

# Agenda



## Cabinet

---

Date: Thursday, 14 June 2018

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 / Agenda in Welsh</u> (Pages 3 - 4)
2	<u>Apologies for Absence</u>
3	<u>Declarations of Interest</u>
4	<u>Minutes of the meeting held on 23 May 2018</u> (Pages 5 - 8)
5	<u>Welsh in Education Strategic Plan (WESP)</u> (Pages 9 - 18)
6	<u>Capital Programme Outturn 2017/18</u> (Pages 19 - 34)
7	<u>Report on Treasury Management covering the Financial Year 2017/18</u> (Pages 35 - 50)
8	<u>Neighbourhood Hubs</u> (Pages 51 - 100)
9	<u>Work Programme</u> (Pages 101 - 106)

Contact: Eleanor Mulligan, Democracy and Communications Manager

Tel: 01633 656656

E-mail: [democratic.services@newport.gov.uk](mailto:democratic.services@newport.gov.uk)

Date of Issue: Thursday, 7 June 2018

This page is intentionally left blank



# Agenda

## Cabinet

---

Dyddiad: Dydd Iau, 14 Mehfin 2018

Amser: 4 y.p.

Lleoliad: Ystafell Bwyllgor 1 – Y Ganolfan Ddinesig

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

---

<b>Eitem</b>		<b>Wardiau Dan Sylw</b>
1	<u>Agenda yn Gymraeg</u>	
2	<u>Ymddiheuriadau am absenoldeb</u>	
3	<u>Datganiadau o fuddiant</u>	
4	<u>Cofnodion</u>	
5	<u>Cynllun Strategol Cymraeg mewn Addysg 2017-2020</u>	Pob Ward
6	<u>Canlyniad Cyllideb Cabinet 2017/18</u>	Pob Ward
7	Archwilio Mewnol - Adroddiad Blynyddol 2017/18	Pob Ward
8	Canolfannau Cymdogaeth	Pob Ward
9	<u>Rhaglan Waith</u>	Pob Ward

This page is intentionally left blank

# Minutes



## Cabinet

---

Date: 23 May 2018

Time: 4.00 pm

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

---

### 1 **Declarations of Interest**

There were no declarations of interest.

### 2 **Minutes of the Last Meeting**

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

### 3 **School Reorganisation Proposal - Glan Llyn**

The Leader of the Council introduced the item, announcing that, for this item, the Cabinet was sitting in its role as the Local Determination Panel under the School Standards and Organisation (Wales) Act 2013 and the School Organisation Code. Because objections to this proposal were received during the statutory consultation stage, the final determination must be referred to full Cabinet as the Local Determination Panel under these regulations.

The report was presented by the Cabinet Member for Education and Skills, who explained the background to the proposals, the content of the objections received, the authority's responses to these, and the rationale for recommending support of the report's proposals.

The school reorganisation proposal had been carried out in accordance with the statutory School Organisation Code and included a formal consultation period followed by the publication of a statutory notice for the required period of 28 days.

The formal consultation document was prepared outlining a proposed implementation date of September 2018. However the consultation report recommended modifying the implementation date to September 2019, and the statutory proposal was published outlining the revised date. The preferred implementation date therefore was September 2019.

Cabinet Members spoke in support of the proposals, highlighting that the change to the implementation date was based on sound evidence and made for good educational reasons. All affected children had been offered alternative choices and place in schools within a 2 mile radius. The proposals were fully supported as in the best interests of the children involved.

#### **Decision:**

To approve the school reorganisation proposal "to establish a new primary school on the Glan Llyn development for pupils aged 3-11 years with effect from September 2019.

### 4 **Performance Management Strategy**

The Leader of the Council presented the report to agree the Council's performance management strategy.

The performance management strategy supported the delivery of the council's corporate plan by driving a culture of accountability and maximising performance. The strategy emphasised that all employees contributed to the performance of the council through their day to day activities, positively impacting the council's vision. However, the main focus of the strategy was the council's organisational performance in terms of achieving its planned objectives through well considered planning. The strategy put a framework in place that focussed on the aspirations of the corporate plan, set out clear achievable actions within a specified timeframe, and a reviewing and revising process where progress and further actions were clearly monitored and communicated.

There were six main areas of focus in the Performance Management Strategy as outlined in the report: embedding a performance culture; maximising the council's performance; clear roles and accountability; improving data quality; open communication of goals and achievements; and development of the system to maximise its value

Progress against these actions would be reviewed on an annual basis and actions would be revised as necessary to ensure that our short term actions deliver the longer term objectives.

The Leader thanked the Scrutiny Committee for its constructive feedback on the draft strategy, as part of an open and transparent consultation process.

**Decision:**

To endorse the performance management strategy.

**5 Risk Management Strategy**

The Leader of the Council presented the Risk Management Strategy for approval by Cabinet.

The Strategy had been reviewed and revised to strengthen existing arrangements and support the delivery of the Corporate Plan. Anticipating and preparing for future challenges, trends, threats and opportunities was an essential part of the council's risk strategy and allowed for better preparedness and the incorporation of mitigation into planned activities and policies. This helped the council to take a longer-term strategic approach, and makes present policy more resilient to future uncertainty.

The Leader thanked the Audit Committee for their input into the draft strategy, particularly noting the comments about the Council's appetite for risk. The Leader also thanked the staff for effective management of the strategy and risk register.

**Decision:**

To endorse the Corporate Risk Management Strategy.

**6 Corporate Risk Register Update**

Following on from the previous item, the Leader of the Council presented the latest update of the Corporate Risk Register.

The corporate risk register identified risks that may prevent the council achieving the objectives set out in the Corporate Plan, and enabled the council to continue to provide services to the citizens and communities of Newport. Robust management of these risks was imperative to the realisation of the council's objectives.

The corporate risk register helped the council to ensure that the needs of the present were met without compromising the ability of future generations to meet their own needs by considering the sustainable development principle set out in the Wellbeing of Future Generations (Wales) Act 2015.

There were 14 risks identified in the risk register, made up of 5 high risks and 9 medium risks. The detail and planned mitigating actions for each risk were provided in the report.

**Decision:**

To consider the contents of the Corporate Risk Register and request regular updates regarding the planned mitigating actions.

**7 Revenue Budget Outturn 2017-18**

The Leader of the Council presented the outturn report for the revenue budget in 2017-18.

Under difficult circumstances, the Council had managed its revenue budget well and the revenue outturn showed an underspend of £1,299k, representing just 0.7% of the net budget excluding schools and close to the £1.1m reported in January. There were two broad issues that explained this:

- The Council (i) received nearly £1m of unexpected, and welcomed, grants to deal with social care pressures in the year and (ii) due to the collection of a small number, but high value debts owed to the Council, was able to reduce its bad debt provision by c£300k;
- The Council had actually significantly overspent on some key budget areas, mainly demand led social care and special education needs (SEN) but these had been mitigated by better collection of council tax, lower demand for council tax reduction and use of the revenue budget contingency. These had been forecasted and reported throughout at least the second half of the financial year and balanced each other out, in the main.

Whilst the position was positive, there were areas of budget pressures which had been highlighted throughout most of the year, in particular the demand led social care/ SEN budgets where work was on-going to bring forward solutions to bring down spending and stabilise financial management, school budgets and delivery of 17/18 and previous year savings.

Finally, the report made recommendations to earmark the underspend to reserves for future use, mainly to the implementation of a new 'Customer Services' system, short term capacity issues within the StreetScene department and implementation of the Councils agreed Corporate Plan. Spending of the under-spend in these areas was expected to happen over the next 2 years.

Cabinet spoke in support of the report, thanking the officers in the finance team and across the council for their prudent financial management and commitment to achieving a balanced budget.

**Decision:**

That Cabinet:

1. Note the out-turn position, which is subject to audit and the major variances for the year (paragraphs 1-4);

2. To approve use of the underspend as set out in paragraph 8 of the report; note the other reserve transfers that are included in the outturn and the resulting level of the Council's general and earmarked reserves;
3. Note the school's outturn and the position on the individual and total school reserves and note / comment on the next steps in this area in paragraph 4;
4. Note the worsening financial position for schools as set out in paragraph 4;
5. Note the other areas of budget pressures and challenges in paragraph 4 and note / comments on the actions currently in place to manage these.

## 8 **Work Programme**

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

### **Decision:**

To agree the updated work programme.





# Report

## Cabinet

---

### Part 1

Date: Thursday 14 June 2018

Item No: 5

**Subject** **Welsh Education Strategic Plan (WESP) 2017 - 2020**

**Purpose** To approve an amendment to Newport's WESP

**Author** Chief Education Officer

**Ward** ALL

**Summary** The School Standards and Organisation (Wales) Act 2013 requires local authorities to prepare a Welsh in Education Strategic Plan (WESP). WESPs are intended to set out the Authority's vision for how Welsh medium and Welsh language education is planned and developed locally.

In December 2017, Cabinet considered and approved an amended WESP for Newport which was duly submitted to Welsh Government. A further revision to Newport's WESP is now being proposed which includes the Council's intention, subject to funding from Welsh Government, to establish a Welsh-medium seedling primary school from September 2019 on a temporary site with a permanent location to be determined.

**Proposal** **Cabinet is requested to approve the revised WESP 2017-2020 as set out in this report.**

**Action by** Chief Education Officer

**Timetable** The WESP covers the period 2017 to 2020 and includes actions and targets for this time period. Agreement on Welsh Government funding will be required by end of August 2018, to allow the legal process to be undertaken to formally establish the new school by September 2019.

The Consultation process for WESPs is set out in Section 82 of the School Standards and Organisation (Wales) Act 2013. As such the following were consulted on previous versions:

- Neighbouring local authorities
- The head teacher of each school maintained by it
- The governing body of each school maintained by it
- Each institution within the further education sector in its area
- Other prescribed persons eg. the Welsh Language Commissioner, the Early Years Development and Childcare partnership, Her majesty's Chief Inspector of Education and Training , such organisations providing services to children and young people as

the local authority considers appropriate, such persons or bodies as appear to the local authority to be appropriate.

The Cabinet Member for Education and Skills has been consulted on this report and is fully supportive

**Signed**

## Background

1. The School Standards and Organisation (Wales) Act 2013 requires local authorities to prepare a Welsh in Education Strategic Plan (WESP). WESPs are intended to set out the Authority's vision for how Welsh medium and Welsh language education is planned and developed locally.
2. Guidance for preparation of WESPs provides the context for which WESPs should be prepared – the Welsh Government's strategy for the Welsh language and the vision of a million Welsh speakers by 2050 (Cymraeg 2050).
3. The School Standards and Organisation (Wales) Act 2013 states that Welsh Ministers must exercise the following in relation to WESPs, they have the powers to approve the plan as submitted; approve with modifications; or to reject the plan and prepare another.

## Development of the WESP

4. The development of Newport's WESP for 2017 - 20 began in October 2016 before being submitted to Welsh Government as required for a February 2017 deadline. In March 2017 Welsh Government announced that all WESPs would be the subject of a review which would be undertaken by former AM and Wrexham Council Leader, Aled Roberts. Formal feedback from this review was provided by the Minister for Lifelong Learning and Welsh Language about Newport's WESP in August 2017 along with an invitation to address the issues raised and to submit an amended plan.
5. Revisions were made to Newport's WESP in response to this feedback and the WESP was then subject to further consultation with stakeholders as required by School Standards and Organisation (Wales) Act 2013. In December 2017, Cabinet considered, approved and re-submitted to Welsh Government a revised WESP that took account of feedback from that consultation. The revised WESP included:
  - commitments to expand existing schools under future 21<sup>st</sup> Century Schools programmes;
  - increasing primary school targets to account for additional "late comer" children;
  - increasing the number of early years and nursery places;
  - a commitment to scope the language medium of all new developer schools.
6. In March 2018, the Authority was made aware of a new Welsh Government fund established to specifically support the development of Welsh Medium education. The £30m Welsh-wide fund provides 100% finance for approved projects. A successful bid to this fund could enable the Authority to build a new Welsh Medium school, further strengthen the WESP 2017-20 and achieve the objectives within its 21<sup>st</sup> Century Band B programme.
7. It is proposed that the WESP should be updated to reflect not only the updates from the initial revision, but also the Authority's intention to establish a fourth Welsh Medium Primary school in the city and in doing so, increase by 50% the number of places available in Welsh Medium education. Subject to funding approval from Welsh Government, and the Authority having certainty of that funding by August 2018 to allow the legal process to be undertaken to establish the school, the new school will be established in September 2019 on a temporary site with a permanent location to be determined.
8. The school would be established under a seedling model, for nursery and reception pupils only in the first year, and grow incrementally over a seven-year period before reaching full capacity. The bid proposes that the school is a two-form entry provision, with eventual capacity for 420 mainstream pupils of statutory school age. There will also be a nursery class able to take up to 48 pupils over either a morning or afternoon session and a 10-place Learning Resource Base.

## Financial Summary

There is no specific budget for delivering the WESP. Work to deliver various aspects of policy has separate funding streams.

The Council's Capital Programme for the period April 2018 to March 2023 has already been approved, and includes projects included within Band B of the 21<sup>st</sup> Century Schools Programme. The proposal in the revised WESP to create a new Welsh-medium primary school sits outside this, and a full cost bid has been submitted to Welsh Government's Welsh-medium Capital Grant for this purpose. There will therefore be no capital costs attributable to the Council in relation to this project.

The establishment of a new school will however increase the Council's revenue costs, and as the opening is likely to be under a seedling model, these costs will increase incrementally over a seven year period. This will put pressure on the Council's Medium Term Financial Plan at a time when three other schools are also due to open. The Education Service will continue to analyse demand and pupil projections to effectively manage the planning of school places.

## 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?
The Welsh Government does not approve the WESP and either modifies or reject and prepares another.	H	L	The addition in the WESP of the Authority's intention to establish another Welsh Medium primary will further strengthen it.	Chief Education Officer
Timescales for establishing the new seedling school by September 2019 are tight	H	M	Bid for funding will be submitted promptly and it is understood that decisions on funding will be approved in September 2018, enabling the legal process of establishing the school to progress.  Having certainty over the funding in August 2018 will be needed to ensure the process can be completed for a September 2019 opening.	Chief Education Officer  Welsh Government
Additional funding is needed if the Authority is to establish a new Welsh Medium school	H	H	A bid for funding has been submitted. The Authority will work closely with Welsh Government to try to ensure the success of the bid	Chief Education Officer  Welsh Government

\* Taking account of proposed mitigation measures

## Links to Council Policies and Priorities

Wellbeing of Future Generations (Wales) Act 2015

Newport City Council Welsh Language Strategy 2017 -22

Newport City Council 21<sup>st</sup> Century Schools Strategic Outline Plan

## **Options Available and considered**

1. To not revise the WESP
2. To make the revision to the WESP outlined in this report

## **Preferred Option and Why**

Option two is the preferred option. The revision provides a greater level of 'ambition' for expanding Welsh medium education as required by Welsh Government whilst also taking account of the circumstances in Newport.

## **Comments of Chief Financial Officer**

The Capital Programme from 2018/19 to 2022/13 was approved in February 2018. Included within this is the final year of the 21<sup>st</sup> Century Schools Band A projects and most of the £70m for the next phase, Band B. The delivery of the WESP will therefore expand what is already in there in relation to this particular project.

Our understanding is that 100% grant funding is given for this project, unlike the rest of Band B which is only 50%. There should therefore be no impact of this re: borrowing and related funding of that borrowing and therefore no allowance for this is contained in the MTFP.

However – the revenue cost of running the school will fall to this Council and as a seedling school, will increase each year until the school is fully established. This puts additional pressure on the Council's MTFP and inevitably, further savings to find. There are a number of other primary schools due to open over this same period of Band B and given the significant cumulative impact of these on the Council's MTFP and 'budget gap', the Education Service should look at resulting school places capacities being created and look at when schools should be opened to ensure resources are not allocated to create too many surplus places.

