and track the e-learning completion requirements for VAWDASV</p> <p>Green- Overarching safeguarding delivered to Members.</p> <p>Amber- Agree ongoing Member specific safeguarding training/awareness to be timetabled throughout the year.</p>
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<p>Improve the range, quality and coverage of safeguarding performance reporting to provide adequate assurance that corporate arrangements are working effectively and Council's Scrutiny Committees are provided with assurance on the effectiveness of the Council's Safeguarding Arrangements</p>	<ul style="list-style-type: none"> - Develop a corporate safeguarding report for scrutiny (to be reviewed annually) which reports on the effectiveness of the Council's corporate arrangements and the specific effectiveness of the teams which form Newport's Safeguarding Unit. - Children and Adult Services Performance Board continue to meet six weekly to review performance which includes safeguarding data. 	<ul style="list-style-type: none"> - November 2016 - On-going 	<p>The Council will be able to demonstrate and feel assured that robust systems/ processes are in place across the Council which ensure that "corporate safeguarding" arrangements are being met and the specific work plans of the teams within Newport Safeguarding Unit are effectively delivering on their identified key priorities.</p>	<p>Green</p> <p>Annual report now established which synthesises all safeguarding reporting into 1 report for members – this action can be removed from future action planning</p>
<p>Improve how "safeguarding" information is communicated externally to the citizens of Newport in order to ensure that our citizens know who to contact if they need information, advice or assistance and to</p>	<ul style="list-style-type: none"> - Remove the former Safeguarding Children in Newport (SCIN) website as this is redundant due to the regional board establishment. 	<ul style="list-style-type: none"> - January 2017 - January 2017 	<p>Citizens of Newport will be provided with essential and relevant information on "safeguarding" with the anticipated outcome that they feel that their health, well-being, human rights and opportunity to live in a community free from harm, abuse and neglect</p>	<p>Amber</p> <ul style="list-style-type: none"> - Established that Gwent Police communication and digital team maintain the site, request has been made for the site to be taken down. Links to GWENT

<p>promote the Council’s commitment to safeguarding by communicating essential information and highlighting where changes have or will be made (ie. Legislation/ Policy/ Council Procedures).</p>	<ul style="list-style-type: none"> - Update the “safeguarding” information on the external website to ensure it reflects the new SSWB Act and include useful information (ie. definitions of “adult at risk” and the new duty to enquire); links to regional safeguarding boards (adults and children). - Future development on this section of the website to include links to endorsed partner agencies videos/ resources/ information for young people/ parents/ carers on specific safeguarding topics 	<ul style="list-style-type: none"> - August 2017 	<p>is being promoted and supported by the local authority.</p>	<p>Safeguarding Board available instead- need to check this is on Council internet page</p> <ul style="list-style-type: none"> - Need to update the safeguarding intranet page with new policies, safeguarding champions details, add safeguarding links on the intranet page for safeguarding topics (ie. CSE) once re- launch campaign completed
<p>Newport Safeguarding Hub (pilot) to improve more robust and collaborative ways of multi- agency working to safeguard the citizens of</p>	<ul style="list-style-type: none"> - Establish the NSH to function within Newport City Council premises - Work collaboratively with 	<ul style="list-style-type: none"> - Go Live date February 2018 - 3 monthly and 6 monthly evaluation to regional heads of service to 	<p>Robust and collaborative decision making via multi agency working arrangements to effectively safeguard the citizens of Newport</p>	<p>Green- Hub Pilot has been launched, evaluation reports due in month 3 (April 2018) and month 6 (July 2018).</p>








Newport so they receive the right support from the right service at the right time	<p>multi agency partners (police/ education/ health/ probation) to establish agreed NSH processes and procedures</p> <ul style="list-style-type: none"> - Provide evaluation data at months 3 and 6 to inform the outcome of developing a safeguarding hub locally with a view to rolling out the model regionally 	determine benefits of maintaining the Newport Safeguarding Hub beyond the pilot phase and to support a regional rollout of the model if progressed	providing the right service at the right time. A reduction in the number of citizens inappropriately receiving costly services from Social Services, Health Police and partner agencies.	
Mental Capacity Act Deprivation of Liberty Safeguards data to be added as a work plan to Part 2 of the Annual Corporate Safeguarding Report	<ul style="list-style-type: none"> - Data set and key priorities specifically for DOLs to be created and added as a work plan to the annual report 	<ul style="list-style-type: none"> - February 2019 	Detailed information regarding the required performance measures for DOLS will be provided for scrutiny and quality assurance by members.	Green- DOLS information and data has been provided to members within this report and all future reports a specific action plan will be incorporated into Part 2 of the report.

Part 2- Safeguarding Unit Individual Teams Key Priority Plans

1. Newport Safeguarding Unit Structure



2. Individual Teams Key Priority Plans

<p>Child Sexual Exploitation</p>  <p>Safeguarding report CSE 2017 2018.docx</p>	<p>Independent Reviewing Officers/ Safeguarding Administration</p>  <p>Safeguarding IRO plan 17 18.docx</p>	<p>Safeguarding in Education</p>  <p>Safeguarding Education plan 2017,</p>	<p>Quality Assurance (Children's Services)</p>  <p>safeguarding team qa key priority plan 21</p>	<p>Local Authority Designated Officer</p>  <p>safeguarding team lado key priority plan</p>	<p>Adult at Risk</p>  <p>Adults at Risk plan 2017 2018.docx</p>	<p>Violence Against Women, Domestic Abuse and Sexual Violence</p>  <p>VAWDASV workplan 2017.docx</p>
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Recommendations to the Committee

- Members are asked to endorse and ratify the annual Corporate Safeguarding Report by considering the identified objectives and associated RAG statuses of the work plans (Parts 1 and 2) and quality assuring that the identified objectives are being delivered upon within the Council.
- Members are asked to question and scrutinise any areas of practice both corporately and within the specific work plans of the Safeguarding Unit where they feel that objectives are not being effectively addressed or met.

Resource implications (employment and financial)







There is significant pressure across Social Services and Education to continue to improve and develop safeguarding as “everybody’s business” and as part of the routine of what-ever ‘specific role’ they are employed in. On-going contribution to staff training is vital to ensure this is embedded across services but as such places additional responsibilities on managers to ensure staff are trained and balanced with specific tasks within their employment.

The conclusions from the Newport Safeguarding (HUB) will evidence whether we are able to meet all legislative timeframes or whether as a council we need to reshape how we deliver services to ensure expediency in safeguarding and stronger more effective pathways when in a close partnership location.

The Council will be required to give due consideration in relation to how the on-going safeguarding services can be delivered and this may result in financial implications/ additional resources being required. Additional pressures on service areas such as Adults, with expedient delivery of all DOLS referrals and Adult safeguarding with the increased referrals since ‘duty to report’ is now in legislation and requires stringent management to ensure all are attended to within legislative timeframes.

There is also significant pressure for Children’s Services in respect of a lack of placement options for children looked after (LAC) and the risk of children being inappropriately placed within the authority’s residential children’s homes (Forest Lodge/ Cambridge House) thus impacting on the well-being of those vulnerable children due to them receiving inappropriate accommodation and the impact on the resources themselves due to managing incompatible placements and the potential ramifications from Care Inspectorate Wales (formerly CSSIW) should such placements be being made.

Attachments

1. "Overview of Safeguarding" Members training (Nov 2017)	 Safeguarding Overview Members Tr
2. Newport City Council Safeguarding Policy Statement (October 2017)	 Final NCC Safeguarding Policy S
3. Newport City Council Safeguarding Child Protection Policy and Procedure (October 2017)	 Final NCC Safeguarding CP Polic
4. Newport City Council Safeguarding Adults at Risk Policy and Procedure (October 2017)	 Final NCC Safeguarding Adults :
5. Newport City Council Safeguarding in Education Child Protection Policy (2017)	 Education Child Protection - Safeguar
6. Safeguarding Champion Briefing (2017)	 Safeguarding Champion Briefing (Fi

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Corporate Safeguarding (2017-18) - Executive Summary

Authors: Safeguarding Service Manager
Consultant Social Worker- Safeguarding
Date: February 2018

Purpose: To establish an annual corporate safeguarding report which monitors, scrutinises and plans on the theme of “safeguarding” becoming fundamentally embedded within all aspects of Council services, functions and duties.

To provide Scrutiny with essential and key information to build their understanding and knowledge on the topic of “safeguarding” in order to allow them to effectively scrutinise the Council’s safeguarding practice.

To update Cabinet members on the work that has been undertaken to improve arrangements for safeguarding and protecting children and adults who require specific Council services and to ensure that these arrangements are effective.

The Committee is asked to scrutinise and review the progress of key priority work plans for both Corporate Safeguarding arrangements and the safeguarding specific teams.

Summary: The amalgamation of Adult, Children and Education safeguarding services in Newport council is now embedded and effective communication between all three sectors is established. The inclusion of the VAWDASV legislation is also interwoven with each service area as the Ask and Act requirements dictate.

This is the first review of the annual corporate safeguarding report. The original report was established in November 2016 and sought to synthesise the various safeguarding reporting strands into one Corporate Safeguarding report which provides scrutiny information on how well the council is achieving on its safeguarding arrangements. Since the development of this report there have been significant changes in the quality assurance measures which are required to be reported on within the Director’s report for Social Services (formerly the annual council reporting format – ACRF), this has meant that there has been some change in the required key performance indicators for “safeguarding” specifically. Although it will remain the principal objective of the annual Director’s Report for Social Services to report on these performance measures the safeguarding specific indicators have been extrapolated and have been provided as performance measures for scrutiny purposes within this report for members to be aware of. The full report is extensive to ensure members are fully aware of the Corporate responsibilities and also the specific service delivery performance reporting and action plans for continuous improvement.

Corporate Safeguarding (2017-18) - Executive Summary

The report is therefore presented in two parts:

Part one:

Provides members with the corporate over view in terms of safeguarding requirements and arrangements based upon the Welsh Audit Office “Review of Corporate Arrangements in Welsh Councils” (October 2014), used to form the basis of the reporting format and structure, and additionally provides the “safeguarding” specific quality measures as defined within the Director’s report for Social Services.

It is important for members to recognise that safeguarding is a statutory function within the Social Services and Well-being Act (2014) and since the implementation of the Act processes for national reporting and local safeguarding boards are a requirement. The full report enables members to view the National and Local safeguarding arrangements with hyper-links attached.

Part two:

Presents the key priority work plans for each team incorporated within the Safeguarding Unit for Newport City Council and allows members to scrutinise and reflect upon the work being undertaken to ensure effective safeguarding arrangements are in place for children and adults in Newport.