## **Comments of Monitoring Officer**

The Council has a statutory duty to prepare a Welsh Education Strategic Plan, setting out the corporate vision for the development of Welsh language education in Newport, in accordance with the requirements of the School Standards and Organisation (Wales) Act 2013 and relevant Welsh Government guidance. The proposed WESP has previously been revised and approved by Cabinet, in the light of feed-back from the Minister and further consultation with stakeholders. It is now proposed to update the WESP to include reference to a bid for grant funding for the development of a fourth Welsh Medium Primary school and to re-submit this to the Minister for formal approval.

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

The WESP sets out a framework for how Welsh medium and Welsh language education will develop within the city. It represents an important step for the authority in further developing Welsh Medium education within the city. The WESP will help the authority meet not only the strategic vision it set out in its 5 Year Welsh Language Strategy, but also the legislative duties it has, including those set out within the Wellbeing of Future Generations Act 2015.

There are no human resources implications at this stage.

There would be future staffing implications to establish a Welsh-medium seedling primary school from September 2019, as a result of this proposal, in terms of appointing the school leadership team and then employees, over a seven-year period. There may also be a requirement for the Governing Body to review the pay ranges of members of the school leadership team during that time, in line with policies and procedures. As previously referenced, timescales for establishing the school are tight and this could also potentially impact on recruitment, due to statutory notice periods and the available pool for selection.

## Comments of Cabinet Member

The Cabinet Member has been consulted on this report, is supportive of the expansion of Welsh Medium education and of the amendment proposed to the WESP for submission to Welsh Government.

## Local issues

N/A

## Scrutiny Committees

N/A

## Equalities Impact Assessment and the Equalities Act 2010

### Fairness and Equalities Impact Assessment (FEIA)

The purpose of this assessment is to provide balanced information to support decision making and to promote better ways of working in line with equalities (Equalities Act 2010), Welsh language promotion (The Welsh Language (Wales) Measure 2011), sustainable development (Wellbeing of Future Generations (Wales) Act 2015), and the four parameters of debate about fairness identified by the Newport Fairness Commission (NFC Full Report to Council 2013).

**Completed by:** Lucy Jackson      **Role:** Service Manager

**Head of Service:** Sarah Morgan      **Date:** 21/05/2018

**I confirm that the above Head of Service has agreed the content of this assessment**  
Yes

**When you complete this FEIA, it is your responsibility to submit it to**  
[impact.assessment@newport.gov.uk](mailto:impact.assessment@newport.gov.uk)

### 1. Name and description of the policy / proposal being assessed. Outline the policy's purpose.

Welsh Education Strategic Plan (WESP): WESPs set out an Authority's vision for how Welsh medium and Welsh language education is planned and developed.

### 2. Outline how you have/ will involve stakeholders who will be affected by the policy/proposal

Key stakeholders have already been consulted on the proposed policy, their feedback has been considered and used to update the WESP. Members of the Welsh Education Forum (WEF) in Newport will have an important role in delivering aspects of the WESP. Members of the WEF are actively working together to promote Welsh Medium education.

**3. What information/evidence do you have on stakeholders? e.g. views, needs, service usage etc. Please include all the evidence you consider relevant.**




The feedback from key stakeholders was summarised within the Cabinet report considered in December 2017. Newport's WEF which includes key stakeholders is chaired by the Chief Education Officer and meets quarterly to consider issues pertinent to the WESP and Welsh Medium education.

**4. Equalities and Welsh language impact**



Protected characteristic	Impact:			Provide further details about the nature of the impact in the section below. Does it: 1. Promote equal opportunity 2. Promote community cohesion 3. Help eliminate unlawful discrimination/ harassment/ victimisation?
	Positive	Negative	Neither	
Age	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The WESP in large part is concerned with school age children and increasing demand for Welsh Medium education. The WESP, taken as a whole and including this amendment, will have a positive impact on this protected characteristic.
Disability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The WESP includes reference to working regionally to ensure that there are relevant strategies and resources in place to support children with Additional Learning Needs who are in Welsh Medium education.
Gender reassignment/transgender	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	There should be no impact on of the WESP
Marriage or civil partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	n/a
Pregnancy or maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	n/a
Race	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Children from minority ethnic communities are currently under represented in Welsh Medium education compared to English Medium. The strategy for promoting Welsh language education will include work to specifically promote the Welsh language and Welsh medium education to these communities.
Religion or Belief or non-belief	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	n/a
Sex/ Gender Identity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	n/a

Protected characteristic	Impact:			Provide further details about the nature of the impact in the section below. Does it: 1. Promote equal opportunity 2. Promote community cohesion 3. Help eliminate unlawful discrimination/ harassment/ victimisation?
	Positive	Negative	Neither	
Sexual Orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	n/a
Welsh Language	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The WESP is concerned with the Council's commitment to the development of the Welsh language and Welsh medium education and does so in the context of Cymraeg 2050. If a million Welsh speakers are to be achieved by the middle of the century the percentage of children being educated in Welsh Medium schools in Newport will need to be about 40% (Cymdeithas yr Iaith Gymraeg). The commitments in this WESP will look to increase current capacity in Welsh Medium schools.

**5 How has your proposal embedded and prioritised the sustainable governance principles in its development?**

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? Describe how.
 <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p>	Welsh Government is committed to achieving its vision of one million Welsh speakers across Wales by 2050. The WESP considers how Welsh language and Welsh medium education can be promoted in Newport. If the number of Welsh speakers are to increase in the city this will be as a result of increasing the number of children being educated in the medium of Welsh. This proposal will increase the number of Welsh medium school places by 50% if a bid for additional funding is successful. The funding is required to ensure that as the city grows there is confidence that there are enough places available for school aged children.
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	Partnership with key stakeholders is critical to the successful delivery of the WESP. The Welsh in Education Forum in Newport is a requirement but member's feedback on the WESP has been critical in shaping it. These partners will also ensure that the objectives set out in the WESP are delivered.
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	Meetings with the WEF are held quarterly and are chaired by the Chief Education Officer. Members of the WEF are also involved, day to day in delivering the objectives set out in the WESP.



Sustainable Development Principle	Does your proposal demonstrate you have met this principle? Describe how.
 <p data-bbox="140 412 240 434">Prevention</p> <p data-bbox="49 461 339 584">Putting resources into preventing problems occurring or getting worse</p>	<p data-bbox="389 255 1414 356">Data is utilised to project the demand for Welsh Medium education. An annual demand survey of new parents is undertaken to ensure that places in Welsh education can be provided.</p>
 <p data-bbox="153 860 244 882">Integration</p> <p data-bbox="49 913 347 1037">Considering impact on all wellbeing goals together and on other bodies</p>	<p data-bbox="389 591 1417 692">The proposal specifically supports the sustainability of and vibrancy of the Welsh language and culture by considering how Welsh medium education can be expanded.</p> <p data-bbox="389 725 1386 826">The WESP supports the well-being goals of a prosperous Wales by creating confident bi lingual citizens through Welsh medium education with greater opportunities for employment.</p> <p data-bbox="389 860 1401 927">By supporting Cymraeg 2050, the WESP seeks to create a community where there is equality between Welsh and English languages.</p> <p data-bbox="389 960 1390 1061">In terms of developing cohesive communities, the WESP acknowledges that children from BME communities are currently under represented in Welsh Medium schools and this is an area of need of development.</p> <p data-bbox="389 1095 1313 1162">The WESP is neutral in terms of issues of health, resilience and global responsiveness.</p>

**6 What will the impact be on the wellbeing goals (under Wellbeing of Future Generations Act 2015)?**

The WESP directly impacts on the long term sustainability of the Welsh language and supports the increasing numbers of people who are bi lingual. By doing so, it supports the vibrancy of Welsh culture. The WESP acknowledges that children from BME communities are currently under represented in Welsh medium schools and that there is a need to promote the Welsh language across these communities. This work will support the goal of creating more cohesive communities.

More children and wider workforce who are bi lingual will have greater employment opportunities which will in turn support the growing economy of Newport.

There would be no negative impact on either Welsh Government or Newport well-being goals.

**7 Will the proposal/policy have a disproportionate impact on a specific geographical area of Newport?**

All children are provided with the opportunity to attend a Welsh medium school. The number of schools and early years settings available at present are not currently evenly dispersed across the city. A decision on the location of the proposed new school has not yet been agreed.

**8 How does the proposal/policy relate to the parameters of debate about Fairness identified by the Newport Fairness Commission**

Stakeholders are actively engaged in discussions about the development of the WESP and work streams to deliver it.

**9 Taking this assessment as a whole, what could be done to mitigate any negative impacts of your policy and better contribute to positive impacts?**

A bid is being made for additional funding to enable the Authority to establish a new Welsh Medium school which if successful will increase the number of places in Welsh Medium school by 50%.

**10 Monitoring, evaluating and reviewing**

The WESP has a three year time scale and specific targets. The WEF are critical both in delivering the WESP and monitoring its progress.

**11 Involvement**

Once approved by the Minister, it will be published on the Council's website and used as a working document by the WEF. Members of the WEF will work together to support the establishment of the new school.

**12 Summary of Impact (for inclusion in any report)**

**Equality Act 2010 AND Welsh Language**

The impact on the Welsh Language and its development in Newport is significant. The WESP is a vehicle through which the Welsh language and Welsh medium education will grow and develop.

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

The WESP is intended to ensure the long term sustainability of the Welsh language. More information about the WFG Act is detailed above.

**Children and Families (Wales) Measure**

Children and Young People will be consulted as part of any statutory school reorganisation proposals.

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

The Wellbeing of Future Generations (Wales) Act 2015 has been considered by the author and is covered in the background of the report.

**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 stakeholder consultation were included within the report considered by Cabinet in December 2017.

**Background Papers**

Report to Cabinet: Strategic Outline Proposal for 21<sup>st</sup> Century schools Band B funding (July 2017)  
Report to Cabinet: Welsh Education Strategic Plan 2017-2020.

Dated: June 2018

# Report

## Cabinet

---

### Part 1

**Date:** 14 June 2018

**Item No:** 6

**Subject** **Capital Programme Outturn 2017/18**

**Purpose** This report provides the final outturn of capital expenditure for the 2017/18 financial year, and requests approval of budget carry forwards to fund slippage of expenditure into the new financial year, in order to confirm the 2018/19 capital programme budget. It also requests any additions to the capital programme since the report to February Cabinet.

**Author** Senior Finance Business Partner (Capital)

**Ward** All

**Summary** The report updates Cabinet on the final outturn position for capital programme schemes in 2017/18 and requests carry forward of budgets required as a result of slippage. The slippage requested, against the final 2017/18 budget is £13,789k across a number of schemes, the majority of which are in Education and Regeneration, Investment and Housing. The reported underspend on completed projects is £2,715k. These are detailed within the report and Appendix A.

The report lists the detail of the £2.024m of capital receipts achieved in 2017/18 and highlights the balance of unutilised receipts available for future use.

**Proposal** **To note the outturn position for the 2017/18 capital programme, to approve budget carry forwards requested to cover slippage into 2018/19, and to approve any additions since the February Cabinet.**

**To note the balance of and approve the future earmarking of Useable Capital Receipts as detailed in the report.**

**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

- 2017/18 was the final year of the previous four-year capital programme. The updated 2017/18 budget approved by Cabinet in February 2018 was £49,710k. Since that report there have been a number of additions/decreases to the capital programme; table 1 below shows these changes, which gives a final 2017/18 budget of £50,578k. It is requested that these are approved as part of this report. The changes are explained by service area following the table.

**Table 1: 2017/18 Capital Budget including new changes**

Report / Scheme Change	Funding Source	Service Area	Budget Change (£000's)
<b>2017/18 budget - Feb 2018 Cabinet</b>			<b>49,710</b>
Blaen-y-Pant Bungalow (Educational Use)	Reserves	Education	60
Somerton Primary - ICT Equipment	Borrowing / Schools Budget	Education	12
Homelessness Grant	Grant	RIH	58
Flying Start 17/18	Grant	RIH	41
ICF Capital Grants 1718	Grant	Adults and Community	100
Bus Station - City Centre Redevelopment	Grant	Streetscene	45
In House Composting Operations	Grant	Streetscene	200
17-18 Collection Collaborative Change Programme	Capital Receipts	Streetscene	194
Turner Street Play Area	S106 monies	Streetscene	26
MUGA (Multi Use Games Areas)	Reserves	Streetscene	132
<b>Final Budget 2017/18</b>			<b>50,578</b>

- Education – The Blaen-y-plant Bungalow was identified as being a potential building for the provision of additional special needs. The £60k was set aside to fund any works that needed to be carried out. Somerton Primary have also put in a bid to replace some of the IT equipment and payback the amount borrowed over 4 years.
- RIH – The changes made in relation to RIH are due to additional grants received late in the financial year. Flying Start were awarded a grant of £41k to carry out maintenance work on various properties and Homelessness Prevention were also given an additional £58k which could be carried forward into 2018/19.
- Adults and Communities – An additional grant was awarded from the Intermediary care Fund for feasibility works to be undertaken at Crisis house in order to inform a potential capital bid.
- Streetscene – Two additional grants were awarded, £45k for the Bus Station and £200k from Welsh Government towards the Collection Collaborative change programme which was allocated directly to Wastesavers. In addition, a grant was received from Welsh Government for £200k in relation to the reinstatement of the in house composting service. A business case was also submitted as part of the 18/19 MTFP which requested £665k for the purchase of the equipment, plus the civil works required to be undertaken. The service area has stated that this grant is in addition and the full £665k will still be required in 2018/19. The other two schemes were in relation to play areas which were funded through a mix of borrowing, grants and s106 monies.
- It is against the final 2017/18 budget of £50,578 that outturn is compared within this report. The final outturn for 2017/18 is summarised, along with carry forward requests for slippage, in Appendix A.

- Table 2 below shows the final actual spend on the previous 4 year programme following confirmation of the 2017/18 final spend:

**Table 2: Updated 4 year Capital Programme following 2017/18 actuals**

2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	Total £000's
Actual	Actual	Actual	Actual	
27,197	25,783	32,393	34,074	119,447

## Capital Expenditure Outturn for 2017/18

**Table 3: Summary Capital Outturn 2017/18**

Final Budget 2017/18 £000's	2017/18 Actual £000's	Variance £000's
50,578	34,074	(16,504)

- The capital expenditure outturn for 2017/18 was an underspend variance against budget of £16,504. This includes £13,789k of projects that have slipped on delivery and therefore need to be carried forward into 2018/19 to complete the schemes. Overall there is a true underspend of £2,714k on projects that have completed, which was known and factored into the new capital programme 2018/19 onwards.
- It should be noted that the slippage for this financial year is significant, and much higher than in the previous year. Projects will need to be managed tightly going forward to ensure that the level of slippage is reduced in 2018/19 and/or the capital programme re-profiled. The table below shows the final approved capital programme allocations per service area, compared to the final outturn to show the variance position for each, split between slippage and under/ over spend:

**Table 4: Service Area Capital Outturn**

Service Area	Approved Budget 2017/18 £000's	Outturn 2017/18 £000's	Slippage £000's	(Under)/Over Spend £000's
Education	28,139	21,601	(6,202)	(336)
Regeneration, Investment & Housing	13,340	6,788	(6,553)	3
People & Business Change	2,777	96	(390)	(2,291)
Law & Regulation	6	3	(3)	0
Adult & Community Services	926	909	0	(17)
Children & Young People Services	26	26	0	0
Streetscene & City Services	5,364	4,649	(641)	(74)
<b>TOTAL</b>	<b>50,578</b>	<b>34,074</b>	<b>(13,789)</b>	<b>(2,715)</b>

- The slippage for Education is largely due to the Caerleon Lodge Hill Primary build and Ysgol Gyfun Gwent is Coed / John Frost School. Both schemes are expected to be finished in 2018/19 with the Ysgol Gyfun Gwent due to be opened in September 2018. Currently, the scheme is expected to come under budget and a paper has been taken to People Capital Board to discuss utilising the

rest of the allocation on further maintenance works within the John Frost School. Caerleon Lodge is also expecting to come within budget.

- Within Regeneration, Investment & Housing, a number of delays encountered during the financial year have meant that slippage is required for the Gypsy Traveller Site Development project as works continue into 2018/19. Following a tendering exercise undertaken in December 2017 for the Civil Engineering Contract, the sum of the contracts has doubled in value and therefore exceeded the funding envelope. Following discussions with Welsh Government, a further tendering exercise has been agreed to be completed, Once the tenders have been received and the costs are determined decisions will need to be made with regard to taking the project forward if the costs still exceed the available budget. Welsh Government has confirmed they will be available to meet NCC staff to discuss any issues and the process for ministerial approval if this is required.
- Information Centre / Civic Centre Relocations – across both schemes the total slippage is £1.3m. Both schemes started later than anticipated due to the need to submit a Cadw application for the works need to be undertaken to the Civic Centre as it is a listed building, this meant that the works started later than planned. Full spend is anticipated by March 2019.
- 123-129 Commercial Street (Pobol Regen) - The redevelopment of 123-129 Commercial Street as bespoke apartments for over 55s is a challenging and complex project, the constraints of which mean the funding requirement is far in excess of that normally offered via the Social Housing Grant. To secure the development, Newport City Council was required to provide an additional £1.2m grant into the total funding pot using unallocated s106 monies and the capital reserves. The remainder of the £10.7m project cost is derived from Welsh Government sources, however as these funds are drawn from several streams within the Welsh Government each requiring a land charge as security, there is no meaningful charge that can be deployed to secure the £1.2m grant from the Council. As a result, by agreement with the Pobl Group NCC's funds will be defrayed later into the development programme, in order that the Council can be confident that the scheme has progressed well towards completion and is able to confirm the full grant is still required, prior to advancing any funds. Newport City Council retains a restriction over the sale of the development land as further security against these funds.
- The other main areas of slippage within Regeneration are Asset management (£401k) and the Central Library Structural Works (£663k), both schemes are expected to be spent in full in 2018/19.
- The slippage for Streetscene & City Services has arisen due to delays in expenditure on a number of schemes, including Fleet Replacement (£178k), Cemetery Infrastructure works (138k) and the Lliswerry Recreation Ground changing rooms (£181k). These projects will need to be managed and resourced appropriately by the service area in 2018/19 to ensure that they are completed successfully, particularly where grant funding is involved. The completion of the bus station within 2017/18 has contributed to the underspend reported (£149k), whilst the Waste Disposal Site Finishing & Development Work scheme was overspent (£84k).

## **Update on Headline/ High Value Schemes**

### **Education**

- Within the 21<sup>st</sup> Century Schools Band A Programme, two of the original six project streams remain ongoing: Caerleon Lodge Hill, Special Education Needs (Maes Ebbw Special School expansion), whilst Ysgol Gyfun Gwent Is Coed/ John Frost is almost completed and final costs expected soon, as the School is expected to be operational by September 2018. All works are complete for the other project streams. The new Lodge Hill Primary School building is expected to be complete in October 2018 with external works and demolitions to be complete by the end of March 2019.
- Following Welsh Government's approval for Newport's City Council Band B Programme, Education colleagues have been working closely with Norse partners during the planning process of Band B to ensure that feasibility works can be undertaken in 2018/19 in readiness for the project to start as

planned in 2019/20 and complete on time. Close partnership working is vital in order to minimise any expected delays and it has already allowed us to have a projected cash-flow which will help with future planning.

### **Regeneration, Investment & Housing**

- City deal is progressing as per the Joint working agreement with the first contribution of £2.7m towards the IQE project made in 2017/18. This will be updated in the new programme as the project proceeds
- Fleet Replacement Programme – final spend for 2017/18 was lower than anticipated due to delays in receipting of vehicle orders, resulting in slippage into 2018/19. Purchasing of vehicles will continue as scheduled by the Integrated Transport Unit on an annual basis.

### **2018/19 Capital Programme**

- The new five year capital programme was approved by Cabinet in February 2018. At this point the 2018/19 approved budget of £35,805k included assumed slippage from 2017/18. Now that the final outturn is known for 2017/18, there is additional slippage into 2018/19 of £5,576k. There are also a number of additions totalling £7,496k which are required to be approved, these are detailed below. This brings the total budget for 2018/19 to £48,877k as shown in Appendix B.
- Additions to the 2018/19 budget:
  - i) Updating Street lighting to LED - £3.158m – funded by repayable Salix funding (interest free loan)
  - ii) 3 New Homes within Children’s services to provide solution to the current Out of County challenge - £1.5m – funded by Borrowing (corporate headroom)
  - iii) Feminine Hygiene in schools – £34k – funded by grant
  - iv) Caerleon Lodge Hill (additional funding) - £8k – funded by S106 monies
  - v) 123-129 Commercial Street – £446k- funded by S106 monies
  - vi) Homelessness Prevention Grant – An additional £43k (£100k in total including the £58k grant which is requested to be slipped from 2017/18) – funded by grant
  - vii) Bringing forward expenditure from 2019/20 for early feasibility and consultation of 21<sup>st</sup> Century Band B Programme - £1,542m – funded by Grant / Borrowing
  - viii) In House Composting - £665k – funded by borrowing paid for by service area (agreed as part of 18/19 MTRP process)

### **Update on Capital Receipts**

- Within the previous capital programme ending 2017/18, Capital receipts were earmarked for use as match funding for the 21<sup>st</sup> Century Schools Programme per Cabinet’s current policy decision here, with a current balance of £9.3m available as at 31<sup>st</sup> March 2017. Of this, £3.782m was used this financial year to fund 21<sup>st</sup> Century Schools Band A with approximately £3m forecast to be required for the remainder of 21CS Band A up to the end of 2018/19. Moving in to the 2018/19 programme a decision will need to be made as to what this will be used for going forward.
- Proceeds from the disposal of vehicles during the year have been utilised to fund the purchase of new vehicles as agreed as part of the Fleet Replacement Programme

- The end year position for capital receipts is shown in the table below:

Asset Disposed	Receipts Balance b/f £	Receipts Received in Year £	Receipts Utilised in Year £	Total Available Receipts 2017/18 £	Receipts Earmarked For:	
					21st Century Schools £	Fleet Replacement Programme £
Balance b/f 2016/17	10,132,291			10,132,291	9,299,734	6,384
Land off Corporation Road		100,000		100,000		
Baneswell Community Centre / Nursery		100,000		100,000		
Former Alexandra Road WCs		15,000		15,000		
Cot Farm Circle		390,000		390,000		
Oliphant Circle Garages		30,000		30,000		
16 Charles Street		250,000		250,000		
Land at Pillgwenlly Primary School		16,000		16,000		
Vehicle Disposal Proceeds		111,721		111,721		111,721
Amounts used in 2017/18			(3,893,309)	(3,893,309)	(3,781,588)	(111,721)
Amounts Utilised in 2018/19					(3,065,794)	
Amounts remaining					(4,185,909)	
<b>TOTAL NCC RECEIPTS</b>	<b>10,132,291</b>	<b>1,012,721</b>	<b>(3,893,309)</b>	<b>7,251,703</b>	<b>0</b>	<b>6,384</b>

- The table below 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 and require WG approval to spend. £971k out of the agreed £1.375m has been spent in this financial year

Capital Receipts Held for Newport Unlimited	Balance b/f £	Receipts Received in Year £	Receipts Utilised in 2017/18 £	Balance c/f £
<b>Balance b/f 2016/17</b>	1,609,376			1,609,376
Land at Old Town Dock		1,000,000		1,000,000
4B Spytty Lane		11,500		11,500
				0
- National Cyber Academy			(300,000)	(300,000)
- Civic Centre / Info Station Service Relocations			(575,000)	(575,000)
- Info Station NSA enabling			(96,306)	(96,306)
				0
<b>TOTAL NU RECEIPTS</b>	<b>1,609,376</b>	<b>1,011,500</b>	<b>(971,306)</b>	<b>1,649,570</b>



## Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
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 note the outturn position of 2017/18 report and approve the additions that have been made since the February Cabinet.

To approve slippage into the 2018/19 capital programme.

To approve additions to the 2018/19 capital programme.

## Preferred Option and Why

To note the outturn position of 2017/18 report and approve the additions that have been made since the February Cabinet.

To approve slippage into the 2018/19 capital programme.

To approve additions to the 2018/19 capital programme.

## Comments of Chief Financial Officer

All financial issues are contained within the body of the report. It will be necessary to review and where necessary re-profile the new capital programme beginning 2018/19 given the significant slippage incurred but the investment in time/resources on the planning of the Band B school programme in this current financial year should bear fruit in terms of delivery thereafter.

**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.

**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**

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**

Capital Programme 2014/15 to 2017/18 – February 2014  
Capital Programme Monitoring and Additions Report – July 2014  
Capital Programme Additions Report – October 2014  
Capital Programme Monitoring Report – November 2014  
2015/16 Budget & Medium Term Financial Plan – February 2015  
Capital Programme Monitoring and Additions Report – February 2015  
Capital Programme Outturn 2014/15 – June 2015  
Capital Programme Additions Report – July 2015  
Capital Programme Monitoring Report – October 2015  
Capital Programme Monitoring and Additions Report – January 2016  
2016/17 Budget & Medium Term Financial Plan – February 2016  
Capital Programme Outturn 2015/16 – June 2016  
Capital Programme Monitoring and Additions Report – September 2016  
Education Capital Programme Report – September 2016  
Capital Programme Monitoring and Additions Report – November 2016  
Capital Programme Monitoring and Additions Report – January 2017  
2017/18 Budget & Medium Term Financial Plan – February 2017  
Capital Programme Monitoring and Additions Report – September 2017  
Capital Programme Monitoring and Additions Report – November 2017  
Capital Programme Monitoring and Additions Report – January 2018



## APPENDIX A – Capital Programme Outturn 2017/18

SCHEME	BUDGET 2017/18	ACTUAL 2017/18	TOTAL VARIANCE	SLIPPAGE	(UNDER)/ OVER SPEND	COMMENT
<b>EDUCATION</b>						
STEP	166	59	(107)	0	(107)	Complete for 2017/18, no longer required for 2018/19
St Andrews Primary 3FE Works	174	164	(10)	0	(10)	Works complete - slightly over budget
21C Schools - School Reorganisation - Lodge Hill New Build	3,853	1,819	(2,034)	(2,034)	0	Scheme progressing, slippage expected due to delays and completion due in 18/19
21C Schools - Ysgol Gyfun Gwent Is Coed / John Frost School	13,751	15,358	1,607	0	1,607	Scheme almost complete - finalised costs expected at the beginning of 2018/19 - overspend is offset by John's Frost Additional funding scheme below
21st Century Schools - Special Sector Maes Ebbw	1,650	122	(1,528)	(1,528)	0	Scheme commenced, expected to be completed in 2018/19
21st Century Schools - Replacement of Demountable	2,376	1,913	(463)	0	(463)	Projects completed, underspend achieved
John Frost School - Additional Funding	3,978	413	(3,565)	(1,958)	(1,607)	Works ongoing as part of main project above.
Jubilee Park Primary FF&E	385	298	(87)	(87)	0	Majority spent in 17/18 but IT works to be done in 18/19
Bassaleg High School - CCTV	50	50	0	0	0	Scheme complete
High Cross Primary - IT Refresh	28	28	0	0	0	Fully Spent
Caerleon Comp IT Replacement	373	373	0	0	0	Fully Spent
Lliswerry High IT Replacement	62	62	0	0	0	Fully Spent
St Julians High Building Improvements	145	150	5	0	5	Scheme complete
Glan Llyn FF&E Works	50	0	(50)	(50)	0	Full Budget required in 2018/19
ST Gabriels	25	15	(10)	(10)	0	IT replacement schemes - funded by school
St Woolos	11	10	(1)	(1)	0	IT replacement schemes - funded by school
Maesglas	6	5	(1)	(1)	0	IT replacement schemes - funded by school

Pentrepoeth	74	67	(7)	(7)	0	IT replacement schemes - funded by school
John Frost School ICT Hardware Investment	330	278	(52)	(52)	0	IT replacement schemes - funded by school
Blaen-y-Pant Bungalow (Educational Use)	60	0	(60)	(60)		Slippage requested for 2018/19
St Mary's Toilet Refurbishment.	15	0	(15)	(15)		Scheme fully funded by school
Somerton Primary - ICT Equipment	13	0	(13)	(13)		IT replacement schemes - funded by school
School Asset Improvements	565	176	(389)	(389)	0	Funded by reserves - slippage requested
Prior Year Scheme Accruals	0	240	240	0	240	Prior year accruals still waiting to be paid
<b>Subtotal Education</b>	<b>28,140</b>	<b>21,601</b>	<b>(6,539)</b>	<b>(6,203)</b>	<b>-336</b>	
<b>REGENERATION, INVESTMENT &amp; HOUSING</b>						
Gypsy/ Traveller Site Development	2,724	(13)	(2,737)	(2,737)	0	Scheme ongoing - full slippage requested in 2018/19
City Centre Redevelopment CPO Schemes	66	161	95	0	95	CPOs now all settled, resulting in an overspend against budget.
HLF Market Arcade	181	170	(11)	(11)	0	Scheme progressing as planned, requested delivery stage to be extended
Indoor Market Facilities Improvements	50	2	(48)	(48)	0	Scheme delayed
Civic Centre / Info Station Service Relocations	1,500	806	(694)	(694)	0	Scheme progressing
Info Station NSA Enabling	575	96	(479)	(479)	0	Scheme progressing
123-129 Commercial Street (Pobol Regen)	1,246	0	(1,246)	(1,246)	0	Scheme progressing
National Cyber Academy (WG)	300	300	0	0	0	Spend complete.
Replacement of Council Chamber audio system.	68	57	(11)	0	(11)	Scheme Progressing
Renovation Grants (DFGs, Safety at Home)	1,569	1,369	(200)	(200)	0	Scheme progressing as planned
ENABLE Adaptations Grant	187	187	0	0	0	Scheme progressing as planned.
Homelessness Grant	58	1	(57)	(57)	0	Scheme progressing as planned - Additional Grant Awarded for 2018/19
Asset Management	1,504	943	(561)	(401)	(160)	Scheme progressing
Flying Start	20	0	(20)	(20)	0	Slippage from 17/18 - Small NCC allocation to cover additional works to grant funded projects.
Flying Start Grant 17/18	236	235	(1)	0	(1)	Spend complete.
Flying Start Bridge Centre Refurbishment	0	160	160		160	Spend complete.