Corporate Safeguarding (2017-18) - Executive Summary

1. Background

The full report covers in more detail the following:

- **What is safeguarding?**

Members are provided with a full definition of safeguarding for both children and adults. The legislative context is explained and the expectations of all staff when they join Newport City Council and training that is available and mandatory.

- **Safeguarding in a Legislative and Policy Context**

VAWDASV legislation and safeguarding The Violence against Women Domestic Abuse and Sexual Violence (Wales) Act 2014 is part of wider safeguarding that the council have responsibilities to understand and complete. The inclusion of the hyper-linked clips is to enable members to increase awareness and role within the council on this agenda.

- **What are our Corporate responsibilities regarding safeguarding?**

Quantitative data The duty on the council to produce measures for Welsh Government are limited within safeguarding currently but we have included a narrative column explaining the data. This will be bench marked against identified for reporting purposes within the Directors report for social services and reported to Welsh National measures next year. As a local authority we also record and monitor our own local safeguarding performance measures to quality assure our performance and planning, this data is recorded within the team specific action plans in part 2 of the report

Qualitative data The brief table regarding 'People reporting that they feel safe' is a Welsh Government requirement that was introduced last year.

- **Planned developments to enhance safeguarding within Newport?**

The Part 1 corporate safeguarding action plan (Welsh Audit Office template) is evidence of the work completed and what we continue to address in the forthcoming year. Future challenges for the Council in discharging the legal duty are itemised.

- **Elected Members 'Safeguarding' training** Safeguarding training events and plans for further awareness raising topics to be available to all members during the next year.

Corporate Safeguarding (2017-18) - Executive Summary

- **E-Learning and training** VAWDASV required eLearning for the whole council is reported to Welsh Government and the first table identifies the numbers of staff that have to complete the training, the second table (graph) evidenced what each service area have completed the required e-learning.
- **Relaunch 'Safeguarding Involves us All' campaign** Reviewed and refreshed new suite of policy documents to be approved and then relaunched across the council, website, specific teams and the development of the safeguarding champions role within each service area.
- **Corporate Safeguarding Action Plan**

The following is an extract from the full table within the report, containing the red and amber measures:

Corporate Safeguarding (2017-18) - Executive Summary

2. Key Priorities/ Themes for Corporate Safeguarding (RED AND AMBER ONLY) (2017/2018)

What outcomes do we want to achieve? (Objectives to achieve)	How will we make this happen?	When will we achieve this?	How will we know it's making a difference? (Performance measures)	RAG status
<p>Review the Corporate Safeguarding Policies and Procedures developed in 2014 to ensure they are Act Compliant and relaunch the suite of documents across all service areas to ensure that all Council employees are aware of their responsibilities.</p>	<p>Safeguarding documents to be reviewed by lead authors (education/ adults/ children) to ensure they are compliant with the SSWB Act.</p> <p>Work with HR/ Legal to establish a process for recognising “failure to act” in safeguarding circumstances as a potential disciplinary matter and reflect this within the corporate mission statement of safeguarding.</p> <p>Documents to be re-launched utilising the intranet resource and notification via the staff e-bulletin to ensure all employees know where to access the information.</p>	<p>Education Policy Completed (September 2017) Children’s Policy review by end of November 2017</p> <p>Adult’s Policy review by end of November 2017 Completed, ratified by CSMT, need to be relaunched</p> <p>Proposal of process to be submitted to Heads of Service for preliminary discussion by March 2017 Outstanding- 18/19</p> <p>Policy relaunch and dissemination Outstanding- March 18</p>	<p>All Employees will know basic safeguarding information and their responsibilities regarding safeguarding as an employee will be clearly communicated and understood.</p>	<p>Green Policies have been updated in line with new Act</p> <p>Where we are currently: Amber</p> <ul style="list-style-type: none"> - Policies need to be relaunched as part of safeguarding awareness campaign - Need to work with legal and HR re. “failure to act”

Corporate Safeguarding (2017-18) - Executive Summary

What outcomes do we want to achieve? (Objectives to achieve)	How will we make this happen?	When will we achieve this?	How will we know it's making a difference? (Performance measures)	RAG status
To meet the WAO recommendations the council should confirm the "senior lead officer who is accountable for safeguarding and protecting children and young people with corporate responsibilities for planning improvements"; and the "appointment of a lead member for safeguarding"	Heads of adult and children services raise at corporate level and agree appropriate representation highlighting importance of the role	Within forthcoming quarter for 2018	All Staff will be aware of the following identified persons identified with Safeguarding responsibilities: <ul style="list-style-type: none"> - Senior Lead Officer: James Harris (Strategic Director- People) - Lead Member for Safeguarding: Councillor Paul Cockeram (Cabinet Member for Social Services) 	Amber This information will be publicised within the Safeguarding Awareness Campaign and via the safeguarding champions network; wider staff news information; intranet "safeguarding" section
Agree designated corporate safeguarding champions within all Council Service Areas who will be responsible for championing "safeguarding" within their service area and providing advice and direction for staff within the service area should a query/ concern arise.	Nominations for champions for each service area to be requested by Heads of Service/ Safeguarding Service Manager. Identified Champions Register to be created by the Safeguarding Unit. The register should be held centrally by Human Resources and updated should an identified champion no longer hold that position. Champions' names and contact details to be published on the intranet safeguarding tab and communicated via e- bulletin. Champions to be briefed/ supported in respect of their role by	March 2018 All information prepared and ready for nominations from each service area. Schedule of meetings to be agreed for the year to establish the safeguarding champions network Register to be held in HR and reviewed at each	Every service area reflects that "safeguarding" is a key priority/ theme embedded within all services being delivered by the Council. All employees will feel that they know who and how to contact the right person within the organisation should they have a query or concern. Improvement in how information on safeguarding is shared across the organisation collectively.	Amber "Safeguarding Champions" briefing and requirements have been ratified by CEO and will now require to be presented to Heads of Service Areas to identify an appropriate employee (Document attached as appendices for Members to view- attachment 6) Clear strategy for taking forward in18/19 will be evidenced through staff news and as part of all service areas information.

Corporate Safeguarding (2017-18) - Executive Summary

What outcomes do we want to achieve? (Objectives to achieve)	How will we make this happen?	When will we achieve this?	How will we know it's making a difference? (Performance measures)	RAG status
	<p>the Safeguarding Unit (QA/ Service Manager) ensuring they are aware of the safeguarding policies and processes of who to contact/ where to direct and access information on safeguarding generally and in specific circumstances.</p> <p>Review with service leads if the Action plan in each service area reviewed by People Portfolio Board outlines safeguarding training as a key priority</p>	<p>network meeting to ensure correct officers in post.</p>		
<p>Develop a system to identify, track and monitor compliance with attendance at safeguarding training in all council departments, elected members, schools, governors and volunteers and to identify and prompt those staff members who require refresher safeguarding training as part of their role.</p>	<p>Corporate e-learning induction regarding safeguarding information to be reviewed by Quality Assurance (Safeguarding Unit) with People and Business Change (Jane Westwood- Gover). Amendments to the e-learning module to be ratified through Heads of Service and Cabinet.</p> <p>Work with People and Business Change to identify all those staff/ positions which require additional/ refresher safeguarding training and then devise a register and monitoring process.</p> <p>General Safeguarding” training provided to all Members (Nov 2017) and an offer extended to members to provide a rolling programme of safeguarding</p>	<p>August 2017</p> <p>August 2017</p> <p>November 2017</p>	<p>There is a corporate safeguarding register which identifies those staff members who require additional/ refresher safeguarding training beyond the corporate induction process. Those identified employees will be notified and can be monitored through the system to ensure that they have attended the required safeguarding training proportionate to their role.</p> <p>The council will be able to demonstrate via evidence (data) that those employees who require refresher/ additional safeguarding training are compliant.</p> <p>All council members have awareness in respect of their</p>	<p>Amber Page Tiger will be used as the new corporate induction- will work with Business Change to further this once established, new induction occurring from March 2018</p> <p>Amber Need to meet with HR and training department to track additional refresher training processes and to monitor and track the e-learning completion requirements for VAWDASV</p>

Corporate Safeguarding (2017-18) - Executive Summary

What outcomes do we want to achieve? (Objectives to achieve)	How will we make this happen?	When will we achieve this?	How will we know it's making a difference? (Performance measures)	RAG status
	awareness training sessions on specific issues (ie. CSE, DOLS)		safeguarding duties and responsibilities	<p>Green Overarching safeguarding delivered to Members.</p> <p>Amber Agree ongoing Member specific safeguarding training/awareness to be timetabled throughout the year.</p>
<p>Improve how “safeguarding” information is communicated externally to the citizens of Newport in order to ensure that our citizens know who to contact if they need information, advice or assistance and to promote the Council's commitment to safeguarding by communicating essential information and highlighting where changes have or will be made (ie. Legislation/ Policy/ Council Procedures).</p>	<p>Remove the former Safeguarding Children in Newport (SCIN) website as this is redundant due to the regional board establishment.</p> <p>Update the “safeguarding” information on the external website to ensure it reflects the new SSWB Act and include useful information (ie. definitions of “adult at risk” and the new duty to enquire); links to regional safeguarding boards (adults and children).</p> <p>Future development on this section of the website to include links to endorsed partner agencies videos/ resources/ information for young people/ parents/ carers on specific safeguarding topics</p>	<p>January 2017</p> <p>January 2017</p> <p>August 2017</p>	<p>Citizens of Newport will be provided with essential and relevant information on “safeguarding” with the anticipated outcome that they feel that their health, well-being, human rights and opportunity to live in a community free from harm, abuse and neglect is being promoted and supported by the local authority.</p>	<p>Amber Established that Gwent Police communication and digital team maintain the site, request has been made for the site to be taken down. Links to Gwent Safeguarding Board available instead- need to check this is on Council internet page</p> <p>Need to update the safeguarding intranet page with new policies, safeguarding champions details, add safeguarding links on the intranet page for safeguarding topics (ie. CSE) once re- launch campaign completed</p>

Corporate Safeguarding (2017-18) - Executive Summary

What outcomes do we want to achieve? (Objectives to achieve)	How will we make this happen?	When will we achieve this?	How will we know it's making a difference? (Performance measures)	RAG status

Part 2- Safeguarding Unit Individual Teams Key Priority Plans

Individual Teams Key Priority Plans

The full reports presents the key priority work plans for each team incorporated within the Safeguarding Unit for Newport City Council and allows members to scrutinise and reflect upon the work being undertaken to ensure effective safeguarding arrangements are in place for children and adults in Newport.