Central Library Structural Safety Works	679	16	(663)	(663)	0	Only scaffolding costs - scheme to continue in 2018/19
City Deal	2,376	2,376	0	0	0	Spend complete.
Prior Year Scheme Accruals	0	(80)	(80)		(80)	Prior year accruals waiting to be paid.
<b>Subtotal Regeneration, Investment &amp; Housing</b>	<b>13,339</b>	<b>6,788</b>	<b>(6,551)</b>	<b>(6,553)</b>	<b>3</b>	
<b>PEOPLE &amp; BUSINESS CHANGE</b>						
Replacement of High Volume Printing/Copying Machines	210	0	(210)	(210)	0	3 year lease @ £70k per annum.
IT System & Equipment replacement	225	58	(167)	(167)	0	Scheme ongoing.
Corporate EDMS Roll Out	13	0	(13)	(13)	0	Scheme fully slipped into 2018/19
Members IT Refresh	44	39	(5)	0	(5)	Scheme complete - £5k underspend
Implementation of HR Self Serve	85	0	(85)	0	(85)	No spend achieved in 2017/18
Amount Reserved for Change & Efficiency Programme	2,200	0	(2,200)	0	(2,200)	Full underspend
<b>Subtotal People &amp; Business Change</b>	<b>2,777</b>	<b>96</b>	<b>(2,681)</b>	<b>(390)</b>	<b>(2,290)</b>	
<b>LAW AND REGULATION</b>						
CCTV - 24/7 Team - Development of CCTV Monitoring Service	6	3	(3)	(3)	0	Scheme complete
<b>Subtotal Law &amp; Regulation</b>	<b>6</b>	<b>3</b>	<b>(3)</b>	<b>(3)</b>	<b>0</b>	
<b>ADULT &amp; COMMUNITY SERVICES</b>						
Telecare Service Equipment	30	7	(23)	0	(23)	Spend complete for 2017/18
Appliance/Equipment for Disabled	165	165	0	0	0	Scheme complete.
ICF Centrica Lodge Improvements	337	341	4	0	4	Scheme complete.
SMAF Capital 17-18	294	293	(1)		(1)	Scheme complete.
ICF Capital Grants 1718	100	95	(5)	0	(5)	Scheme complete.
Prior Year Scheme Accruals	0	7	7	0	7	Prior year accruals waiting to be paid.
<b>Subtotal Adult &amp; Community Services</b>	<b>926</b>	<b>909</b>	<b>(17)</b>	<b>0</b>	<b>(17)</b>	

<b>CHILDREN &amp; YOUNG PEOPLE SERVICES</b>						
C + YP Looked After Caravan	26	26	0	0	0	Scheme Complete.
	<b>26</b>	<b>26</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>STREETSCENE &amp; CITY SERVICES</b>						
Fleet Replacement Programme	2,077	1,899	(178)	(178)	0	Annual allocation 17/18 - slippage requested
Waste Disposal Site Finishing & Development Works	5	89	84	0	84	Scheme complete
Bus Station - City Centre Redevelopment	342	193	(149)	0	(149)	Scheme complete
Decommissioning of Public Toilets	20	0	(20)	(20)	0	Full slippage into 18/19.
Flood Risk Regulation Grant	26	44	18		18	Slippage to 18-19 will be used in connection with Project Appraisal for the Gwastad Mawr Flood Attenuation Reservoir.
Local Transport Fund 2017/18	1,049	1,049	0	0	0	Full spend achieved
Road Safety Capital 2017/18	4	4	0	0	0	Full spend achieved
Cemetery Infrastructure Improvements	184	46	(138)	(138)	0	Scheme ongoing into 2018/19
Peterstone Sewage Scheme	68	12	(56)	(56)	0	Scheme currently being developed further, slippage into 2018/19
Telford Depot CCTV	25	25	0	0	0	Scheme Complete
Composting	200	200	0	0	0	Scheme Complete
Docksway Cell 4 Development	20	0	(20)	(20)	0	New scheme full slippage into 2018/19
Pye Corner Railway Station Development Works	50	28	(22)	(22)	0	Full spend of remaining WG funding anticipated this year on Japanese Knot Weed Treatment and Landscaping.
17-18 Collection Collaborative Change Programme	194	194	(0)	(0)	0	Scheme complete
Highways Local Government Borrowing Initiative	68	68	0	0	0	Scheme complete
Highways Capitalised Maintenance (Annual Sums)	500	464	(36)	(36)	0	Annual allocation, ongoing - slippage requested
Llswerry Recreation Ground Changing Rooms	188	7	(181)	(181)	0	Scheme ongoing.
Maplewood Play Area	41	41	(0)	0	(0)	Scheme Complete.S106 monies
George Street/ Lower Dock Street Junction	75	86	11	11	0	Scheme Complete

Improvements						
Newport Station Footbridge	50	25	(25)	0	(25)	Scheme ongoing.
Home Farm Playground Facility - Caerleon	20	20	0	0	0	Scheme Complete
Turner Street Play Area	26	25	(1)	(1)	0	Scheme Complete
MUGA (Multi Use Games Areas)	132	132	0	0	0	Scheme Complete
Prior Year Scheme Accruals	0	(2)	(2)	0	(2)	Prior year retentions waiting to be paid.
<b>Sub total StreetScene &amp; City Services</b>	<b>5,364</b>	<b>4,649</b>	<b>(715)</b>	<b>(641)</b>	<b>(74)</b>	
<b>TOTAL COST OF PROGRAMME</b>	<b>50,578</b>	<b>34,074</b>	<b>(16,504)</b>	<b>(13,789)</b>	<b>(2,715)</b>	



## APPENDIX B – Changes to the Approved 2018/19 Capital Programme

Scheme	Original Approved 2018/19 Budget	Additional Slippage	Additions	Adjusted 2017/18 Budget
<b>Education Schemes</b>				
21st Century Schools - School Reorganisation proposals (Caerleon Lodge Hill)	5,163	(819)	8	4,351
Welsh Medium Secondary Expansion	751	1,207		1,958
21st Century Schools - Special Sector Maes Ebbw	2,900	278		3,178
21st Century Schools - Band B			1,542	1,542
Jubilee Park - Fixtures, Furniture & Equipment	30	57		87
Glan Usk - Fixtures and Fittings	565	50		615
St Gabriels RC Primary IT Replacement	0	10		10
Pentrepoeth - IT Replacement	0	7		7
Education Asset Improvements - balance to be drawn down	600	290		890
John Frost School IT Replacement		52		52
St Mary's RC Toilet Refurb		15		15
Blaen-y Plant			60	60
Somerton Primary - ICT			12	12
Provision of Feminine Hygiene hardware and toilet facilities			34	34
<b>Total Education Schemes</b>	<b>10,008</b>	<b>1,147</b>	<b>1,656</b>	<b>12,811</b>
<b>Regeneration, Investment and Housing</b>				
Gypsy/Traveller Site Development	2,123	613		2,736
HLF Market Arcade Townscape Heritage Scheme		11		11
Indoor Market Facilities Improvements	45	3		48
Civic Centre / Info Station Service Relocations		694		694
Info Station NSA enabling		479		479
123-129 Commercial Street (Pobl Regen)		1,246	446	1,692
Disabled Facilities	1,320	(80)		1,240
Safety at Home	300	(40)		260
Homelessness Prevention		57	42	98
Asset Management Budget to be drawn down	1,500	401		1,901
Flying Start Schemes		20		20
Central Library - Structural Works	663			663
Market Arcade Townscape Heritage	551			551
Mill Street Development Loan	12,000			12,000
Cardiff City Region Deal	1,738			1,738
<b>Total Regeneration, Investment and Housing</b>	<b>20,240</b>	<b>3,403</b>	<b>488</b>	<b>24,131</b>

People and Business Change				
IT Replacement Schemes	150	167		317
Corporate EDMS Rollout		13		13
Print 2010- Managed Printer Service		210		210
<b>Total People and Business Change</b>	<b>150</b>	<b>390</b>	<b>0</b>	<b>540</b>
<b>Adult and Community Services</b>				
Telecare Service Equipment	45	(15)		30
Equipment for Disabled Grant (GWICES)	165	0		165
<b>Total Adult and Community Services</b>	<b>210</b>	<b>(15)</b>	<b>0</b>	<b>195</b>
<b>Children and Family Services</b>				
3 New Homes			1,500	1,500
<b>Total Children and Family Services</b>	<b>0</b>	<b>0</b>	<b>1,500</b>	<b>1,500</b>
<b>Streetscene and City Services</b>				
Fleet Replacement Programme	855	178		1,033
Decommissioning of Public Toilets	20	0		20
Road Refurbishment Grant Scheme	1,038	0		1,038
Cemetery Infrastructure Improvements	0	138		138
Peterstone Sewage Scheme	167	56		223
Pye Corner Railway Station Development Works	0	21	0	21
Road Safety and Training	20	(1)	30	49
General Traffic Management	30	3	0	33
Streetwide Improvements	200	24	0	224
Street Lighting Column Replacement	250	(20)	0	230
Llisbury Recreation Ground Changing Rooms	0	181	0	181
Decriminalised Parking	1,336	50	0	1,386
Streetlighting - Changing to LED Lamps	0	0	3,158	3,158
Landfill Capital Bid	1,281	20	0	1,301
In House Composting			665	665
<b>Total Streetscene and City Services</b>	<b>5,197</b>	<b>651</b>	<b>3,853</b>	<b>9,701</b>
<b>Total 2018/19 Capital Programme</b>	<b>35,805</b>	<b>5,576</b>	<b>7,496</b>	<b>48,877</b>

# Report

## Cabinet

---

### Part 1

Date: 14 June 2018

**Subject** **Report on Treasury Management covering the Financial Year 2017/18**

**Purpose** This report is to inform the Council of treasury activities undertaken for the financial year ending 31 March 2018.

**Author** HoF / AHoF

**Ward** All

**Summary** In line with the agreed Treasury Management Strategy, the Council continues to be both a short term investor of cash and borrower to manage day-to-day cash flows. Current forecasts indicate that in the future, temporary borrowing will continue to be required to fund normal day to day cash flow activities.

The first half of the year saw the successful sale of the Friars Walk development which allowed borrowing which had been undertaken in relation to the loan provided to Queensberry Newport Ltd to be repaid. All borrowing in relation to this development are now fully repaid, and this has meant that loan borrowing for the year has fallen from £209.2m to £147.5m during the year.

All borrowing and investments undertaken during the year was expected and within the Council's agreed limits for 2017/18.

**Proposal** That Cabinet:

1. **note and provide comment on the Annual Report on Treasury Management for the Financial Year 2017/18.**
2. **note and provide comment that 2017/18 Prudential Indicators for Treasury Management were in line with those set by Council in March 2018.**

**Action by** HoF / AHoF

**Timetable** Immediate

This This report was prepared after consultation with:

- Treasury Advisors
- Head of Finance

**Signed**

## Background

1. In June 2009 the Authority adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2011 Edition (the CIPFA Code) which requires the Authority to approve a treasury management annual report after the end of each financial year.
2. This report fulfils the Authority's legal obligation to have regard to the CIPFA Code.
3. The Authority has borrowed substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.
4. The 2017/18 Treasury Management Strategy was approved by the Council as part of the overall Medium Term Financial Plan and 2017/18 budget in March 2017 and can be viewed via the following link

<https://msmodgovdb01.corporate.newport/ieListDocuments.aspx?CId=130&MId=6528&Ver=4>

5. This report presents the following information.
  - details of capital financing, borrowing, debt rescheduling and investment transactions
  - reports on the risk implications of treasury decisions and transactions
  - details the outturn position on treasury management transactions in 2017/2018
  - confirms compliance with treasury limits set and Prudential code

## BORROWING STRATEGY / ACTIVITY

### Short and Long Term Borrowing

1. 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 / cash represented by reserves' for as long as we can.

By using this strategy the Council can also minimise cash holding at a time when counterparty risk remains relatively 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.

2. 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.
3. As anticipated, as shown in Table 2 in Appendix B, during the year the amount of borrowing has reduced by £61.7m, this relates mainly to the Council's own borrowing associated with the making of loans to develop Friar's Walk. This reduction in borrowing followed the sale of the Friars Walk development and all borrowing in relation to this was able to be fully repaid in July 2017. The borrowing associated with this loan was always kept separate from the Council's other borrowing requirements shown in Appendix B.

4. No further long term loans have been taken out during the financial year. However, the Council does undertake additional borrowing on a short term basis in order to cover normal day to day cash flow activity.
5. Appendix B summarises the Council's debt position as at 31 March 2018. The changes in debt outstanding relate to the raising and repaying of temporary loans.
6. In regards to LOBOs, no loans were called during the period. All £30m outstanding is subject to potential change of interest rates by the lender (which would automatically trigger a right to the Council to repay these loans) prior to the end of this financial year. Should a change of interest rate be requested, then it will be considered in detail and a decision on how we proceed will be made in conjunction with our treasury advisors.

## **INVESTMENTS ACTIVITY / POSITION**

7. 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.

The Council's strategy of being a s/t and relatively low value investor has been maintained, though the repayment of the Friar's Walk loans has increased cash holdings temporarily. In line with our borrowing strategy, this will be allowed to reduce over the next year or so. As at 31 March 2018, there was a £21.0m balance of short-term investments.

8. This was anticipated and reported in the 2017/18 TM strategy report at March 2017. All investments are placed on a temporary basis and are placed in high security institutions, in line with our other strategy in this area, dealing with our investing priorities of (i) security (ii) liquidity and (iii) yield, in that order. At the 31 March 2018 £20.0m was placed with various local authorities and £1.0m with Bank of Scotland Call Account with the maximum maturity date of 21 June 2018.
9. January 2018 saw the implementation in the UK of the second Markets in Financial Instruments Directive (MiFID II), where firms will be obliged to treat all local authorities as retail clients unless they opt up to professional client status and meet certain criteria. All Councils have historically been 'professional clients' but this directive required a formal decision to 'opt – up' to this status, even though it just maintained the current status – this was approved by Council in their February 2018 meeting. Maintaining this status requires certain criteria to be met – one of which includes holding a minimum of £10m investment balance. . This is still a relatively small balance within the context of the Council's finances and cash-flows and still allows us to pursue current strategies on borrowing and investments. This is further discussed in Appendix A.
10. It is anticipated that our investment balances will remain well above the minimum £10m, until the start of 2019/20, when the stock issue of £40m will be due, at this point the Council will need re-finance and undertake new long-term borrowing.
11. The Council does not hold any long-term (more than 364 days) investments as at 31 March 2018.

## **OTHER YEAR-END TREASURY MATTERS**

### **Economic background and Counter Party Update**

12. Appendix A outlines the underlying economic environment during the first half of the financial year, as provided by the Council's Treasury Management Advisors 'Arlingclose'.
13. As discussed previously in this report the Council does not have any long-term investments, and the investments that it currently undertakes is mainly with other local authorities which are deemed very

secure, therefore the risk is currently limited. There were no significant changes in credit ratings advised in the first half of the financial year that had implications for the approved lending list. The long term rating of Santander UK, the Council's bankers, remains at A; above the Council's minimum level of A-.

### Regulatory Updates

14. The implementation of MiFID II in January 2018 is further detailed in Appendix A.
15. CIPFA published revised editions of the Treasury Management and Prudential Codes in December 2017. The required changes from the 2011 Code are being incorporated into Treasury Management Strategies and monitoring reports.
16. The updated 2017 Prudential Code introduces the requirement for a Capital Strategy which provides a high-level overview of the long-term context of capital expenditure and investment decisions and their associated risks and rewards along with an overview of how risk is managed for future financial sustainability. Where this strategy is produced and approved by full Council, the determination of the Treasury Management Strategy can be delegated to a committee. The Code also expands on the process and governance issues of capital expenditure and investment decisions.
17. The Authority expects to produce the Capital Strategy alongside its Treasury Management Strategy during 2018/19.

### Compliance with Prudential Indicators approved by Council

18. The Authority measures and manages its exposures to treasury management risks using various indicators which can be found in Appendix B. The Authority has complied with the Prudential Indicators for 2017/18, set in March 2017 as part of the Treasury Management Strategy. Details of treasury-related Prudential Indicators can be found in Appendix B.

### Minimum Revenue Provision (MRP) Policy

19. In January 2018, Council approved the change to the MRP policy which was to be implemented in 2017/18. This saw a reduced MRP charge on supported borrowing from 4% reducing balance to 2.5% straight line basis. This was brought to Audit Committee prior to being approved at Council, with Audit Committee's comments being included in the report. The reduced charge gave an underspend to the Council of £2.4m, which has been subsequently moved to an earmarked reserve to support the Medium Term Financial Plan.

### Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Investment counterparty not repaying investments	High but depending on investment value	Low	The Council only invests with Institutions with very high credit scores. It employs advisors to monitor money market movements and changes to credit scores and acts immediately should things change adversely. The lower levels of funds available for	Members, Head of Finance, Treasury staff, based on advice from treasury advisors

			investment will also alleviate the risk.	
Interest Rates moving adversely against expectations	Low	Low	Despite recent increase in the bank rate to 0.5%, future expectations for higher short term rates are subdued. 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
Due to change in MRP policy, pressure on cash resources increases so that external borrowing required	Medium	Medium	When re-financing of the stock issue comes in to place, thought will be given to the impact on the reduction of cash in the organisation to repay borrowing and the revenue implication of this.	Head of Finance, Treasury staff, treasury advisors

\* Taking account of proposed mitigation measures

### Links to Council Policies and Priorities

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

### Options Available and considered

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

### Preferred Option and Why

Note the contents of the report in relation to Treasury activities and all Treasury Indicators met.

Provide any comments necessary to Council on the contents of the report.

### Comments of Chief Financial Officer

Decisions made on treasury matters will be made with a view to comply with the Treasury Management Strategy, Prudential Indicators, taking advice, where needed, from our Treasury Advisers.

### 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 staffing implications within the report. As the proposed changes to the MRP policy now look to charge this over the life of the asset it is in keeping with the sustainability principles within the Well-being of Future Generations Act and helps support better medium to long term planning.

## **Comments of Cabinet Member**

The Leader of the Council, as lead member for strategic finance confirms she has been consulted on the report, including the proposals to change the MRP policy and maintain our current professional client status in relation to Treasury activities.

## **Local issues**

N/A

## **Scrutiny Committees**

N/A

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

No issues

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

No issues

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

As noted in paragraph 38, the change to the MRP policy brings improvements compared to the existing policy in relation to this Act.

## **Crime and Disorder Act 1998**

No issues

## **Consultation**

As noted in the report – the report was reviewed by the Audit Committee. Their comments are summarised in paragraph 40 above

## **Background Papers**

Treasury Management Strategy report to Audit Committee January 2017.  
Report to Council March 2017: 2017/18 Budget and Medium Term Financial Plan  
Half year Report to Audit Committee

Dated:



## APPENDIX A

### External Context *(latest data as at 09/4/18)*

#### **Economic commentary**

2017-18 was characterised by the push-pull from expectations of tapering of Quantitative Easing (QE) and the potential for increased policy rates in the US and Europe and from geopolitical tensions, which also had an impact.

The UK economy showed signs of slowing with latest estimates showing GDP, helped by an improving global economy, grew by 1.8% in calendar 2017, the same level as in 2016. This was a far better outcome than the majority of forecasts following the EU Referendum in June 2016, but it also reflected the international growth momentum generated by the increasingly buoyant US economy and the re-emergence of the Eurozone economies.

The inflationary impact of rising import prices, a consequence of the fall in sterling associated with the EU referendum result, resulted in year-on-year CPI rising to 3.1% in November before falling back to 2.7% in February 2018. Consumers felt the squeeze as real average earnings growth, i.e. after inflation, turned negative before slowly recovering. The labour market showed resilience as the unemployment rate fell back to 4.3% in January 2018. The inherent weakness in UK business investment was not helped by political uncertainty following the surprise General Election in June and by the lack of clarity on Brexit, the UK and the EU only reaching an agreement in March 2018 on a transition which will now be span Q2 2019 to Q4 2020. The Withdrawal Treaty is yet to be ratified by the UK parliament and those of the other 27 EU member states and new international trading arrangements are yet to be negotiated and agreed.

The Bank of England's Monetary Policy Committee (MPC) increased Bank Rate by 0.25% in November 2017. It was significant in that it was the first rate hike in ten years, although in essence the MPC reversed its August 2016 cut following the referendum result. The February *Inflation Report* indicated the MPC was keen to return inflation to the 2% target over a more conventional (18-24 month) horizon with 'gradual' and 'limited' policy tightening. Although in March two MPC members voted to increase policy rates immediately and the MPC itself stopped short of committing itself to the timing of the next increase in rates, the minutes of the meeting suggested that an increase in May 2018 was highly likely.

In contrast, economic activity in the Eurozone gained momentum and although the European Central Bank removed reference to an 'easing bias' in its market communications and had yet to confirm its QE intention when asset purchases end in September 2018, the central bank appeared some way off normalising interest rates. The US economy grew steadily and, with its policy objectives of price stability and maximising employment remaining on track, the Federal Reserve Open Market Committee (FOMC) increased interest rates in December 2017 by 0.25% and again in March, raising the policy rate target range to 1.50% - 1.75%. The Fed is expected to deliver two more increases in 2018 and a further two in 2019. However, the imposition of tariffs on a broadening range of goods initiated by the US, which has led to retaliation by China, could escalate into a deep-rooted trade war having broader economic consequences including inflation rising rapidly, warranting more interest rate hikes.

**Financial markets:** The increase in Bank Rate resulted in higher money markets rates: 1-month, 3-month and 12-month LIBID rates averaged 0.32%, 0.39% and 0.69% and at 31<sup>st</sup> March 2018 were 0.43%, 0.72% and 1.12% respectively.

Gilt yields displayed significant volatility over the twelve-month period with the change in sentiment in the Bank of England's outlook for interest rates. The yield on the 5-year gilts which had fallen to 0.35% in mid-June rose to 1.65% by the end of March. 10-year gilt yields also rose from their lows of 0.93% in June to 1.65% by mid-February before falling back to 1.35% at year-end. 20-year gilt yields followed an even more erratic path with lows of 1.62% in June, and highs of 2.03% in February, only to plummet back down to 1.70% by the end of the financial year.

The FTSE 100 had a strong finish to calendar 2017, reaching yet another record high of 7688, before plummeting below 7000 at the beginning of 2018 in the global equity correction and sell-off.

## **Credit background:**

### Credit Metrics

In the first quarter of the financial year, UK bank credit default swaps reached three-year lows on the announcement that the Funding for Lending Scheme, which gave banks access to cheaper funding, was being extended to 2018. For the rest of the year, CDS prices remained broadly flat.

The rules for UK banks' ring-fencing were finalised by the Prudential Regulation Authority and banks began the complex implementation process ahead of the statutory deadline of 1st January 2019. As there was some uncertainty surrounding which banking entities the Authority would be dealing with once ring-fencing was implemented and what the balance sheets of the ring-fenced and non ring-fenced entities would look like, in May 2017 Arlingclose advised adjusting downwards the maturity limit for unsecured investments to a maximum of 6 months. The rating agencies had slightly varying views on the creditworthiness of the restructured entities.

Barclays was the first to complete its ring-fence restructure over the 2018 Easter weekend; wholesale deposits including local authority deposits will henceforth be accepted by Barclays Bank plc (branded Barclays International), which is the non ring-fenced bank.

**Money Market Fund regulation:** The new EU regulations for Money Market Funds (MMFs) were finally approved and published in July and existing funds will have to be compliant by no later than 21st January 2019. The key features include Low Volatility Net Asset Value (LVNAV) Money Market Funds which will be permitted to maintain a constant dealing NAV, providing they meet strict new criteria and minimum liquidity requirements. MMFs will not be prohibited from having an external fund rating (as had been suggested in draft regulations). Arlingclose expects most of the short-term MMFs it recommends to convert to the LVNAV structure and awaits confirmation from each fund.

### Credit Rating developments

The most significant change was the downgrade by Moody's to the UK sovereign rating in September from Aa1 to Aa2 which resulted in subsequent downgrades to sub-sovereign entities including local authorities.

Changes to credit ratings included Moody's downgrade of Standard Chartered Bank's long-term rating to A1 from Aa3 and the placing of UK banks' long-term ratings on review to reflect the impending ring-fencing of retail activity from investment banking (Barclays, HSBC and RBS were on review for downgrade; Lloyds Bank, Bank of Scotland and National Westminster Bank were placed on review for upgrade).

Standard & Poor's (S&P) revised upwards the outlook of various UK banks and building societies to positive or stable and simultaneously affirmed their long and short-term ratings, reflecting the institutions' resilience, progress in meeting regulatory capital requirements and being better positioned to deal with uncertainties and potential turbulence in the run-up to the UK's exit from the EU in March 2019. The

agency upgraded Barclays Bank's long-term rating to A from A- after the bank announced its plans for its entities post ring-fencing.

Fitch revised the outlook on Nationwide Building Society to negative and later downgraded the institution's long-term ratings due to its reducing buffer of junior debt. S&P revised the society's outlook from positive to stable.

S&P downgraded Transport for London to AA- from AA following a deterioration in its financial position.

#### **Other developments:**

In February, Arlingclose advised against lending to Northamptonshire County Council . They issued a section 114 notice in the light of severe financial challenge and the risk that it would not be in a position to deliver a balanced budget.

In March, following Arlingclose's advice, the Authority removed RBS plc and National Westminster Bank from its counterparty list. This did not reflect any change to the creditworthiness of either bank, but a tightening in Arlingclose's recommended minimum credit rating criteria to A- from BBB+ for FY 2018-19. The current long-term ratings of RBS and NatWest do not meet this minimum criterion, although if following ring-fencing NatWest is upgraded, the bank would be reinstated on the Authority's lending list.

#### **Local Authority Regulatory Changes**

**Revised CIPFA Codes:** CIPFA published revised editions of the Treasury Management and Prudential Codes in December 2017. The required changes from the 2011 Code are being incorporated into Treasury Management Strategies and monitoring reports.

The 2017 Prudential Code introduces the requirement for a Capital Strategy which provides a high-level overview of the long-term context of capital expenditure and investment decisions and their associated risks and rewards along with an overview of how risk is managed for future financial sustainability. Where this strategy is produced and approved by full Council, the determination of the Treasury Management Strategy can be delegated to a committee. The Code also expands on the process and governance issues of capital expenditure and investment decisions.

The Authority expects to produce the Capital Strategy alongside its Treasury Management Strategy during 2018/19.

In the 2017 Treasury Management Code the definition of 'investments' has been widened to include financial assets as well as non-financial assets held primarily for financial returns such as investment property. These, along with other investments made for non-treasury management purposes such as loans supporting service outcomes and investments in subsidiaries, must be discussed in the Capital Strategy or Investment Strategy. Additional risks of such investments are to be set out clearly and the impact on financial sustainability is to be identified and reported.

There have been no moves yet by Welsh Government on proposed changes to the Guidance on Local Authority Investments. The Authority is however aware of the MHCLG's changes to the Investment Guidance for English authorities.

**Amendments to Capital Finance Legislation:** The Welsh Government published the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2018 in March 2018. It amends and clarifies erstwhile regulations so that investments in corporate bonds and shares in FCA (Financial Conduct Authority) approved UCITS (Undertakings for the Collective Investment of Transferable Securities) funds, Real Estate Investment Trusts (REITs) and investment schemes approved by HM

Treasury are no longer treated as capital expenditure. This legislation came into effect in the 2017/18 financial year. It enables the Authority to invest in these instruments, if appropriate for the Authority's circumstance and objectives, without the potential revenue cost of MRP (Minimum Revenue Provision) and without the proceeds from sale being considered a capital receipt.

**MiFID II:** As a result of the second Markets in Financial Instruments Directive (MiFID II), from 3<sup>rd</sup> January 2018 local authorities were automatically treated as retail clients but could "opt up" to professional client status, providing certain criteria was met which includes having an investment balance of at least £10 million and the person(s) authorised to make investment decisions on behalf of the authority have at least a year's relevant professional experience. In addition, the regulated financial services firms to whom this directive applies have had to assess that that person(s) have the expertise, experience and knowledge to make investment decisions and understand the risks involved.

The Authority has met the conditions to opt up to professional status and has done so in order to maintain its erstwhile MiFID II status. The Authority will continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice.

## APPENDIX B

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. These factors are summarised in table 1 below.

Table 1: Balance Sheet Summary

	31.3.17 Actual £m	2017/18 Movement £m	31.3.18 Actual £m
General Fund CFR	276.1	5.3	281.4
Less: Other debt liabilities *	-47.4	2.3	-45.1
<b>Borrowing CFR</b>	<b>228.7</b>	<b>7.6</b>	<b>236.3</b>
Less: Usable reserves	-107.2	5.1	-102.1
Less: Working capital	85.4	(93.1)	(7.7)
<b>Net borrowing</b>	<b>206.9</b>	<b>-80.4</b>	<b>126.5</b>

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

Net borrowing has decreased overall this is, due to a rise in the CFR as new capital expenditure was higher than the financing applied including minimum revenue provision; together with a decrease in usable reserves, all offset by a significant fall in working capital due to the repayment of Friars Walk debt.

The Authority's strategy was to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low. The treasury management position as at 31<sup>st</sup> March 2018 and the year-on-year change in show in table 2 below.

Table 2: Treasury Management Summary

Newport City Council Debt	Outstanding as at 31/03/17 £m	Movement £m	Outstanding as at 31/03/18 £m
Public Works Loans Board	71.1	(0.6)	70.5
Market Loans	35.0	0	35.0
Stock Issue	40.0	0	40.0
<b>Total Long Term Loans</b>	<b>146.1</b>	<b>(0.6)</b>	<b>145.5</b>
Temporary Debt	63.1	(61.1)	2.0
<b>Total Borrowing</b>	<b>209.2</b>	<b>(61.7)</b>	<b>147.5</b>
Short-Term Investments	(2.3)	(18.7)	(21.0)
<b>Net borrowing</b>	<b>206.9</b>	<b>(80.4)</b>	<b>126.5</b>

The decrease in net borrowing in table 1 has translated into a rise in investment balances due to the high costs of repaying the Authority's long-term borrowing early. Following the sale of Friars Walk, the temporary debt in relation to Queenberry loans was paid off in full during the year with the receipt. Additional cash over and above this borrowing has been invested on a short-term, secured basis until such time it is required to fund capital financing or re-finance maturing debt. This is likely to be reduced down to £10 million (amount required for MiFID II) when the refinancing of stock issue takes place in 2019/20.

### Borrowing Strategy during the half year

At 31 March 2018 the Authority held £147.5m of loans, (a decrease of £61.7m on 31/3/2017), as part of its strategy for funding previous years' capital programmes. The year-end borrowing position is show in table 3 below.

Table 3: Borrowing Position

	<b>31.3.17 Balance £m</b>	<b>Movement £m</b>	<b>31.3.18 Balance £m</b>	<b>31.3.18 Weighted average rate %</b>	<b>31.3.18 Weighted average maturity Years</b>
Public Works Loan Board	71.1	(0.6)	70.5	4.45	16
Banks (LOBO)	30.0	0	30.0	4.302	36
Banks (fixed-term)	5.0	0	5.0	3.77	60
Stock Issue	40.0	0	40.0	8.875	1
Local authorities (long-term)	0	0	0	-	-
Local authorities (short-term)	63.1	(61.1)	2.0	0.7%	0
<b>Total borrowing</b>	<b>209.2</b>	<b>(61.7)</b>	<b>147.5</b>	<b>5.52%</b>	<b>17</b>

The Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary

In furtherance of these objectives, no new long term borrowing was in 2017/18. This strategy enabled the Authority to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.

For the majority of the year the "cost of carry" analysis performed by the Authority's treasury management advisor Arlingclose did not indicate value in borrowing in advance for future years' planned expenditure and therefore none was taken.

The Authority continues to hold £30m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. No banks exercised their option during the first half of 2017/18.

### Other Debt Activity

After £2.6m repayment of prior years' Private Finance liabilities, total debt other than borrowing stood at £45.1m on 31<sup>st</sup> March 2018, taking total debt to £192.5m.

### Investment Activity

The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the first half of 2017/18 the Authority's investment balance ranged between £0.6m and £96 million (due to sale of Friars Walk receipt) due to timing differences between income and expenditure. The investment position during the half year is shown in table 4 below.