1. **Child Sexual Exploitation 2017/18 Team**
2. **Independent Reviewing Officers/ Safeguarding Administration**
3. **Safeguarding in Education**
4. **Quality Assurance (Children's Services)**
5. **Local Authority Designated Officer**
6. **Adult at Risk**
7. **Violence Against Women, Domestic Abuse and Sexual Violence**

Corporate Safeguarding (2017-18) - Executive Summary

1. Child Sexual Exploitation - Team Priorities (Red and Amber only) 2017/2018

What outcomes do we want to achieve? (Objectives to achieve)	How will we make this happen?	When will we achieve this?	How will we know it's making a difference? (Performance measures)	RAG status
<p>Protect: Measures in place to ensure children are protected from CSE and that agencies are acting appropriately to reduce risks and protect children.</p> <p>Agencies to work together to ensure effective safety planning and disruption tactics are employed to tackle CSE in Newport.</p> <p>Agencies to work together to develop services that are appropriate and effective in meeting identified needs.</p>	<p>7) Weekly CCM report detailing CSE strategy meetings held and outcomes agreed</p> <p>8) Review of strategy meetings and agreed actions to ensure processes are followed and actions are appropriate to safeguard</p> <p>9) Multi Agency Sexual Exploitation Meeting (MASE) trial in Newport</p> <p>10) Development of Forest Lodge Residential Unit</p>	<p>7) Ongoing</p> <p>8) Ongoing</p> <p>9) Commenced October 2016 and following trial, agreed to continue and to be rolled out across Gwent.</p> <p>10) Partially completed and some changes are ongoing</p>	<p>Robust system where inappropriate decision making can be quickly identified and challenged.</p> <p>Robust system to ensure effective multi-agency planning to safeguard the child/ren.</p> <p>Annual case audit identifies improved outcomes for children</p> <p>Reduction in SERAF score</p> <p>Reduction in numbers of children at high risk of CSE in Newport</p>	<p>Amber – work is underway, but not fully completed.</p>

Corporate Safeguarding (2017-18) - Executive Summary

2. Independent Reviewing Officers/ Safeguarding Administration Team Priorities (Red and Amber only) 2017/2018

What outcomes do we want to achieve? (Objectives to achieve)	How will we make this happen?	When will we achieve this?	How will we know it's making a difference? (Performance measures)	RAG status
To maintain current levels of performance for LAC reviews and Adoption Reviews	Monthly report from CCM Develop different ways to review cases utilising technology when required	Ongoing March 2018	Annual Performance Indicator Annual performance Indicators and increase in compliance for LAC reviews	Green Monthly reports in place Amber ; technology being identified and liaison with front line teams ongoing.
Develop a Monitoring System to increase service user participation in Lac reviews.	Recording and reporting system to be developed in Liaison with Performance Information Team. Develop different methods for consultation with young people utilising modern technology where appropriate	March 2018 March 2018	When there are clear indicators that service user participation is increasing. Increase in service user participation and feedback from them via consultation process	Amber Different approaches are being looked at and service users will be consulted in due course. Amber Service user participation is sporadic at present.
System to raise legitimate concerns in regard to Looked after children by their IRO which clearly holds people to account and helps to raise concerns and drive up standards of care.	Utilise IRO concerns via children's case management system. Develop clear monitoring and recording system to capture this information over time.	March 2018	Positive feedback from service users and their carers as well as other professionals. Feedback forms to be developed.	Amber System currently in place but has not been monitored over time or feedback sought.
System and Guidance to be produced to ensure that the IROs are kept updated in regard to Looked After Children in line with The Care Planning, Placement and Case Review (Wales) Regulations 2015	Guidance to be produced for all front line social workers to ensure compliance with the current regulations.	March 2018	Positive feedback from IROs and service users that all relevant information and consultation has taken place.	Amber System is currently sporadic and has not been monitored over time.

Corporate Safeguarding (2017-18) - Executive Summary

3. Safeguarding in Education Team Priorities (Red and Amber only) 2017/2018

What outcomes do we want to achieve? (Objectives to achieve)	How will we make this happen?	When will we achieve this?	How will we know it's making a difference? (Performance measures)	RAG status
<p>To develop more robust education safeguarding monitoring systems, including self-evaluation tools</p> <p>*ESMT priority 4</p>	<p>Termly monitoring of all school SG policies Monitoring of schools' safeguarding training: whole-school, SG Leads, governors. Collating audit action plans</p> <p>Audit visits to schools (min. 4 per term)</p>	<p>Data base in place Sept 2017</p> <p>Half-termly monitoring/reviewed in Supervision.</p> <p>From Oct 2017</p> <p>Ongoing</p>	<p>100% of schools with current policies in place. 100% of schools with current training in place. 100% of schools completed audits. Audit visits demonstrate effective safeguarding practice in place.</p>	<p>Amber 94% of schools have completed</p>
<p>To develop the training programme for designated safeguarding leads in schools.</p>	<p>Develop the half day training provision for Designated Leads and offer this on a termly basis.</p> <p>Put in place termly network meetings for DSPs, ensuring current safeguarding priorities are shared. Engage other professionals, particularly Duty & Assessment team.</p> <p>Ensure consistency of whole-school Safeguarding training</p>	<p>Termly from June 2017</p> <p>Termly for May 2017</p> <p>From May 2017 (train the trainer event)</p>	<p>Positive evaluations from training</p> <p>Positive Evaluations from meetings</p> <p>School safeguarding audit records/school audit visits</p>	<p>Amber Train the trainer to be implemented</p>

Corporate Safeguarding (2017-18) - Executive Summary

4. Quality Assurance (Children's Services) - Team Priorities (Red and Amber only) 2017/2018

What outcomes do we want to achieve? (Objectives to achieve)	How will we make this happen?	When will we achieve this?	How will we know it's making a difference? (Performance measures)	RAG status
To develop a quality assurance framework to audit and scrutinise the practice occurring within social work teams in order to inform practice improvements and areas of risk for the organisation.	Review the process of Team Manager Audits.	June 2018	Robust quality assurance framework will be in place which informs senior managers of current practice and any areas for improvement.	Amber There has been a delay in reintroducing the team manager audit cycle due to the Principal Officer and CSW requiring completing projects in addition to their main workstreams in addition to covering redaction work and SGO case management whilst awaiting recruitment to the vacant SWA post.
	Implement a process for the use of Independent Reviewing Officer Monitoring documents.	June 2018		
	Complete bespoke audits as required.	On-going	Evidence of progress in regional development of action plans and practice as developed by the regional boards.	
	Work collaboratively with regional safeguarding boards on multi-agency quality assurance.	On-going		
	Support and Facilitation of Multi-Agency Supervision Sessions regionally.	On-going		
	Support and facilitation of Regional Practice Reviews (including Learning Events; Child Practice Reviews) and implementation of learning.	On-going		

Corporate Safeguarding (2017-18) - Executive Summary

What outcomes do we want to achieve? (Objectives to achieve)	How will we make this happen?	When will we achieve this?	How will we know it's making a difference? (Performance measures)	RAG status
To develop and implement a process for “safeguarding” as a key theme to be incorporated and embedded within the duties and functions throughout all Council Service Areas.	<p>Developing the corporate safeguarding report for annual scrutiny</p> <p>Reviewing the corporate safeguarding requirements against the WAO report (2014) for members to be informed of how well the council is achieving in its safeguarding duties and functions in addition to the national measures</p> <p>Revising the “Safeguarding” information shared currently within new starter induction processes</p> <p>Establishing a “safeguarding” refresher training module for ALL staff members to access at specific points within their employment</p>	<ul style="list-style-type: none"> • November 2016 (completed) • November 2016 (Completed) • March 2018 • March 2018 	<p>An annual corporate safeguarding report established and data/ narrative evidences that the council is effectively meeting its safeguarding responsibilities.</p> <p>All staff members and elected members will feel that they know the right level of information about safeguarding and understand their duties both corporately and individually.</p>	<p>Amber</p> <p>As identified within the corporate safeguarding action plan (part 1) there is outstanding work in relation to the development of e-learning and the safeguarding information provided at the point of induction. This work in addition to the identified work of developing a system to track and monitor employee safeguarding training (as identified in part 1 action plan) will continue throughout 18/19</p>

5. Local Authority Designated Officer - Team Priorities (Red and Amber only) 2017/2018

No red or Amber Measures.

Corporate Safeguarding (2017-18) - Executive Summary

6. Adult at Risk - Team Priorities (Red and Amber only) 2017/2018

What outcomes do we want to achieve? (Objectives to achieve)	How will we make this happen?	When will we achieve this?	How will we know it's making a difference? (Performance measures)	RAG status
Evaluate the model of adult protection in Newport to include consideration to manage the increasing demands of the service	Review process in line with the new Social Services and Well Being ACT requirements. Training to assist staff in the implementation of the Act both internal and external services.	Working in partnership with the first contact team is in progress. GWASB regional training packages have been updated and ratified. These training packages are available through the Newport City Council training resource.	Safeguarding becomes a standing item on supervision policies and processes. Timely reporting of adults at risk and performance measure of duty to enquire completed within timescales.	GREEN
	Safeguarding Hub pilot project will provide opportunities to re model the adult Safeguarding initial screening and evaluation process. Multi agency decisions provide a robust response to initial concerns.	Regular reviews of the Hub to include collection of agreed data. A pathway and workflow is also under development across adult services.	Performance improves due to clear pathway and workflow for practitioners. Specific date to measure the success if the Safeguarding Hub.	AMBER
	Consider re-introducing a rota of Designated Lead Managers (DLM) across Adult Services to offer resilience to the adult safeguarding team.	Previous discussions and training of staff failed to produce a robust contingency plan due to other adult service pressures.	Agreed process and rota in place.	AMBER
	Practitioners to be skilled in recognising and responding to concerns of Human	Maintain links with relevant agencies and ensuring that practitioners understand legal requirements and	Data collection through workforce development to quantify training needs and attendance.	AMBER

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What outcomes do we want to achieve? (Objectives to achieve)	How will we make this happen?	When will we achieve this?	How will we know it's making a difference? (Performance measures)	RAG status
	<p>Trafficking, modern day slavery and Radicalisation.</p> <p>Develop links with Human trafficking MARAC process and regional modern day slavery and human trafficking delivery group.</p>	<p>reporting mechanisms.</p> <p>Agreed process for referral and awareness raising across adult services.</p>	<p>Dissemination of NRM requirements.</p> <p>Clear audit trail of referrals for internal quality assurance.</p>	<p>RED</p>
<p>Support and Empower vulnerable adults through the adult protection process and develop improvements to practice within Newport</p>	<p>The implementation of the Social Services Well Being (Wales) Act has placed emphasis on delivering person centred practices which is being adopted across Adult Services,</p> <p>Practitioners are actively obtaining the wishes of adults at risk through "what matters" conversations.</p> <p>Monitor citizen inclusion/attendance at meetings and voice clearly recorded throughout the process.</p> <p>Advocacy has a direct link with the Safeguarding Hub Pilot Project, advocacy involvement is considered at the start of the</p>	<p>Citizen inclusion throughout the process increases and improves each year, (this includes include family/advocacy), Referrals to advocacy are increasing.</p> <p>Weekly/ fortnightly meetings with advocacy service to consider referrals.</p>	<p>Improved attendance and citizen voice recorded throughout the process.</p> <p>Half yearly reporting on progress and continued development to ensure performance is measured.</p> <p>Data captured within the safeguarding hub.</p>	<p>AMBER</p>