Table 4: Investment Position

	<b>31.3.17 Balance £m</b>	<b>Movement £m</b>	<b>31.3.18 Balance £m</b>	<b>31.3.18 Weighted average rate %</b>	<b>31.3.18 Weighted average maturity Years</b>
Banks & building societies (unsecured)	2.3	(1.3)	1.0	0.4	0
Government (incl. local authorities)	0	20.0	20.0	0.6	0.17
<b>Total investments</b>	<b>2.3</b>	<b>18.7</b>	<b>21.0</b>	<b>0.22</b>	<b>0.17</b>

Both the CIPFA Code and government 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.

### **Compliance Report**

The Head of Finance is pleased to report that all treasury management activities undertaken during 2017/18 complied fully with the CIPFA Code of Practice and the Authority's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 7 below.

Table 7: Investment Limits

	<b>31.3.18 Actual (£m)</b>	<b>2017/18 Limit (£m)</b>	<b>Complied</b>
Banks Unsecured	<b>1.5</b>	<b>£5m</b>	✓
Banks Secured	<b>0</b>	<b>£10m</b>	✓
Government	<b>20.0</b>	<b>Unlimited</b>	✓
Corporates	<b>0</b>	<b>£5m</b>	✓
Registered Providers	<b>0</b>	<b>£5m</b>	✓
Unsecured investments with Building Societies	<b>0</b>	<b>£5m</b>	✓

Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 8 below.

**Table 8: Debt Limits**

	<b>2017/18 Maximum (£m)</b>	<b>31.3.18 Actual (£m)</b>	<b>2017/18 Operational Boundary (£m)</b>	<b>2017/18 Authorised Limit (£m)</b>	<b>Complied</b>
Borrowing	209	148	288	308	✓
PFI & finance leases	46	45	46	46	✓
<b>Total debt</b>	<b>255</b>	<b>193</b>	<b>334</b>	<b>354</b>	✓

Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

### **Treasury Management Indicators**

The Authority measures and manages its exposures to treasury management risks using the following indicators.

**Interest Rate Exposures:** This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed was:

	<b>31.3.18 Actual</b>	<b>2017/18 Limit</b>	<b>Complied</b>
Upper limit on fixed interest rate exposure	100%	100%	✓
Upper limit on variable interest rate exposure	0	50%	✓

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

**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 fixed rate borrowing were:

	<b>31.3.18 Actual</b>	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Complied</b>
Under 12 months	2%	80%	0%	✓
12 months and within 24 months	29%	70%	0%	✓
24 months and within 5 years	4%	70%	0%	✓
5 years and within 10 years	24%	50%	0%	✓
10 years and within 20 years	7%	30%	0%	✓
20 years and within 30 years	10%	20%	0%	✓
30 years and within 40 years	15%	20%	0%	✓
40 years and within 50 years	2%	20%	0%	✓
50 years and above	7%	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 364 days:** 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 were:

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Actual principal invested beyond year end	0	0	0
Limit on principal invested beyond year end	5	5	5
Complied	✓	✓	✓

This page is intentionally left blank

# Report

## Cabinet Report

---

### Part 1

Date: 14 June 2018

**Subject** Neighbourhood Hubs

**Purpose** To implement a sustainable 21<sup>st</sup> century offer around Neighbourhood services in Newport that will plan assets and resources to improve the customer experience. This report seeks cabinet approval to develop the Neighbourhood Hub in East Newport as a pilot project, approval to incrementally develop the concept of Neighbourhood Hubs across other identified areas in Newport subject to funding availability and demonstrable need.

**Author** Head of Regeneration Investment & Housing

**Ward** Newport Wide

**Summary** The council has an opportunity to reconsider the way we deliver Neighbourhood voluntary accessed services, which could create a new experience for customers, staff, partners and stakeholders. As an authority we have an opportunity to place ourselves at the forefront of service delivery providing a 21<sup>st</sup> century offer and sustaining this for the future for the residents of Newport.

The current method of service delivery provides the Council and residents with a number of challenges including:-

- The sustainability of the buildings.
- The fragmented services provided to residents.
- Accessibility for residents due to different services being provided from different buildings.
- Buildings that are not fit for purpose.
- Compliance with the obligations of the Future Generations Act.

The Neighbourhood Hub model of service delivery has been successfully implemented by a number of other local authorities, with Cardiff providing a blue print for the Newport hub development.

The benefits of this approach include enhanced service provision through; co-location with other agencies; greater integration of services; improved operational and performance management; better ICT provision and the development of estates and facilities which are fit for purpose. As a consequence the Council will benefit from a more sustainable capital asset plan for our buildings and facilities which will enable the delivery of a more cost effective service and realise significant revenue savings. Appendix 1 demonstrates the functionality of a Hub and Spoke model.

The proposal for the locations of a Neighbourhood Hub approach within Newport was determined using strategic needs analysis to align the location with resident needs. This analysis is in the business plan attached, appendix 3 p14.

The preferred Neighbourhood Hub locations as a result of the analysis are:-

- North Hub – Bettws Community Centre (Spokes – Malpas, Shaftsbury)
- East Hub – Ringland Community Centre (Spokes – Alway, Somerton, Newport East, Beaufort Centre)
- Central Hub – Pill Millennium Centre (Spokes – Old Pill Library, Community House)
- West Hub – Maesglas Community Centre (Spokes – Gaer, Duffryn)

The level of investment for each Neighbourhood Hub will be dependent on a number of factors; these factors will include demonstration of need, availability of external funding, availability of council investment/ loans and partnership arrangements and stakeholder engagement.

Due to the significant impact the proposal could have to Neighbourhood services it was recognised that a step approach would be more viable. Therefore it is proposed that one pilot Neighbourhood Hub would be delivered to prove the Neighbourhood Hub concept.

In order to determine the optimum location of that Neighbourhood hub and pilot area a strategic needs analysis was undertaken which considered the following factors.

- **Geography**
- **Existing Assets**
- **Deprivation/Need**
- **Current service provision**

Appendix 3 p15 - details the data maps that provided the evidence for the chosen locations.

The analysis demonstrated that when the criteria was assessed and mapped geographically that the locations were clearly identifiable.

The strategic analysis identified 4 key factors as described above.

As a result of the analysis the Ringland site was chosen for further investigation. The rationale for choosing the Ringland site as the first Hub was decided as the analysis highlighted Ringland as being very strong in two areas;

#### **Assets**

When reviewed the east area assets were the newest within the communities of the city. Additionally the assets are all City Council owned, many of which are directly managed by the authority. In comparison the west, central and north area have a mix of voluntary run and council run facilities. Therefore a decision was made that the east area would be the most effective sites.

#### **Needs analysis**

Ringland within this area demonstrated the greatest needs of deprivation. It also demonstrated the greatest number of community regeneration service users.

A number of partners were engaged including Norse and PLACEmaking, a company that specialises in advising, designing and implementing smart working strategies and making changes to working environments.

The investigation was carried out over a period of time and reviewed the opportunities to develop the Ringland site in order to align with the aspirations of NCC Neighbourhood Hub development. Detail of the analysis can be found in appendix 3 (Business Case).

Below is a concept designs that is representative of NCC aspiration for a Neighbourhood Hub.

### Community Hub 3D Imagery- Public Areas



### How will the Ringland Hub look and Feel

The actual physical assets which will house the hub were determined by taking into consideration which assets were owned by NCC and the capacity and accessibility requirements. The hub will be redesigned to look and feel like a modern open community facility. It has been acknowledged that significant investment will be required to make each hub fit for purpose.

The hub will act as the central delivery point and will have responsibility for co-ordinating services across a range of smaller satellite/spoke centres. Each will provide a range of voluntarily accessed services dependant on identified need in their respective geographical area.

The hub will provide a range of facilities and services that will enhance partners and citizen's experiences and requirements, services such as ICT access, multiple services, café facilities and room hire facilities.

The co-location of internal services and collaborative partnership working will ensure a holistic service delivery model. This will enable colleagues to refer cases in directly to teams. This will be achieved through a deeper understanding of one another's activities. Hubs and spokes will be flexible with their opening hours to meet the needs of the

individuals and co-located services, with expected operating hours to include evenings and weekend working. All services in scope will share multi-agency operating policies and procedures. After Cabinet approval a formal staffing structure incorporating all changes to base and working conditions will be ratified through a 45 day staff consultation.

A Hub will employ a full time Hub Manager who will hold specialist responsibility for a specific service delivery area i.e. Flying Start but will be operationally responsible for all service areas operating from the hub and spokes within their geographic remit. Further to this they will manage the client relationship with respective partner organisations and co-located services. They will have overall responsibility for facilities management for all NCC owned assets within their area.

All service delivery/operational staff will work to a customer first model and their base of location and delivery area will change in line with locations/needs of the hub and spoke facilities. Back office staff such as administrative and finance will co-locate to the hub or the civic centre depending on capacity requirements.

### **Capital Asset Strategy**

A by-product of the Ringland hub and wider development is the opportunity to review the asset base required in order to deliver effective and efficient community services to the citizens of Newport.

There are currently 74 buildings delivering community services across Newport including schools. Once schools have been disregarded, a total of 31 community buildings remain for consideration. Please see appendix 3 attached page 17.

The appropriate maintenance of this number of buildings is a significant cost to the council. It is estimated that the maintenance backlog costs are in excess of £35m. There is a strategic imperative therefore for the council to deliver services efficiently from its asset base.

Whilst many valuable services are being delivered from the NCC estate, the efficiency of services is affected by the restrictive use of some of the buildings caused through lack of investment and poor design.

The review of Ringland for example highlighted that less than 40% of the building area being provided, maintained and serviced could actually be made use of for service delivery activities – the greater proportion included for example, space given over to corridors, multiple storage rooms and over-sized toilet facilities. The remaining small pockets of space were unconnected and as a result were difficult to use. Re-planning the space and redistributing out dated back-of-house zones to form larger and better connected areas has rebalanced the value towards 80% being available for service delivery activities.

Buildings that are outside of the scope for Neighbourhood Hubs will need to be considered by council. As highlighted there is an unsustainable backlog of maintenance across this estate. Considerations should be; asset transfer to community associations/ organisations, alternative use through commercialisation (where no other option can be found).

**Proposal** To pilot a single hub for design and development purposes and an in principle agreement for incremental development of the hub model. The key reasons are that the pilot option will enable the Hub and Spoke approach to be tested and refined prior to the wider role of the approach across the City. It also minimises initial investment required by the Council in order to implement and reduces the risk of systemic issues. If the recommended option is chosen the timescales and milestones are highlighted below.

- East Hub – Ringland, Alway, Somerton, Beaufort, Newport East Community Centre

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

**Timetable** Immediate

ID	Task Name	Start	Finish	Duration	Q2 18		Q3 18			Q4 18			Q1 19			
					May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
1	<b>Approvals</b>	30/04/2018	15/06/2018	34d												
2	SLT	30/04/2018	30/04/2018	0d												
3	Cabinet	15/06/2018	15/06/2018	0d												
4	<b>Engagement and Consultation</b>	15/06/2018	17/09/2018	67d												
5	Staff	15/06/2018	17/09/2018	67d												
6	Communities	15/06/2018	17/09/2018	67d												
7	Partners and Stakeholders	15/06/2018	17/09/2018	67d												
8	Members	15/06/2018	17/09/2018	67d												
9	<b>Ringland Hub - Design and Build</b>	30/04/2018	24/05/2019	280d												
10	<b>Design, planning, Procurement</b>	30/04/2018	14/01/2019	186d												
11	Norse Design	30/04/2018	19/11/2018	146d												
12	Planning	23/10/2018	14/01/2019	60d												
13	Procurement and Award	20/11/2018	14/01/2019	40d												
14	<b>Construction</b>	15/01/2019	24/05/2019	94d												
15	Construction	15/01/2019	06/05/2019	80d												
16	Handover	07/05/2019	24/05/2019	14d												
17	<b>Rationalisation - Buildings</b>	15/06/2018	27/05/2019	246d												
18	Plan building closure	15/06/2018	24/05/2019	246d												
19	Close or handover buildings	27/05/2019	27/05/2019	0d												
20	<b>Staffing</b>	15/06/2018	04/12/2018	122d												
21	Consultation	15/06/2018	31/08/2018	56d												
22	Notice	03/09/2018	03/12/2018	66d												
23	Staff release	04/12/2018	04/12/2018	0d												
24	Restructuring	15/06/2018	31/08/2018	56d												
25	<b>Funding</b>	30/04/2018	29/03/2019	240d												
26	Applications	30/04/2018	28/09/2018	110d												
27	Outcome	31/05/2018	29/03/2019	217d												

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
- Cabinet Member for Communities

**Signed**



## Background

In 2015, a working group was established to explore the rationale for developing a neighbourhood hub model for improving the experience of customers who use voluntarily accessed services delivered by the council. For the purposes of this project 'voluntarily accessed services' are termed as those services which are delivered in a neighbourhood setting and are accessed on a voluntary basis by the customer. In an evaluation of Children's Centres in England (ECCE) Goff et al. (2013) define a hub and spoke model as follows:

*"a hub centre has responsibility for co-ordinating services across one or more satellite or 'spoke' centres. Hub centres have their own leaders, and spokes may or may not be led by an individual centre manager (or deputy). The hub may provide core services that are not available in spoke centres"*

The working group gave consideration to the asset portfolio of neighbourhood centres and the increasing backlog maintenance and capital investment required to maintain these buildings. The working group suggested that a neighbourhood hub and spokes model could be an opportunity to address this issue if the council agrees to put in place a management plan for its property portfolio. The work produced from the group also provided rationale to develop a full business case and options appraisal, which will be led by a formal project team within the Council's Change Programme.

In December 2016, the Council's Change Programme Board agreed to establish a formal strategic project approach to deliver a business case to explore options for the future delivery of voluntarily accessed services in the form of a neighbourhood hub model. In January 2017, a formal project team was established within the Council's Change Programme governance to carry this work forward. Benchmarking a range of hub models from across the UK was undertaken as part of the development of the Newport model. These included Bristol, Cornwall, Sunderland, Kent and Cardiff. The successful implementation of the Cardiff City Council Hub model has been used as an exemplar for the design of the Newport Neighbourhood Hub model.

Newport City Council commissioned a study to consider how a more cost effective and sustainable set of requirements for hubs and spokes could be determined if the council and its partners adopted a new way of working. This change put greater emphasis on converting previously dispersed and often duplicated private office space to front line service delivery space and as a result enables the council to get better utilisation from a reduced building stock. This aligns with the council's focus on consolidating back-office and administrative activities and putting greater emphasis on citizen facing service delivery activities in local Hub and Spoke assets.

Newport City Council have explored options for more effective and sustainable service delivery through a Neighbourhood Hubs approach. The services in scope have been agreed by the Strategic Group as those which are accessed by individuals on a voluntary basis such as:

- Families First
- Flying Start
- Community Centres
- Work, Skills & Training
- Communities First
- Library Services
- Youth Service
- Play Development
- Community Connectors.

This will enable the Council to provide a more effective and sustainable service delivery model for voluntarily accessed services. However, in line with the Well-being of Future Generations Act (Wales) The Council will continually evaluate the needs of its citizens and broaden the scope of the services included in line with the city's changing needs.

## Current Position

Currently NCC delivers its community services through a number of different programmes and many community buildings. This method of delivery provides a number of challenges, such as access to services, maintenance of buildings and providing a holistic service to citizens.

The Neighbourhood Hubs proposal provides NCC and public sector partners with an opportunity to rationalise services and create more focussed investment into Community Facilities, Integrated Services Co-located Services, Accessible services, Enhance community involvement, Eliminate duplication

Currently neighbourhood services are delivered through a number of community facilities that include schools, community centres, churches and library buildings using a programme led management structure.

The service delivery model is currently based on a funder first model. Each programme has its own management finance and admin teams and delivers its services across the city.

This structure is delivered by 196 FTE staff across the city. The current management structure that delivers these services is set up as described below.

The current budget that underpins this structure is mixture of core, contract and grant funding from internal and external sources.

NCC currently subsidises the operation by providing repairs and maintenance services, utility bills, facilities management and provision of corporate functions. This level of support over 74 separate facilities is not a sustainable or efficient position for NCC.

## Financial Summary

The baseline costs, funding options, cost rationalisation and required investment by Newport City Council (NCC) are detailed in the tables below for each option to enable comparison.

	Option 1	Option 2	Option 3
<b>Revenue</b>			
Baseline operating cost - £m	£2,120k	£2,120k	£2,120k
Rationalisation savings - £k's/annum – ( staffing costs)	Nil	£654k	£654k

<b>Capital</b>			
Total Investment required	Nil	£3,992k	£1,720k
Capital funding sources			
Grant – assume 50% success rate	Nil	£2,967k	£969k
NCC	Nil	£1,025k	£751k

<b>Net Revenue Savings</b>			
Net annual revenue savings ( post NCC financing costs and rental of Hub 4 option 2	Nil	£524k	£592k

Using indicative refurbishment costs and assuming a 50% success rate against the grants that would be applied for, the table above shows that it would be necessary to borrow just over £1m to implement the four hub model or £750k for one hub only. It is worth noting that the levels of borrowing would be entirely dependent on the level of grants received, none of which has been approved yet.

The cost of borrowing would be spread over a 15 year life cycle and when offset against the savings this would still generate annual savings of between £500k and £600k depending on whether the four hubs or

one hub model was applied. In year cash savings could be achieved in 2018/19 before full year budgetary savings are applied in 2019/20.

The detailed spreadsheets are available in appendix 3 page 31. (Budgets). These also highlight a scenario where only a 25% success rate on grant funding is achieved. The financial impact under this scenario is an increase in borrowing for NCC of £1,484k when assuming the four hub model or £485k for one hub.

The proposed Neighbourhood Hub model will manage a number of grant packages as detailed previously. This grant management will continue, as part of these grants there is opportunity to apply for capital funding to develop capital assets. As part of this proposal we have applied to the following funds and are confident in achieving the following Capital grants. The table below represents available funding for option 2 which is the full roll out of 4 proposed Neighbourhood Hub and option 3 which is the current preferred option to deliver 1 Neighbourhood Hub as a pilot.

<b>Funding Source</b>	<b>Assumption across all grants</b>	<b>Preferred option – 1 initial Hub</b>
WG Museums, Archives & Libraries	£600,000	£200,000
Grant: Communities First Capital	£375,000	£125,000
Grant: Flying Start Capital	£225,000	£75,000
Grant: TRIP / VVP2	£1,297,400	£559,000
Grant: Work & Skills	£250,000	
Grant: Big Lottery	£150,000	
Grant: Charitable Trusts	£50,000	
Grant: Community Groups	£20,000	£10,000
<b>Total grant</b>	<b>£2,967,400</b>	<b>£969,000</b>
NCC Borrowing	£1,024,600	£751,000
<b>Total Funding requirement</b>	<b>£3,992,000</b>	<b>£1,720,000</b>

## Risks

<b>Risk</b>	<b>Impact of Risk if it occurs* (H/M/L)</b>	<b>Probability of risk occurring (H/M/L)</b>	<b>What is the Council doing or what has it done to avoid the risk or reduce its effect</b>	<b>Who is responsible for dealing with the risk?</b>
Potential closure/transfer of buildings	High	High	Spreading budgets thinly across multiple facilities does not provide the appropriate level of investment required to improve buildings to the correct standards. If major work is required then buildings may need to be closed due to a lack of investment funding.	
Reduction in funding	High	High	Reduction in funding will reduce service provision and will no longer support the current level of asset provision.	
Requirement to meet future	High	High	All non-grant funding could be affected .	

<b>Risk</b>	<b>Impact of Risk if it occurs* (H/M/L)</b>	<b>Probability of risk occurring (H/M/L)</b>	<b>What is the Council doing or what has it done to avoid the risk or reduce its effect</b>	<b>Who is responsible for dealing with the risk?</b>
MTRP commitments				
Inability to meet the requirements of the Future Generations act	Medium	Medium	The current position will not produce a sustainable and effective operation going forward and does not allow the organisation to plan its services based on the needs of the citizen.	

## Links to Council Policies and Priorities

This proposal links with many priorities through the corporate plan and the PSB wellbeing goals.

Corporate priorities;

**Learning & Working city** – The proposal will deliver skills and employability programmes as a core element of its work.

**Healthier City** – Promoting partnerships and engaging health and activities organisations within the delivery models.

PSB priorities;

**The Newport “Offer”** – Providing residents and partners with a clear community strategy to improve peoples lives.

**Strong Resilient Communities** – Supporting residents and communities through prevention and support programmes in the community.

**Right Skills** – Community based support for residents to access job opportunities and the opportunity to improve skills.

**Sustainable Travel** – Accessible services that will reduce staff and resident travel distances.

## Options Available and considered

In addition to the “do-nothing” option, a further two options were analysed to determine a recommended approach for the Council.

- Option 1 - Continue delivering community services in its current format
- Option 2 - Implement a city wide Neighbourhood Hub programme (4 Hub Model).
- Option 3 - Pilot single hub for design and development purposes and in principle agreement for full implementation.

## Preferred Option and Why

The recommended option (3) is to pilot a single hub for design and development purposes and an in principle agreement for incremental development of the hub model. The key reasons are that the pilot option will enable the Hub and Spoke approach to be tested and refined prior to the wider role of the approach across the City. It also minimises initial investment required by the Council in order to implement and reduces the risk of systemic issues.

If the recommended option is chosen the timescales and milestones are highlighted below.

- Phase 1 – the pilot Hub.
- East Hub – Ringland, Alway, Somerton, Beaufort, Newport East Community Centre

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

The proposal to develop a single hub as a pilot with the potential to move to a multiple hub model has identified capital investment required of more than £1.7m (nearly £4m if the four hub model is eventually approved). The business case identifies a number of grants available to the Council and the likelihood is that a substantial proportion of the investment required could be found through these grants and that any shortfall could be met by Council borrowing. There is clearly potential for the success rate to vary so figures have been worked out to demonstrate a 50% success rate and 25%.

The projects achieves future savings inclusive of funding the cost of NCC borrowing, and this is required in order to 'preserve' the capital programme headroom for other projects which cannot be structured to cover any cost of borrowing.

### **Comments of Monitoring Officer**

There are no specific legal issues arising from the Report at the present time. However, there will be a range of property and staffing issues that will need to be addressed in due course as part of the implementation of the neighbourhood hubs project.

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

There are no human resources implications at this stage.

Should the proposal be approved there would be future staffing implications. These implications would include changes to work locations and working patterns resulting in a potential of weekend working and early morning and late evening working hours. These implications could also include redundancies.

There would be a need for consultation with employees and trade union representatives to implement these changes.

### **Comments of Cabinet Member**

The report author is to confirm that the Cabinet Member has approved the report for consideration by cabinet.

### **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**

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**

- Long term: The proposal will deliver a long term strategy for delivering community projects and managing community assets, putting in place a sustainable financial plan to maintain community assets in the future.
- Prevention: The proposal will secure community assets for the future; ensure assets are well maintained and fit for purpose. This proposal will also ensure that citizens receive services that are integrated and therefore provide a greater impact on their lives.
- Integration/ Collaboration: The proposal will integrate a number of community services run by the city council and partners providing a greater impact for citizens. This approach will deliver against the wellbeing objectives;

**The Newport “Offer”** – Providing residents and partners with a clear community strategy to improve peoples lives.

**Strong Resilient Communities** – Supporting residents and communities through prevention and support programmes in the community.

**Right Skills** – Community based support for residents to access job opportunities and the opportunity to improve skills.

**Sustainable Travel** – Accessible services that will reduce staff and resident travel distances.

- Involvement: Through the design of this proposal a number of steering groups have been created to involve departments and partners, conversations with the local health boards and Newport City Homes have been ongoing to ensure integrated approaches are taken and resources are shared. If the proposal is approved further involvement events will take place with communities.

## **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**

Appendix 1 - The diagram details the overall structure of the hub model, the hub relationship with the satellite offices (spokes) and its functionality.

Appendix 2 – Heat map demonstrating areas with the highest numbers in need of services.

Appendix 3 – Business Case

Dated: 4 June 2018



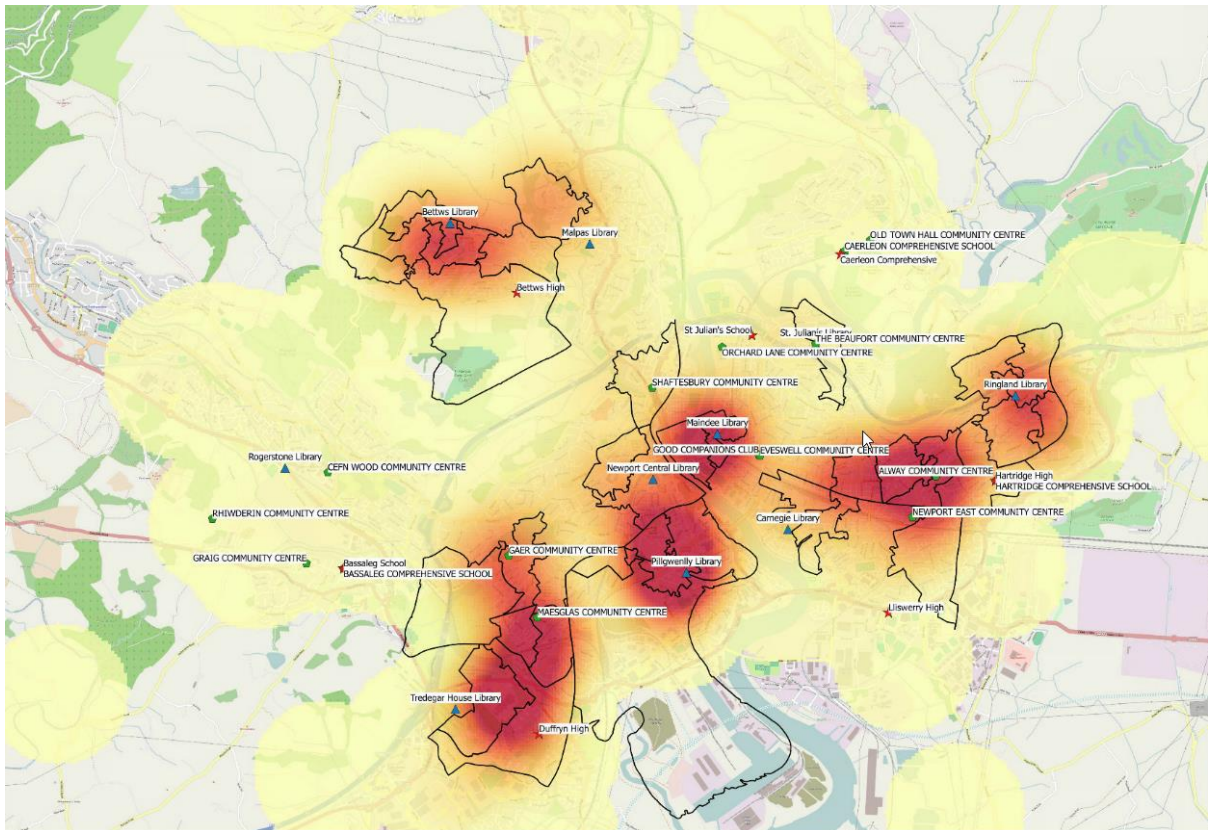


Appendix 1 - The diagram below details the overall structure of the hub model, the hub relationship with the satellite offices (spokes) and its functionality.



This page is intentionally left blank

Appendix 2 – Heat map demonstrating areas with the highest numbers in need of services.



This page is intentionally left blank



# Neighbourhood Hubs Business Case

*Author –*  
*Date – May 2018*

## Content

	Page Number
Executive summary	3
The purpose of the opportunity	8
Definition of the Opportunity	9
Options	24
Finance	27
Recommendations	29
Next Steps	30
Appendices	31

## 1.0 Executive summary

This business case represents the culmination of over 12 months work with a number of partners to define and develop a detailed cost proposal which will provide accessible voluntary community services to the citizens of Newport.

This project offers a step change in how, as an authority, we deliver Neighbourhood voluntary accessed services and offers a completely new experience for customers, staff, partners and Stakeholders. As an authority we have an opportunity to place ourselves at the forefront of service delivery offering a 21<sup>st</sup> century offer and sustaining this for the future of all Newport Citizens.

If as an authority we do not consider the bold decisions required of the public sector there is a distinct possibility that the option of change will not be available to us in the future.

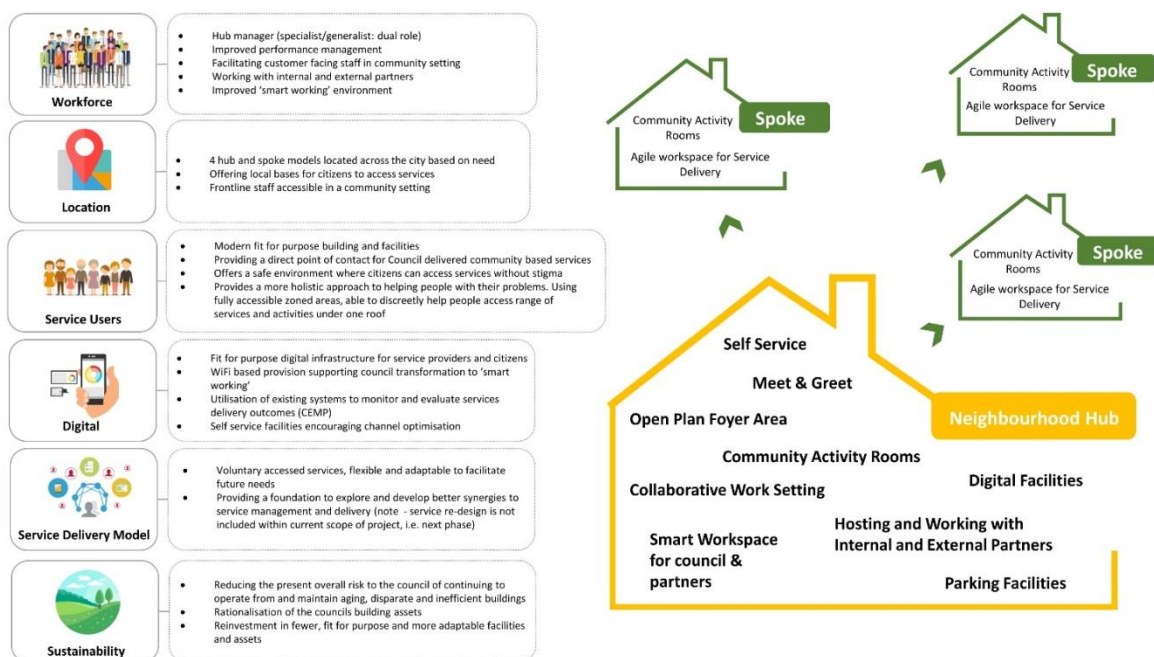
The current method of service delivery provides the Council and citizens with a number of challenges including:-

- The sustainability of the buildings.
- The fragmented services provided to residents.
- Accessibility for residents due to different services being provide from different buildings.
- Buildings that are not fit for purpose.
- Compliance with the obligations of the Future Generations Act.

The Neighbourhood hub model of service delivery has been successfully implemented by a number of other local authorities, with Cardiff providing a blue print for the Newport hub development.

The benefits of this approach include enhanced service provision through; co-location with other agencies; greater integration of services; improved operational and performance management; better ICT provision and the development of estates and facilities which are fit for purpose. As a consequence the Council will benefit from a more sustainable capital asset plan for our buildings and facilities which will enable the delivery of a more cost effective service and realise significant revenue savings.