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What outcomes do we want to achieve? (Objectives to achieve)	How will we make this happen?	When will we achieve this?	How will we know it's making a difference? (Performance measures)	RAG status
	<p>Safeguarding process.</p> <p>The Team is supporting a Task and Finish group to raise awareness of Advocacy Services</p>	<p>GWASB sub group May 2018</p>	<p>Completed and evidenced in practice.</p>	<p>AMBER</p>
<p>The development of an effective information system</p>	<p>March 2018 will bring the implementation of WCCIS.</p> <p>This new system, Eventually adopted across Wales will bring greater sharing of information and a robust process for capturing and recording essential data. Not just for local performance measures but Welsh Government requirements and regional Developments.</p>	<p>March 2018</p>	<p>Improved accurate and accessible data will be provided.</p> <p>The continual improvement of services can be based on the data collected.</p>	<p>AMBER</p>
<p>To raise general public and professional awareness of 'adults at risk' everybody's responsibility</p>	<p>Continue to support the work of the Communication and Engagement Sub group, (GWASB) which includes raising awareness to the public and professionals.</p> <p>Support the development of a new Gwent Safeguarding web site that will provide information in</p>	<p>The Communication and Engagement Group have a detailed work plan for the next 12 months.</p> <p>Launch date in May 2018.</p> <p>On-going</p>	<p>Early identification and referral to the safeguarding team will enable an expedient service to prevent further abuse and the need for protections services/ safeguarding plans.</p> <p>Web development completed. Finishing information pages to be added.</p>	<p>GREEN</p> <p>AMBER</p>

Corporate Safeguarding (2017-18) - Executive Summary

What outcomes do we want to achieve? (Objectives to achieve)	How will we make this happen?	When will we achieve this?	How will we know it's making a difference? (Performance measures)	RAG status
	<p>respect of Adults, Children and VAWDASV.</p> <p>Newport City Council web based information is accurate and updated regularly (for internal and external access).</p> <p>Task and Finish group is in progress to review and amend literature and leaflets.</p> <p>Arrange meetings and forums with multi-cultural groups within the City to raise awareness of abuse.</p>	<p>July 2018</p> <p>September 2018</p>	<p>As part of the relaunch of the safeguarding policy and process's within NCC, and to be included in the development of the Safeguarding Champions in NCC.</p> <p>Communication and Engagement subgroup in GWASB.</p> <p>Attend the Mosque Forum and community based events to raise awareness of safeguarding in the community.</p>	<p>GREEN</p> <p>AMBER</p> <p>AMBER</p>

Corporate Safeguarding (2017-18) - Executive Summary

7. Violence Against Women, Domestic Abuse and Sexual Violence - Team Priorities (Red and Amber only) 2017/2018

What outcomes do we want to achieve? (Objectives to achieve)	How will we make this happen?	When will we achieve this?	How will we know it's making a difference? (Performance measures)	RAG status
<p>Staff trained to Ask and Act, NTF Groups 2 & 3</p> <p>Establishment of VAWDASV 'champions' (trained as Group 3 Ask & Act) across key roles within NCC.</p> <p>'Champions' support staff 'asking and acting'</p>	<p>Test the Train the Trainer model as part of phase 2 early adoption of Ask and Act.</p> <p>In line with NCC's submitted NTF training plan 2017, implementation will start with Education, Adult Services (initially first contact and homecare staff, giving priority to senior staff and 'champions'), then Community Development staff (total 270 staff for Group 2 in 2017 - 18, total 27 staff for Group 3 in 2017 - 18)</p> <p>Group 3 'champions' to be trained first</p> <p>Recruit local authority staff to become trainers and undertake Train the Trainer</p>	<p>End of March 2018</p>	<p>Adult services and community development staff - increased confidence amongst these staff to 'Ask and Act'.</p> <p>Group 3 'Champions' established to support staff that are 'asking and acting'.</p> <p>Data recorded on staff completing 'Ask and Act' enquiries.</p> <p>Rise in referrals to Adult safeguarding determining VAWDASV as a factor.</p>	<p>Red</p> <p>Due to delays with modifying Group 2 and 3 training following phase 1 early adoption (modifying was the responsibility of Welsh Government and WWA), at the end of quarter 2 (2017 – 18) phase 2 Ask and Act training has not recommenced. It is hoped training for Group 2 will commence before the end of quarter 3 and Newport's aim will be to train a total of 135 staff to Group 2 (this represents half the number identified in Newport's training plan 2017 – 18)</p> <p>Gwent is still awaiting confirmation of changes to Group 3 delivery from Welsh Government.</p> <p>The remaining 135 staff</p>

Corporate Safeguarding (2017-18) - Executive Summary

				<p>identified for Group 2 Ask and Act training in 2017 – 18, will be trained during 2018 – 19, along with a further 210 staff (if there is the capacity to do so) in line with NCC's submitted NTF training plan for 2018 - 19.</p> <p>The plan is to train 27 Newport staff each year to Group 3 Ask and Act ('Champions') once this training is available.</p>
E-learning for all Council staff	<p>Promotion and staff newsletter and enabling safeguarding champions to be aware of what is required.</p> <p>E learning is under development with Welsh Government and we also need to develop face to face training where e-learning not appropriate.</p>	April 2018 in line with statutory requirement	<p>All staff will have received a basic awareness training and there will be raised awareness across the organisation on aspects of violence against women, domestic abuse and sexual violence</p> <p>Data available on staff completions for NTF Group 1.</p>	<p>Amber</p> <p>At the end of quarter two (end of Sept 2017) 9.9% of Newport CC 's workforce has completed NTF Group 1 learning – this includes e-learning and alternative face to face training.</p>
Member awareness training	E-learning/workshops to be provided	April 2018	Completion by Members. Performance data to evidence completion	Amber

Corporate Safeguarding (2017-18) - Executive Summary

At its meeting on 21 February 2018, the Committee received the full Annual Report on Corporate Safeguarding, and made the following comments and requested that the Officers provide the additional information when the item returned;

Committee Comment	Officer response
<p>The Corporate Safeguarding report had been difficult to read and contained vast amounts of information. The information was not easily accessible and understandable to the Committee.</p>	<p>The Officers have provided an Executive Summary for the Committee, summarising the key areas for consideration within the Team Plans. This document pulls together the individual action plans, and highlights all of the red and Amber Measures for the Committee's consideration.</p>
<p>The information included in the report could have been presented in a different manner making the information more useful. One example of this was '4.4 – E Learning and Training' where numbers of staff are provided when percentages would be more effective.</p>	<p>The detail of the full report is necessary to provide the comprehensive Annual update on Corporate Safeguarding to ensure that the Council is meeting its statutory obligations. However officers agree that the formatting of the report of the Annual Corporate Safeguarding could be improved to make this information easier to read and more accessible.</p>
<p>The Committee requested that the Officers complete an 'Executive Summary' of the Corporate Safeguarding report which introduced the report and highlighted its key points. They requested that it contained a table outlining just the AMBER and RED Key Priorities / Themes and associated plans to turn them GREEN with timescales. This they believed would allow them to focus on the most important sections of the report without having to work through the rest of the document.</p>	<p>In light of the concerns raised by the Committee, the Officer will look to refine the report for the 2018/19 update and will ensure that a more cohesive and readable report is produced as part of this update next year to make the information more accessible.</p>
<p>The Members asked if there had been an opportunity to include more statistics. Including comparative statistics from other Local Authorities.</p>	<p>Officers will consider how comparable data will be included when the format is revised for next year. Whilst the Officers agree that National positions Local Authority comparisons would be a useful addition to the report. However, it is noted that since the changes were introduced based on the Social Services and Wellbeing Act, these continue to make benchmarking in this area more difficult.</p> <p>Where the data exists, this will be included in future reporting.</p>

Corporate Safeguarding (2017-18) - Executive Summary

Committee Comment	Officer response
<p>The Members asked if the Officers could provide information on the Councils Triage system, if it had one</p>	<p>Across Children’s and Adults, there are comprehensive systems to assess all safeguarding work that comes before the Council, there is not one single council triage system.</p>
<p>The Members were interested in the cost effectiveness of the partnerships that Newport takes a lead on. The Members wanted to know if other partners had paid equal amounts</p>	<p>There is limited available information on which to comment on the cost effectiveness of the partnerships. The Partners are contributing financially in accordance with their agreed commitment.</p> <p>The effectiveness of the various partnerships is a matter for consideration by the Performance Scrutiny Committee – Partnerships.</p> <p>For example, the Draft Violence Against Women and Domestic Abuse and Sexual Violence Strategy was presented to the Partnerships Committee in February 2018 before it was adopted. As part of this, the Committee agreed to monitor the implementation of the strategy and specific mention was made to its measurability and how the resources would be utilised from all partners to implement.</p> <p>https://democracy.newport.gov.uk/ieListDocuments.aspx?CId=447&MIId=6969</p> <p>Also on the Performance Scrutiny Committee – Partnerships work programme are the following plans / arrangements for implementation relevant to Safeguarding:</p> <ul style="list-style-type: none"> • Regional Area Plan • Regional Adoption • Regional Fostering • Regional Youth Offending <p>The Officers agree that a full and meaningful contribution by all partners does need to be an ongoing consideration. As such, the relevant partnerships are looked at when assessing the work programme for the Performance Scrutiny Committee – Partnership on an ongoing basis and implementation monitored by the Committee.</p>
<p>The Committee wanted to know if the recent budget savings had had an impact on the ability carry out the safeguarding obligations. The Members referenced the Adult Safeguarding Plan in particular, which stated that there was already an increasing demand and service delivery was</p>	<p>Whilst the position with budget savings is challenging, The Council was ensuring that Safeguarding remained a priority and remained secure. However, the resilience was lower as the Committee has noted. This was being closely monitored and reported.</p> <p>The achievement of the Council’s agreed savings is on the Performance Scrutiny Committee – People for this year and the Committee will be asking how effectively the Council was achieving the savings within the budget. As part of this. The Overview and</p>

Corporate Safeguarding (2017-18) - Executive Summary

Committee Comment	Officer response
challenging. This was lowering the resilience especially in times of sickness, training and annual leave	Scrutiny Management Committee could recommend that Safeguarding reliance is covered when this is reported back to the PSC – People in October 2018.

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Report

Cabinet

Part 1

Date: 13 February 2019

Item No: 11

Subject Newport Market update

Purpose To update Cabinet on the progress to date on the regeneration proposals for Newport Market.

Author Head of Regeneration, Investment and Housing

Ward City Wide

Summary In July 2018, the Council's Cabinet approved a £12 million redevelopment proposal from the development company – Loft Co, to regenerate and revitalise Newport Provisions Market. The Cabinet approval was subject to detailed due diligence work by the Council's Head of Finance and Head of Law & Regulation. This due diligence work is now complete, and Council officers are currently negotiating heads of terms with the developer on the basis of a 250-year lease, and an associated funding agreement.

Proposal To request that Cabinet

- (1) note progress made on the scheme to date and the satisfactory outcome of the Legal and financial diligence work;
- (2) Confirm their agreement to the grant of the proposed development lease and loan funding on the terms set out in this Report;
- (3) Authorise the Head of Law & Regulation and Head of Finance to finalise and complete the necessary legal and financial documentation

Action by Head of Regeneration, Investment and Housing

Timetable Immediate

This report was prepared after consultation with:

- Strategic Director - Place
- Head of Finance – Chief Finance Officer
- Head of Law and Regulations – Monitoring Officer
- Head of People and Business Change

Signed

Background

Current Context

The issues affecting the High Street are well documented, with the contraction of the High Street retail offer in direct response to sustained falls in demand for traditional retail opportunities also evident in Newport. Due to a range of locational, economic and demographic factors, areas of the city that are over-reliant on traditional retail models have inevitably been more deeply affected by the decline of High Street retail.

The solution, for cities such as Newport struggling to match demand for retail property with shopping demand, is to diversify the High Street and seek to encourage new uses that complement what retail provision remains viable in 2019 and beyond. In successful cities, greater office, housing and leisure provision now feature prominently in areas once dominated by shops.

Traditional indoor markets are even more vulnerable to the issues driving contraction of the High Street, with the market for convenience and food shopping now dominated by major chains who are able to provide these services 24 hours a day. Markets country-wide have struggled to continue to provide an offer relevant to consumers without significant investment and diversification of the offer, the trading environment and visitor experience.

As one of the most prominent and recognisable buildings in the city, the Council has previously invested in improving the commercial environment within Newport's Indoor Market, with a £1m refurbishment of the entrance and forum completed alongside extensive public realm enhancements to the adjacent High Street, in 2012/13.

Further investment was made in 2016, where a £500,000 Vibrant and Viable Places project jointly delivered by NCC and Newport City Homes saw 17 flats, comprising the Griffin House complex above the Market, refurbished. Key attractors such as Tiny Rebel, the Escape Rooms, Coleg Gwent and IndyCube have also been supported to take up space at the market buildings to diversify the offer, encourage footfall and expenditure.

However, despite these investments, the market continues to experience significant challenges. The building does not trade to its full potential with vacancy rates becoming a persistent issue and rental income declining. Twenty seven of the eighty six units are currently vacant, reflecting a 19% decrease in revenue income since 2015/16 and evidencing a continued decline despite ongoing efforts to sustain the existing offer. The cost of maintaining the structural fabric of the building is also commensurate with its age, further complicated by the building's listed status

It is therefore clear that the building requires an innovative solution, which generates the scale of capital investment required that also diversifies the offer within the market to secure a sustainable, viable future for the building.

Developer Proposal

In late spring 2018, the Council received interest from a developer – Loft Co, a South-Wales property development company, with prior experience in the re-imagining and re-use of heritage properties. The company's portfolio to date includes redevelopment of the Tramshed in Cardiff, Pumphouse in Barry and Jennings building in Porthcawl.

Loft Co approached the Council with a regeneration proposal for the Market, which would deliver a complete refurbishment of the building, whilst diversifying its future use. The development offer included the following key proposals:

- Continued provision of a high-quality traditional indoor market; although reduced in size by approximately 40 per cent (compared to the existing scale of provision), the market will still be able to support existing tenants and a number of new tenancies.
- A food court, sitting alongside the market stall provision
- Provision of incubation, start-up and collaborative business space on the mezzanine floor, with the aim of attracting knowledge-intensive businesses, and specifically digital and technology companies
- Provision of new, mixed-tenure 64 one and two-bedroom residential units
- Creation of 16 serviced apartments

Loft Co has given a commitment that all current market traders will be offered a unit within the new development, although they might be relocated within the building due to the current number of units being reduced to a more viable number. The developer has held discussions with the association and this will continue through the development and implementation phases. Assessments of market rental figures will be considered and negotiated by the developer, who has also committed to trading being able to continue during the development works.

The total cost of the proposed development is £11.5m (£12.3m including professional and finance fees), with a final GDV (gross development value) of £14.9m. To facilitate the development, Loft Co has requested from the Council:

- A 250-year lease, based on a 15 per cent geared rental return
- A loan facility of up to a maximum of £8.9 million, based upon a commercial rate of interest over a two year period. The final quantum of the loan is, however, dependent on the type of sale that is achieved for the apartments. Loft Co is in detailed negotiations with a housing association, who have indicated that they will acquire all 68 apartments. This would result in increased security for the Council and potentially a reduction in the size of loan required to approximately £3.30m.

The developer will pay a market rate of interest and this will need to be used to fund the Council's own cost of borrowing plus other costs related to accounting requirements.

Cabinet Approval & Progress to Date

In July 2018, Cabinet gave approval to the above proposal subject to detailed financial and legal due diligence. The approval also agreed that the Head of Finance and Head of Law & Regulation were given delegated authority to complete the due diligence work to support the development and negotiation of the associated lease and funding agreements.

The due diligence work has been completed; giving consideration to the economic and social regeneration benefits against financial risk for the Council, and has included a commercial review. The work has been undertaken by the Heads of Finance, Law & Regulation in consultation with Newport Norse. The due diligence work has also been validated by an independent consultant as set out below.

Since the original approval by Cabinet, Council officers have engaged in regular dialogue with the Market Traders Association, relaying any issues to the developer.

Due Diligence

Development Appraisal

Newport Norse reviewed the appraisal provided by the developer and concluded that:

- The income and yields were reasonable on current market evidence
- Void level allowance for market stalls considered prudent

- There is a lack of evidence of the demand for the collaborative working space as this is a new concept for Newport
- Construction costs are within the reasonable range expected although professional fees are lower than expected
- Adequate provision has been made for compensation for existing market tenants but no allowance for buy back of Griffin House

Overall the project is viable based on the information provided. Recent cash-flows provided by the developer following enhanced discussions with the Housing Authority show that the project costs are still projected to be in line with that included in the original appraisal.

Financial Appraisal

The redevelopment is to be undertaken as a joint venture involving DS Holdings (Penarth) Limited (DSHP) and WRW Developments Limited (WRW). Newport City Council finance staff undertook a high level review of both companies' accounts and their group companies, including carrying out credit searches on the appropriate directors. These did not show up any significant issues, and with discussions with the director of DSHP, we were able to resolve any items outstanding.

As well as this, a substantial independent financial review was undertaken on both parties of the joint venture, examining:

- The group structure and ownership
- Review of consolidated accounts
- Trading Review
- Balance Sheet and cash-flows
- Current borrowing facilities and securities the companies have

In summary the report found that:

DSHP

- DSHP have a clear track record for the development of, often listed, existing buildings and turning them into vibrant commercial, leisure and residential values.
- Developed a strong reputation for delivering with several councils in South Wales.
- DSHP currently has a strong balance sheet.
- The business is in process of disposing of several residential properties as it refocuses on commercial property development, this will further reduce debt and would improve the loan to value ratio.
- The business is operating and projected to operate within the current bank covenants.
- As DSHP is a privately owned business, NCC may wish to put restrictions on dividends being paid during the project construction period.

WRW

- WRW is well established family owned construction company with a broad range of contracts.
- Principal trading business is construction.
- The group has been profitable over the last few years and has seen turnover grow in line with or ahead of its peer group
- Growth has seen complexity and size of projects increase
- Strong pipeline of projects to underpin the projections
- In last 12 months some project issues have led to cash flow issues, but these have been addressed through additional funding which is being rapidly repaid.
- If expected projects come through and the current contract issues are in the past, the business should be profitable with cash flow improved from its current position.
- As with DSHP, NCC may wish to put restrictions on dividends being paid during the construction period.

In summary, both the internal finance appraisal and external appraisal did not highlight any significant issues, and gave indications of growing companies with strong balance sheets and sound track records of delivery.

There are, as with any development projects risks associated with providing loan funding, but these are mitigated by undertaking the review of the project and the finances of the companies, and will be reflected in the interest rate charged. The Cabinet is now advised, that given the outcomes of this due diligence work, to support progression of the project in line with the previously agreed approval.

In any dispute, the SLT will conclude on whether the risk appraisals are of sufficient quality.

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?
Reputational risk if this scheme is not delivered	High	Low	Significant consultation and review processes have been put in place internally and externally in order that any risk is mitigated.	Head of Regeneration, Investment and Housing Head of Finance Head of legal
Risk that loan would not be repaid	High	Low	Funding will only be provided as the works are completed and on receipt of satisfactory invoices and QS reports. Significant independent review has been undertaken on the credit history of both companies, and show good history of repayment of previous loans including those made by another local authority. Newport Norse Ltd has carried out a project appraisal on the project costs and gross development value. Showing a scheme that has potential to finance the debt provided. The Council will have security for the loan facility in the form of a legal charge registered against the lease, together with "step-in" rights under the development agreement and the pre-sale agreements with the RSL, in the event of any default in repayment.	Head of Finance

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

It meets Newport's Corporate Plan through Thriving Cities and commitment 13 a regenerated City Centre.

It meets the well-being and Future Generations Act by enhancing Newport's prosperity and thus the prosperity of Wales

This Economic Regeneration Project fits with the City Centre Masterplan as part of the Regeneration of the Northern Gateway.

Options Available and considered

Option 1

To request that Cabinet

- (a) note progress made on the scheme to date and the satisfactory outcome of the legal and financial diligence work;
- (b) Confirm their agreement to the grant of the proposed development lease and loan funding on the terms set out in this Report;
- (c) Authorise the Head of Law & Regulation and Head of Finance to finalise and complete the necessary legal and financial documentation

Option 2

That cabinet note the report and the outcome but do not agree to the grant of the proposed development lease and loan funding.

Preferred Option and Why

Option 1

To request that Cabinet

- (a) note progress made on the scheme to date and the satisfactory outcome of the legal and financial diligence work;
- (b) Confirm their agreement to the grant of the proposed development lease and loan funding on the terms set out in this Report;
- (c) Authorise the Head of Law & Regulation and Head of Finance to finalise and complete the necessary legal and financial documentation

The proposal will result in the delivery of a significant City Centre Regeneration project, protecting the long-term future of the market, and acting as a catalyst for the regeneration of High Street.

Comments of Chief Financial Officer

There has been extensive and independent due diligence carried out for this scheme and no issues have been raised.

The Council will need to ensure it has appropriate levels of security and guarantees secured with the developer to safeguard its investment. There is an inherent risk linked to the making of any loans of this nature and these will continue and change as the project progresses. Similar to Friar's Walk, the Council will need to establish formal governance and project arrangements with the developer.

The Council must charge a market rate of interest, taking account of a number of issues, including risk. This will be dependent, to an extent, on the size of loan the developer will finally require, up to the maximum approved here.

Comments of Monitoring Officer

The proposed action is in accordance with the Council's legal powers under section 123 of the Local Government Act 1972 and section 2 of the Local Government Act 2000. The Council is able to grant a 250-year development lease to the Developer, subject to and with the benefit of the current Newport City Homes leases and the occupational market tenancies. The Council has a duty under section 123 to secure the best price reasonably obtainable for such a "disposal". Although there will be no capital premium payable for the grant of the lease, the developer will take on all repairing and insuring obligations in relation to the market buildings and has also agreed to pay the Council a 15% geared rental based on the gross rental received, less loan interest payments. Norse have confirmed that this geared rental would secure market value for the grant of the lease, as the Council would effectively share in the future rental growth and, therefore, the terms of the lease are compliant with section 123. Because this is effectively a property-related agreement, rather than the Council procuring a development partner, then there is no requirement to undertake any competitive tendering or procurement process, provided that the negotiated terms represent value for money and the development is considered to be socially and economically beneficial.

Cabinet has also agreed, in principle, to the Council providing development funding in accordance with its "well-being powers" under section 2 of the Local Government Act 2000. This gives the Council a wide ranging discretionary power to do anything that it considers is likely to promote or improve the environmental, economic and social well-being of the area and/or persons within the area. It is for the Council to decide whether any particular action would be likely to achieve this. In exercising this power to promote well-being, the Council must have regard to its community strategy and any statutory Guidance issued by the Welsh Government. Although the Council cannot use its section 2 powers to raise money under section 3(2), it is able to charge interest on any loan funding, provided that the financial return to the Council is incidental to the main purpose of the loan.

The Council also has to ensure that the proposed loan funding does not contravene European State Aid rules, to the extent that it uses public funding to secure an unfair commercial advantage for the developers and is, therefore anti-competitive. If the Council was to provide low-cost funding to the developers on terms that were not available in the private sector, which subsidised their development costs and enabled them to secure an increased commercial profit out of the scheme, then this could be unfair State Aid. In order to avoid any State aid issues, it is essential for the Council to ensure that the terms of the Funding Agreement satisfy the Market Economy Investor Principle (MEIP). The Council has to act in the same manner as a prudent private investor and, therefore, needs to be satisfied that the scheme represents an acceptable investment risk, that the returns on that financial investment would be acceptable to the lending market and that the rates of interest and other terms of the Funding Agreement are on commercial terms.

To satisfy the MEIP requirements, a commercial rate of interest will need to be charged for the loan funding, which is commensurate with the degree of investment risk involved. In assessing the degree of "return" on the Council's investment, the "profit-share" built into the geared rental under the lease can also be taken into consideration, as well as the payment of interest. The scheme has been independently valued and, although the value will not be realised until the development has been completed, adequate security can be provided for the funding by way of a first charge on the lease and step-in rights under the development agreement and the pre-sale agreement with the RSL. This would ensure that, if there was any default, the Council could step into the shoes of the developers in order to secure the repayment of its loan funding.

The proposed terms of the loan agreement and the priority return and "profit-sharing" arrangements in the Lease are considered to be sufficiently robust as to satisfy the MEIP requirements and comply with State Aid rules. The lower the amount of development funding required by the developers, because of

capital receipts secured through the pre-sale agreements for the housing units with an RSL, then the lower to commercial risk to the Council and a lower rate of interest can then be justified for the loan.

In the circumstances, having regard to the benefits of the development and the safeguards to mitigate the attendant financial risks involved, it is not considered to be unreasonable for the Council to exercise its discretionary powers in this way.

Therefore, it is recommended that Cabinet agree to the completion of the necessary legal and financial documentation, on terms to be agreed by the Head of Law & Regulation and Head of Finance. The development agreement, lease and funding agreements will all be conditional upon satisfactory planning and listed building consent being obtained for the scheme.

Comments of Head of People and Business Change

The report sets out proposals for the regeneration of the Market intended to secure a sustainable and viable future for this key city centre asset. Whilst the proposal would change the use of the building the core trading function would be retained in addition to new housing units, office space and visitor accommodation. These developments would make a significant contribution to the economic, social, cultural and environmental wellbeing of the city, are consistent with the City Centre Master Plan and sustainable development principles.

There are no human resources implications arising from this report.

Comments of Cabinet Member

I am satisfied that the requirements to proceed to the next stage have been met including appropriate stakeholders trading within the Market. It is essential that this process continues as a key for the successful regeneration of the “Newport Gateway” including the High Street as an essential component of the continuing regeneration of the city.

Cllr Mark Whitcutt Deputy Leader and Cabinet Member for Assets and Member development

Local issues

City Wide Programme.

Scrutiny Committees

Performance Scrutiny Committee reviewed the City Centre Masterplan

Equalities Impact Assessment and the Equalities Act 2010



FEIA Newport
Market v0.2.docx

Children and Families (Wales) Measure

Newport City Council does not for see any negative impact on children and young people

Discussions have been undertaken with the potential developer who will look to engage any potential audience in gaining their views

Wellbeing of Future Generations (Wales) Act 2015

Long Term – This offer provides a sustainable future for a key City Centre building that is listed and provides a different and important offer within Newport

Prevention – The Market building has listed status and any potential development will include considerable upgrade of those key elements and will remove the current maintenance backlog.

Integrated – The City Centre Masterplan denotes the Northern Gateway and the Market building as a key economic anchor. This potential offer will have a positive impact on integration and wider Regeneration.

Involvement – throughout the process there has been significant consultation with Key Stakeholders. The Market Traders Association has acted as a key conduit for that engagement alongside wider groupings within Newport.

Collaboration – Newport City Council have worked in partnership with a number of organisations to develop this potential offer, amongst these are Newport City Homes, SMEs, Market Traders, Market Traders Association and Welsh Government.

Crime and Disorder Act 1998

Not applicable

Consultation

This project was part of a city wide consultation based around the City Centre Masterplan

Background Papers

Presentation to cabinet

Dated: 31/02/19



Report

Cabinet

Part 1

Date: 13 February 2019

Subject City Centre Masterplan 2019-2029

Item No: 12

Purpose To formally adopt the City Centre Masterplan approach and approve the next steps

Author Regeneration Manager

Ward Stow Hill/Victoria

Summary The Council launched formal consultation on its draft City Centre Masterplan at the January 2018 City Summit, which included conversations with key economic stakeholders and businesses. A formal public consultation was also undertaken over the course of the Spring.

Since the launch, several projects identified in the Masterplan have moved forward rapidly, which prompted the need to both pause and review as well as to nurture the delivery of major investments for the city centre, several of which relate to large properties within the Council's freehold ownership.

The advancement of these projects, which are intended to act as key economic anchors for the city centre moving forward, is the foundation of delivery of the final plan. A final high-level strategy document concluding this process is intended to be published in February 2019, summarising progress to date. This final Masterplan document will re-state the vision and objectives approved within the draft plan, but will offer a more streamlined set of objectives and an update on the Council's progress in advancing vision documents for the three city centre 'Areas of Focus'. Projects secured to date can now add to the narrative within the Masterplan, evidencing investment potential and need for on-going regeneration of the City Centre.

Proposal To formally adopt the vision, objectives and priority projects of the City Centre Masterplan 2019-29 as the Council's strategic framework for city centre regeneration.

Action by Regeneration Manager

Timetable Immediate

This report was prepared after consultation with:

- Cabinet Member for Regeneration and Housing
- Strategic Director - Place
- Head of Regeneration, Investment and Housing

- Head of Finance
- Head of Law and Regulations
- Head of People and Business Change

Signed

Background

In 2017, having successfully delivered the landmark Friars Walk scheme and fully cognisant that this development in and of itself was a milestone in an ongoing journey, the Council decided to review and refresh its City Centre Masterplan. The completion of the Friars Walk development was considered the appropriate time to consider the effectiveness of the previous approach and how the future of the city centre might be shaped by the current economic drivers affecting the city.

Consultants Ove Arup and Partners were engaged to support this review and refine the Council's approach. The key changes were to remove the previous 'quarters' approach and set forth a renewed and reinvigorated vision and set of objectives relevant for the city centre. The vision and objectives set forth in consultation with the Cabinet, residents and businesses received broad consensus following the official launch at the Newport City Summit 2018 and subsequent consultation with Newport residents via the Involve Newport Panel in the Spring of that year. Officers also worked alongside key partners such as the members of the Newport Economic Network and Newport Now Business Improvement District to fully understand and develop priorities for the regeneration of the city centre.

The vision for the city centre, endorsed in 2018, was for *"a revitalised and vibrant heart for the city with a strong and independent identity that is rooted in Newport's history and is forward-looking, continuing the momentum set by recent successes"*. In delivering this vision, it was intended to present a more flexible framework for regeneration activity where individual projects accorded with the broader objectives and approach. These interlinked features of the Masterplan are summarised below:

Objectives: The draft consultation document identified six key objectives, which have been refined for the final plan following responses and discussion, into three objectives, with one final new objective added around economic performance:

Draft Objectives	Final Objectives	Outcomes
A Welcoming City	A Confident City	Coordinated Marketing and Branding, Wayfinding and Information Improved Events Programme Better Upkeep of Buildings/Public Realm Improved Perception
A Restored City		
A City of Quality Places		
A Riverside City		
A Connected City	A Connected City	Improved Parking and Enforcement Detailed Urban Design for Each 'Area of Focus' LLFN Delivery Encourage Modal Shift and Adaptive Systems
A Diverse City	A Diverse City	Increased Supply of High-Grade Office and Hotel Space Increase Supply of Housing of Suitable Tenure Mix Encourage Flexibility of Use via the Planning System Exploit Opportunities – WG, City Deal, Sovereign Wealth
	A Productive City	Increase Academic Activity/Engagement with City Centre Increase Business Stock, particularly KIBS Ensure Right Mix of Commercial/Residential Space Align Infrastructure Changes with Business/Commercial Requirements

Approach: Previous City Centre Masterplan documents have adopted an approach around formal 'zones or quarters', within which certain types of activity and use classifications were intended to be concentrated. On review, this approach was felt to be counter-intuitive to encouraging development. It is possible that, as a decade-long strategy, new proposals or economic factors may come to light which the Council and its partners could not predict, and too rigid an approach may render the Masterplan no longer fit for purpose over its intended lifespan as it would be unable to respond to new challenges and opportunities.

The new 'Areas of Focus' approach attempts to identify which parts of the city centre are best placed to attract investment by virtue of their ability respond to key economic drivers, but without constraining that

area to a particular sector, ie retail, cafe. It aims to spatially predict patterns of development rather than proscribe them.

Priority Projects: Finally, a list of projects and proposals was also developed in detail summarising what and where would show the best long-term benefit for the city centre. Much of these emerging proposals have been kept confidential as projects are developed, particularly where the scheme is identified as commercially sensitive. The main, most impactful sites have been made public as they are illustrative as to how the Council intends to shape the city centre through the Masterplan, and the approach outlined above. For example, within the Northern Gateway Area of Focus, which aims to increase the quality and provision of space for tech companies and other knowledge-intensive businesses to open or expand, core projects include the Market, Market Arcade and National Software Academy. Each of these projects have successfully been progressed, or in the case of the National Software Academy, delivered since the launch of the revised Master Plan in January 2018. The relationship between these Area of Focus and the Priority Projects within each are summarised below.

Area of Focus	Theme	Priority Projects
Northern Gateway	Innovation and Growth: Development of the Office Core/Digital Ecosystem adjacent to Railway Station	Newport Indoor Market – Tech Hub and Food Court Market Arcade – Provision of Incubation/Start-Up Space National Software Academy – Cardiff University
City Core	Diversity and Opportunity: Mixed Use, encouraging a balance of commercial/residential development,	Key Buildings – Re-use of high-profile vacant buildings City Living – 123-129 Commercial Street
Riverside	Sport and Leisure: Growth of hospitality and leisure opportunities	Clarence Place – support emerging hotel cluster Rodney Parade – support redevelopment of the ‘cabbage patch’ to secure future of rugby and football in the city centre

The complexity and risk in delivering interventions of scale in Newport city centre is generally underestimated, but this has not stopped the Council from embarking on ambitious projects such as the Chartist Tower to deliver landmark schemes with key economic benefits to the city centre. Many more of the projects identified will need some form of financial intervention or the use of the Council’s statutory powers to ensure delivery. However, there are a range of options available to the Council and various funding pots which enable us to work in partnership with investors to deliver high quality regeneration schemes.

The Master Plan review has also been well timed in respect of the development of a Regional Regeneration Plan for the Cardiff Capital Region where the ten authorities have committed to a common regeneration strategy for the benefit of the region. The Council has undertaken significant work to align the proposals within the City Centre Masterplan to emerging funding opportunities such as the Welsh Government’s Targeted Regeneration Investment framework (TRI), which, going forward, will be critical to delivery of the Masterplan.

The City Centre Masterplan has achieved the desired outcome of striking a difficult balance between retaining sufficient flexibility to respond to emerging opportunities by remaining high-level and conceptual in content, but also enabling residents, investors and partners alike to be able to see it delivering real regeneration progress. The Master Plan was always intended to provide the strategic framework for the City Centre and will be built upon as we take the next steps towards preparing more detailed vision strategies for the ‘Areas of Focus’, starting with the Northern Gateway and Riverside areas. The delivery of the key strategic projects to date is testament to the efficacy of the Council’s approach and it is now considered that the Council can be confident that the concepts and visions identified in the City Centre Masterplan 2019-2029 are correct and should be formally adopted as the blue print for the next stages in the regeneration and transformation of the city centre.

It is therefore proposed that Cabinet formally approve the vision, objectives, approach and priority projects as Newport City Council's Masterplan for the future of the city centre and the role it will play in the rapidly changing economies of Newport and the wider Cardiff Capital Region. The refined objectives and key projects will be summarised in a final document which will be published following the approval of 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?
Masterplan Delivery	H	M	The Council has identified priority projects for short-term delivery (including those in its freehold ownership) and committed to securing funding and delivery for these projects. Funding has been secured for Market Arcade, the National Software Academy, and Chartist Tower.	Regeneration Manager
Commercial Sensitivity	H	L	Where plans are detailed in full opportunist developers or owners may hold target property to ransom, increasing cost and reducing project viability. The Project Plan behind the Masterplan document must therefore remain confidential.	
Engagement with Public/Partners	M	L	The public do not perceive sufficient progress towards the delivery of the Masterplan. As above the Council has already secured delivery of a number of key projects.	

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

The City Centre Masterplan constitutes a major opportunity to drive and add value to the Council's strategic regeneration objectives, improving the economic resilience and commercial environment of the city centre, whilst delivering an array of sustainable economic growth opportunities.

The Thriving City arc of Newport's Corporate Plan 2017-22 includes the objective of ensuring a new phase of physical regeneration is delivered in Newport following the completion of Friars Walk. The City Centre Masterplan formalises this new wave of investment and development beginning with significant empty or underperforming properties within the Council's property portfolio such as the Indoor Market and Chartist Tower.

Delivery of the City Centre Masterplan will also support the aspirations of Newport's Economic Growth Strategy, which sets out a ten year programme for delivering growth across the city through capital redevelopment, upskilling, training and business support. The Strategy particularly identifies that maintaining focus on regenerating the City Centre, to become one of the UK's top cities, as a means of fostering an excellent economic environment within the city as a whole.

The City Centre Masterplan is consistent with the emerging themes and objectives of the Newport City Council Well-being Plan 2018 – 2023, and thus the national principles and goals espoused by the Wellbeing of Future Generations Act:

- people feel good about living, working, visiting and investing in Newport
- people have skills and opportunities to find suitable work and generate sustainable economic growth
- people and communities are friendly, confident and empowered to improve their well-being
- Newport has healthy, safe and resilient environments

The City Centre Masterplan is already working to deliver positive outcomes for the city centre, and support a number of national, regional and local strategies with particular emphasis on those aimed at skills development, economic performance, improved business opportunities and support, environmental regeneration, tourism development and improved health and well-being through employment, learning, enjoyment and an enhanced sense of identity and community.

Options Available and Considered

1. To endorse the vision, approach, and objectives within the City Centre Masterplan as the Council's framework for delivery of city centre regeneration
2. To not endorse the vision, approach and objectives within the City Centre Masterplan, and adopt an alternative strategic approach

Preferred Option and Why

To endorse the vision, approach and objectives within the City Centre Masterplan as the Council's framework for delivery of city centre regeneration. The Council continues to show an excellent track record in delivering regeneration projects and has secured significant investment towards key projects identified within the Masterplan over the past twelve months.

Comments of Chief Financial Officer

The Masterplan sets out an ambitious set of objectives and projects. As the paper sets out, the risk and challenge in delivery is sometimes underestimated but the Council has a good record of managing these and assisting in delivering these.

Individual projects will need an appropriate funding package agreed before commencement and that will need careful assessment/review where Council /other public funds are used to assist delivery. The Council has a good track record of assisting projects itself, where needed, using more innovative methods such as short term development funding etc.

In the current financial climate, leveraging in third party funding and WG/other public funds needs to be a key component in this.

Comments of Monitoring Officer

There are no specific legal issues arising from the Report. The proposed City Centre Masterplan is consistent with the strategic regeneration objectives set out in the Council's Corporate Plan, the Well-Being plan and the Economic Growth Strategy. The Masterplan will provide a strategic framework for the delivery of key projects to meet these economic regeneration and well-being objectives. The draft Strategy has been the subject of extensive consultation with the public and key stakeholders and the responses are summarised in the report. Any specific legal issues relating to the delivery of identified projects within the Masterplan will be addressed as part of the project management arrangements.

Comments of Head of People and Business Change

There are no HR implications for this report.

The Well-being of Future Generations (Wales) Act 2015 has been fully considered when developing this report. How the proposal meets the five ways of working of the sustainable development principle and the Well-being Goals is fully explored in the appropriate section of the report.

Comments of Cabinet Member

I welcome the contributions that have been made by citizens, partners and key stakeholders to developing the vision, objectives and priority projects of the City Centre Masterplan 2019-29. I am pleased to support this document and move forward with the plan as the Council's strategic framework for city centre regeneration.

Scrutiny Committees

N/A.

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. Adoption of the City Centre Masterplan and delivery of the proposed developments within will improve the physical environment of the city centre for all users, and it is therefore considered that the Masterplan will have a positive impact.

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 City Centre Masterplan is premised on the long-term resilience of the city centre and fully aligned with the aspirations for Wales set forth in the Well-being of Future Generations Act. The following demonstrates how development of the City Centre Masterplan has applied the sustainable development principle (5 ways of working) and how its objectives support the goals of the Act:

Long term:

The City Centre Masterplan encompasses a ten-year time frame etc. In addition to identifying long-term industrial and infrastructure changes ahead that will shape the future performance of the city centre, the impact of those changes and the city's economic resilience has been carefully considered.

Prevention:

A key outcome of the City Centre Masterplan is the better management of the City's unique architectural heritage within the City Centre Conservation Area, particularly where buildings are at risk due to their vacancy and dereliction.

Integration:

The City Centre Masterplan is presented as fully integrated with the Council's wider policy framework and complements its adopted strategic priorities, as summarised below:

- NCC's Improvement Plan 2016/18, in particular the improvement objective 'City Regeneration and Development'
- The council's 10 year Economic Growth Strategy which sets out the council's aims for the long term economic growth of Newport.
- Newport's Well-being Plan 2018-23: Objective 'People feel good about living, working, visiting and investing in Newport', and its 3 Economic Priorities

Collaboration:

The Masterplan has been shaped by local partnerships, including the Newport Economic Network and Newport Now, the city centre Business Improvement District. Various stakeholders, including academic institutions and housing providers as well as local businesses have fed into the development of the Masterplan.

Involvement:

The Council consulted with residents of Newport via the draft Masterplan launch as well as the Involve Newport Panel. Over 200 residents responded to confirm agreement with the vision and objectives expressed within.

Goal 1: A Prosperous Wales: Regeneration of key town centres supports the goal of a prosperous Wales. Creating vibrant and attractive town centres helps increase footfall and spend, supporting local business growth and an increase of local job opportunities. Increasing visitor numbers to urban centres, which are well-served by sustainable transport connectivity, further support the goal of a prosperous Wales.

Goal 2: A Resilient Wales: Regeneration projects improve quality of life for residents and contribute to feeling part of the community. By adopting the Masterplan, the Council is committing to supporting projects that help create a sense of belonging and ownership amongst Newport's communities, in addition to challenging negative perceptions, helping people feel connected to the city, and growing city pride.

Goal 3: A Healthier Wales: Improving economic activity and opportunity correlates with improved health incomes for individuals. The central wards of the city, including Stow Hill, are disproportionately affected by poor health outcomes due to their relative deprivation. Empty properties in the city centre serve no purpose in this respect and indeed are counter-productive to it, as they are often trespassed for the purpose of substance misuse, with several city centre properties subject to serious fires within the last three years generating significant risk to public health. Finally, active commuting is encouraged within the plan under the Connected City objective.

Goal 4: A More Equal Wales: By prioritising the most deprived communities, the Plan seeks to engage the most excluded people across the region. By supporting people to enter employment or progress to better jobs, the Regeneration Plan seeks to increase household income and in turn will provide access to further opportunities. This supports the goal of a more equal Wales.

Goal 5: A Wales of Cohesive Communities: Engaging businesses and local people in the development of the city will contribute to the development of a cohesive community invested in its future. The Plan proposals will assist in securing investment into community facilities in Newport as well as engaging community members in co-production of the services provided in those facilities. This commitment supports the goal of a cohesive communities.

Goal 6: A Wales of Vibrant Culture and a Thriving Welsh Language: Many visitor attractions and local businesses celebrate the heritage and culture of the country supporting the development of a Wales of vibrant culture and thriving Welsh language. The projects supported via the endorsement of the Plan will help preserve and secure heritage property in Newport currently at risk of decay.

Goal 7: A Globally Responsible Wales: Securing investment for south east Wales is generally positive for the local supply chain, and local businesses. Applying sustainable regeneration principles based around

this engagement of local suppliers will ensure that the objectives contribute fully to a globally responsible Wales.

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

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

Background Papers

None.

Dated: 25 January 2019

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Report

Cabinet

Part 1

Date: 13 February 2019

Item No. 13

Subject Cabinet Work Programme

Purpose To report and agree the details of the Cabinet's Work Programme.

Author Cabinet Office Manager

Ward All Wards

Summary The purpose of a work programme is to enable Cabinet to organise and prioritise the reports and decisions that are brought to each meeting. Effective forward planning by Cabinet also impacts positively upon the Council's other Committees, in particular Scrutiny, because work needs to be coordinated on certain reports to ensure proper consultation takes place before a decision is taken.

The current work programme runs to June 2019, but it is a working document. It is important that the work programme is owned and prioritised by Cabinet Members directly, so each month the Cabinet Office Manager brings a report updating Cabinet on any changes, so that the revised programme can be formally approved.

The updated work programme is attached at Appendix 1.

Proposal To agree the updated work programme.

Action by Cabinet Office Manager

Timetable Immediate

This report was prepared after consultation with:

- Chief Officers
- Monitoring Officer
- Head of Finance
- Head of People and Business Change

Background

The purpose of a work programme is to enable Cabinet to organise and prioritise the reports and decisions that are brought to each meeting. Effective forward planning by Cabinet also impacts positively upon the Council's other Committees, in particular Scrutiny, because work needs to be coordinated on certain reports to ensure proper consultation takes place before a decision is taken.

The Wales Audit Office's Corporate Assessment of Newport City Council, published in September 2013, highlighted the need to "strengthen committee work programming arrangements to ensure they are timely, meaningful, informative, transparent, balanced, monitored, and joined up". Since that report was published, these monthly reports have been introduced to provide Cabinet with regular updates on its work programme, and the opportunity to comment upon and shape its priorities as an executive group. The Democratic Services team have also been working to improve the links between this and other work programmes under its management (e.g. Council, Scrutiny, Audit) to ensure the various programmes are properly coordinated.

The current work programme runs to June 2019, but it is a working document. It is important that the work programme is owned and prioritised by Cabinet Members directly, so each month the Cabinet Office Manager brings a report updating Cabinet on any changes, so that the revised programme can be formally approved.

The updated work programme is attached at Appendix 1.

Financial Summary

There is no direct cost to adopting a programme of work.

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?
No action taken	M	L	Work programming arrangements are in place to ensure they are timely, meaningful, informative, and transparent, balanced, monitored, and joined up.	Head of Democratic Services
The process is not embraced by report authors and members	M	M	If there is proliferation of unplanned or late items, the opportunity to ensure work programming is timely, meaningful, informative, and transparent, balanced, monitored, and joined up will diminish	Head of Democratic Services

Links to Council Policies and Priorities

These proposals will help the Council provide the best possible service to members and will provide information to the public and elected members.

Options Available and considered

- To adopt the process and adopt or amend the work programme
- To consider any alternative proposals raised by Cabinet members
- To take no action

Preferred Option and Why

To adopt the proposals which should help to ensure work programming arrangements are timely, meaningful, informative, and transparent, balanced, monitored, and joined up.

Comments of Chief Financial Officer

There are no financial implications in adopting a programme of work.

Comments of Monitoring Officer

There are no legal implications in adopting a programme of work.

Staffing Implications: Comments of Head of People and Business Change

There are no specific staffing implications in adopting a programme of work.

Comments of Cabinet Member

The Chair has approved the report for consideration by cabinet.

Local issues

There are no local issues as this report relates to the Council's processes

Scrutiny Committees

Monthly update reports allow the Scrutiny and Cabinet work programmes to be better coordinated. The Scrutiny team and Members are currently developing new ways of working through the new Committees, and continually reviewing the work programmes to focus more on risk, and ensure all scrutiny activity has a defined purpose and constructive outcome.

Equalities Impact Assessment and the Equalities Act 2010

This does not apply to this procedural report.

Children and Families (Wales) Measure

This procedural report does not impact on Children and Young People although certain reports contained in the programme may do and will need appropriate consultation and comment when they are presented to cabinet.

Wellbeing of Future Generations (Wales) Act 2015

This is a procedural report but reports contained within the programme will need to show how consideration has been given to the five things public bodies need to think about to show they have applied the sustainable development principle put into place by the Act.

Crime and Disorder Act 1998

This does not apply to this procedural report

Consultation

As set out above

Background Papers

[Newport City Council Corporate Assessment](#), Wales Audit Office (September 2013)

[Newport City Council – Corporate Assessment Follow Up 2015](#), Wales Audit Office (May 2015)

Dated: 4 February 2019

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NEWPORT CITY COUNCIL: CABINET/COUNCIL WORK PROGRAMME

MEETING	AGENDA ITEMS	LEAD OFFICER
CABINET 18-JUL-18	Revenue Budget Monitor	HoF
	Welsh Language Annual Report	HP&BC
	Performance Update – Early Year End PI Analysis	HP&BC
	Strategic Equality Plan Annual Report	HP&BC
	Improvement Plan Quarter 4 Update	HP&BC
	City Centre Regeneration	SD – Place
	Work Programme	COM
COUNCIL 24-JUL-18	City Centre/Maesglas PSPOs NNDR Relief Scheme	
COUNCIL 11-SEP-18	Treasury Management Democratic Services Annual Reports Welsh Language Annual Report Strategic Equality Plan Annual Report Member/Officer Protocol Scrutiny Annual Report Standards Committee Annual Report Improvement Plan 2016-18	
CABINET 19-SEP-18	Capital Programme Monitoring July 2018	HoF
	WAO Annual Improvement Report	HP&BC
	WAO Certificate of Compliance 1	HP&BC
	July Revenue Budget Monitor	HoF
	Corporate Risk Register Update	HP&BC
	Work Programme	COM
CABINET 17-OCT-18	Final Year End Analysis of PIs (All Wales Data)	HP&BC
	WAO Annual Improvement Report	HP&BC
	WAO Scrutiny Fit for the Future Report	HP&BC
	Academic Results for Newport Schools	CEdO
	Independent Living Strategy 2017-2022	HA&CS
	Director of Social Services Annual Report	SD – People
	Work Programme	COM
CABINET 14-NOV-18	Meeting cancelled – reports moved to December/January cycles	
COUNCIL 27-NOV-18	Director of Social Services Annual Report	
CABINET 12-DEC-18	Revenue Budget Monitor	HoF
	Capital Budget Monitor	HoF
	Revenue Budget and MTFP: Draft Proposals	HoF

	Treasury Management 6 monthly Report	HoF
	Corporate Risk Register Update	HP&BC
	WAO Certificate of Compliance 2	HP&BC
	PSB Summary Document (for information/awareness)	HP&BC
	Work Programme	COM
CABINET 16-JAN-19	Mid-Year Analysis of PIs	HP&BC
	Verified Key Stage 4 and 5 Pupil Outcomes	CEdO
	PSB Summary Document (for information/awareness)	HP&BC
	Work Programme	COM
COUNCIL 29-JAN-19	Mayoral Nomination 2019/20 Council Schedule of Meetings Treasury Management 6 monthly report Council Tax Reduction Scheme	
CABINET 13-FEB-19	Revenue Budget Monitor	HoF
	Capital Budget Monitor	HoF
	2019/20 Budget and Medium Term Financial Projections	HoF
	2019/20 Capital Strategy and Treasury Management Strategy	
	Procurement Report on the Code of Practice	HoF
	Corporate Safeguarding	HC&YPS
	Market	SD – Place
	City Centre Masterplan	SD - Place
	Work Programme	COM
COUNCIL 26-FEB-19	Budget and Medium Term Financial Plan	
CABINET 13-MAR-19	Pay and Reward Statement 2019/20	HP&BC
	EAS Business Plan	CEdO
	Categorisation of Schools	CEdO
	Corporate Risk Register Update	HP&BC
	Welsh Government Transport White Paper	SD - Place
	Work Programme	COM
CABINET 17-APR-19	Items TBC	
	Corporate Safeguarding	HC&YPS
	Work Programme	COM
	PSB Summary Document (for information/awareness)	HP&BC
COUNCIL 30-APR-19	IRP Annual Report NNDR Rate Relief Pay and Reward Policy	

COUNCIL 14-MAY-19	AGM	
CABINET 22-MAY-19	Items TBC	
	PSB Summary Document (for information/awareness)	HP&BC
	Work Programme	COM
CABINET JUN-19	Corporate Risk Register Update	HP&BC
	Risk Management Strategy	HP&BC
	Air Quality Management Plan (Provisional – dependant on whether public consultation and engagement with stakeholders has been carried out)	HL&R
	Work Programme	COM

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