The diagram below details the overall structure of the hub model, the hub relationship with the satellite offices (spokes) and its functionality.



The location of the Neighbourhood Hub's within Newport was determined using strategic needs analysis to align the location with citizen needs. The preferred hub locations as a result of the analysis are:-

- North Hub – Bettws Community Centre (Spokes – Malpas, Shaftsbury)
- East Hub – Ringland Community Centre (Spokes – Alway, Somerton, Newport East, Beaufort Centre)
- Central Hub – Pill Millennium Centre (Spokes – Old Pill Library, Community House)
- West Hub – Maesglas Community Centre (Spokes – Gaer, Duffryn)

## Options

In addition to the “do-nothing” option, a further two options were analysed to determine a recommended approach for the Council.

- Option 1 - Continue delivering community services in its current format
- Option 2 - Implement a city wide Neighbourhood Hub programme (4 Hub Model).
- Option 3 - Pilot single hub for design and development purposes and in principle agreement for full implementation.



<b>Option 1 – Continue delivering community services in its current format</b>	<b>Pros</b>	<b>Cons</b>
<p>Continue delivering community services in its current format. No Change</p>	<ul style="list-style-type: none"> <li>• Maintain status quo with all partners and staff.</li> <li>• No investment required from LA</li> </ul>	<ul style="list-style-type: none"> <li>• No improved community facilities</li> <li>• No improved access to services</li> <li>• No improved integration of services</li> <li>• No area delivery model</li> <li>• Buildings continue to deteriorate which exposes NCC to additional capital costs</li> <li>• Difficult to meet Future Generations act obligations</li> </ul>

<b>Option 2 – Implement a City Wide Neighbourhood Hub programme ( 4 Hub Model)</b>	<b>Pros</b>	<b>Cons</b>
<p>Implement a city wide Neighbourhood Hub programme (4 Hub Model)</p>	<ul style="list-style-type: none"> <li>• Improved facilities across the city</li> <li>• Improved access to services for residents</li> <li>• Improved services to residents and partners</li> <li>• Realisation of savings</li> <li>• More likely to comply with the Future Generations act</li> <li>• Reduced building maintenance backlog exposure.</li> <li>• Greater flexibility to sustain services with reduced funding.</li> </ul>	<ul style="list-style-type: none"> <li>• Large investment required from LA</li> <li>• Long periods of disruption to services and users</li> </ul>

<b>Option 3 - Pilot single hub for design and development purposes and in principle agreement for full implementation</b>	<b>Pros</b>	<b>Cons</b>
<p>Pilot single hub for design and development purposes and in principle agreement for full implementation</p>	<ul style="list-style-type: none"> <li>• Improved facilities across the city</li> <li>• Improved access to services for residents</li> <li>• Improved services to residents and partners</li> <li>• Realisation of savings</li> <li>• More likely to comply with the Future Generations act</li> </ul>	<ul style="list-style-type: none"> <li>• Investment required from the LA</li> <li>• Period of disruption for services users, partners and staff.</li> </ul>

Option 3 - Pilot single hub for design and development purposes and in principle agreement for full implementation	Pros	Cons
	<ul style="list-style-type: none"> <li>• Reduced building maintenance backlog exposure.</li> <li>• Greater flexibility to sustain services with reduced funding.</li> <li>• Limited initial investment to test the model before rolling it out</li> </ul>	

### Finance

The baseline costs, funding options, cost rationalisation and required investment by Newport City Council (NCC) are detailed in the tables below.

	Option 1	Option 2	Option 3
<b>Revenue</b>			
Baseline operating cost - £m	£2,120k	£2,120k	£2,120k
Rationalisation savings - £k's/annum – ( staffing costs)	Nil	£654k	£654k

<b>Capital</b>			
Total Investment required	Nil	£3,992k	£1,720k
Capital funding sources			
Grant – assume 50% success rate	Nil	£2,967k	£969k
NCC	Nil	£1,025k	£751k

<b>Net Revenue Savings</b>			
Net annual revenue savings ( post NCC financing costs and rental of Hub 4 option 2	Nil	£524k	£592k

Whilst the above table shows the financial impact of assuming a 50% success rate in grant awards, consideration should also be given to utilising some of the savings in early years to reduce the borrowing requirement before taking the remainder in following years.

### Recommended option

The recommended option (3) is to pilot a single hub for design and development purposes and an in principle agreement for full implementation of the hub model. The key reasons are that the pilot option will enable the Hub and Spoke approach to be tested and refined prior to

the wider role of the approach across the City. It also minimises initial investment required by the Council in order to implement and reduces the risk of systemic issues.

If the recommended option is chosen the timescales and milestones are highlighted below.

ID	Task Name	Start	Finish	Duration	Q2 18		Q3 18			Q4 18			Q1 19			
					May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
1	<b>Approvals</b>	30/04/2018	15/06/2018	34d												
2	SLT	30/04/2018	30/04/2018	0d												
3	Cabinet	15/06/2018	15/06/2018	0d												
4	<b>Engagement and Consultation</b>	15/06/2018	17/09/2018	67d												
5	Staff	15/06/2018	17/09/2018	67d												
6	Communities	15/06/2018	17/09/2018	67d												
7	Partners and Stakeholders	15/06/2018	17/09/2018	67d												
8	Members	15/06/2018	17/09/2018	67d												
9	<b>Ringland Hub - Design and Build</b>	30/04/2018	24/05/2019	280d												
10	<b>Design, planning, Procurement</b>	30/04/2018	14/01/2019	186d												
11	Norse Design	30/04/2018	19/11/2018	146d												
12	Planning	23/10/2018	14/01/2019	60d												
13	Procurement and Award	20/11/2018	14/01/2019	40d												
14	<b>Construction</b>	15/01/2019	24/05/2019	94d												
15	Construction	15/01/2019	06/05/2019	80d												
16	Handover	07/05/2019	24/05/2019	14d												
17	<b>Rationalisation - Buildings</b>	15/06/2018	27/05/2019	246d												
18	Plan building closure	15/06/2018	24/05/2019	246d												
19	Close or handover buildings	27/05/2019	27/05/2019	0d												
20	<b>Staffing</b>	15/06/2018	04/12/2018	122d												
21	Consultation	15/06/2018	31/08/2018	56d												
22	Notice	03/09/2018	03/12/2018	66d												
23	Staff release	04/12/2018	04/12/2018	0d												
24	Restructuring	15/06/2018	31/08/2018	56d												
25	<b>Funding</b>	30/04/2018	29/03/2019	240d												
26	Applications	30/04/2018	28/09/2018	110d												
27	Outcome	31/05/2018	29/03/2019	217d												

## 2.0 The purpose of the opportunity

The purpose of the proposal is to create a vehicle through which NCC and public/third sector partners are able to deliver a range of voluntary accessed neighbourhood services that are accessible to the public by developing facilities suitable for the 21<sup>st</sup> century.

Currently NCC delivers its community services through a number of different programmes, delivered from a number of community buildings. This method of delivery provides the Council with a number of challenges, such as;

- Fragmented services offered over a wide geographic area.
- Accessibility for residents due to different services being provided from different buildings.
- Buildings that are not fit for purpose.
- Compliance with the obligations of the Future Generations Act.
- Traditional service provision.
- Lack of sustainability into the future

The Neighbourhood Hubs proposal provides NCC and public sector partners with an opportunity to rationalise services and create more focussed investment into;

- Community Facilities – Modernised facilities which citizens of Newport will access
- Integrated Services – A level of services that create a one stop shop affect for the customer
- Co-located Services – Cost affective services that are linked for the benefit of the customer
- Accessible services – Using the latest digital advances so that the customer is offered the most accessible services
- Enhance community involvement – A key aspiration of the project is to advance community engagement in all areas of development
- Tackle specific determinants of deprivation – sustainable long term solutions to poverty
- Eliminate duplication – make this the most cost effective route to providing service to and with customers

### 3.0 Definition of the opportunity

#### What is being proposed?

The proposal addresses the needs of customers who use voluntarily accessed services by enhancing service provision through:

- The creation of a co-located, multi-agency voluntarily accessed service model, which will be delivered from a range of hub and spoke locations across the City.
- Improved operational and performance management of voluntarily accessed services through the development of a multi-skilled, holistic management structure that endeavours to build social capital.
- Establishment of a digital infrastructure which is capable of meeting the ICT requirements as determined.
- Development of estates and facilities to ensure they are fit for purpose to deliver the new '*smart working*' model of working
- *Provision of technology enabled facilities with greater emphasis on public accessed service delivery spaces and lower emphasis on private workspace.*

Improve the long term financial position of delivering voluntarily accessed services by:

- Offering a more sustainable capital asset plan for our buildings and facilities within the defined neighbourhood hub and spoke model.
- Delivering a more cost effective service which fits within the council's financial envelope.
- Delivering revenue savings through co-location and *as a result, greater utilisation of shared facilities.*

#### Current Position

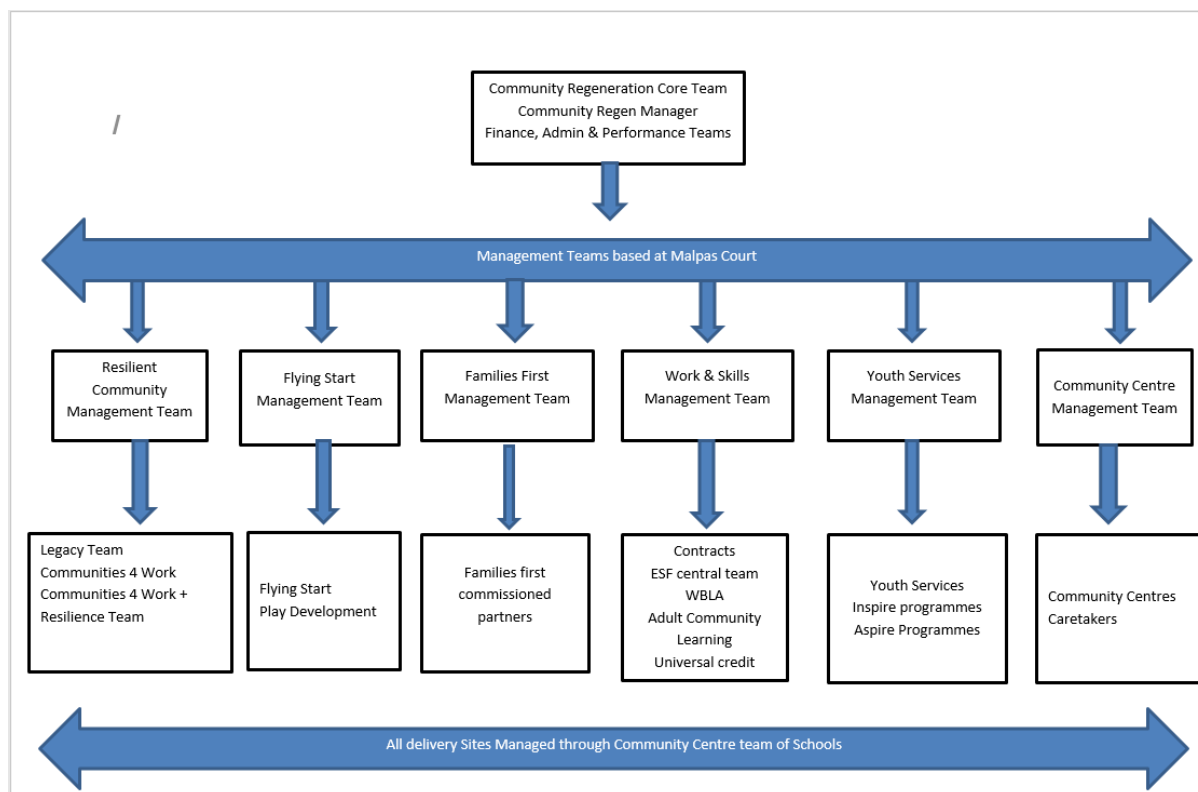
Currently neighbourhood services are delivered through a number of community facilities that include schools, community centres, churches and library buildings a using programme led management structure.

The current services delivered are;

- Families First – Providing families with help, advice and support to prevent current issues from becoming worse.
- Flying Start – Providing children aged 0 – 4 years of age living in disadvantaged areas with child care, enhanced health visiting, support with speech and language skills and parenting skills for adults.
- Community Centres – Providing suitable venues for groups to visit to gather information support and hold events.
- Work, Skills & Training – Supporting residents to gain qualifications, further skills, and to gain and sustain employment.
- Legacy – Providing support to young people to gain qualifications and achieve employment. Supporting community development workers to support community groups.

- Library Services – Delivering library services across the city from various locations.
- Youth Service – supporting young people to access support required to receive advice and guidance that will result in a positive experience during their young life.
- Play Development – Providing play across the city to children in school settings, providing play schemes and supporting parents and professionals to understand the importance of play.
- Health Board – Providing community services to residents such as speech and language therapy and health visiting.
- Careers Wales – Providing careers advice and services to local residents.
- Newport City Home – Providing housing support and advice to NCH tenants and residents.

The service delivery model is currently based on a funder first model. Each programme has its own management finance and admin teams and delivers its services across the city.



This structure is delivered by 196 FTE staff across the city. The current management structure that delivers these services is set up as described above.

The current budget that underpins this structure is mixture of core, contract and grant funding from internal and external sources.

The table below demonstrates the current funding model.

Programme	Source	Budget
Families First	Welsh Government	2,384,663

Flying Start/ Play	Welsh Government	5,592,686
Work & Skills	DWP/ Welsh Government/ Coleg Gwent	1,200,000
Communities	Welsh Government	1,308,245
Youth Services	Core/ Welsh Government	411,317
Community Regeneration	Core	204,471
Total		11,101,536

NCC currently subsidises the operation by providing repairs and maintenance services, utility bills, facilities management and provision of corporate functions. This level of support over 74 separate facilities is not a sustainable or efficient position for NCC.

### Current Challenges

The current structure, although delivering results to funders, does not provide an effective service to citizens and creates a delivery model that cannot overcome the following issues.

- Lack of integration – the model programmes are managed and delivered in isolation from a number of different buildings. Officers do not consider the wider service as a integration solution for the residents of Newport.
- No focus on area solutions – The current model only considers the requirements of the funder and not the requirements of a specific area. Services are delivered regardless of customer need.
- No accountability for geographical areas – The current model does not coordinate area activity on a geographical basis and programme officers are only accountable for their specific programme. There is not joined up efficient approach that takes responsibility for a geographical area.
- Complicated delivery model – due to the number of programmes delivered across Newport and the current model of delivery, it has become complicated from both a residents and partners perspective to identify programmes that can support needs and where those programmes are delivered from.
- Access to services - due to the high number of facilities NCC deliver services from it is not clear to residents and partners where and how to find support.
- Quality of facilities – budget constrains limits the ability of NCC to maintain the appropriate level of investment required to improve the current large building stock to the desired adaptable and quality standard necessary to keep pace with changing demands and digital advancements.
- Quality of services – The provision of services to residents is disjointed and not integrated due to the current model of delivering a high quality customer service experience from multiple locations of variable but often poor quality facilities.

### Risks

The current model of delivery provides risks to the service that is delivered to residents.

Risk	Rating	Explanation
Potential closure/transfer of buildings	High	Spreading budgets thinly across multiple facilities does not provide the appropriate level of investment required to improve

Risk	Rating	Explanation
		buildings to the correct standards. If major work is required then buildings may need to be closed due to a lack of investment funding.
Reduction in funding	High	Reduction in funding will reduce service provision and will no longer support the current level of asset provision.
Requirement to meet future MTRP commitments	High	All non-grant funding could be affected .
Inability to meet the requirements of the Future Generations act	Med/High	The current position will not produce a sustainable and effective operation going forward and does not allow the organisation to plan its services based on the needs of the citizen.

## Proposal for Neighbourhood Hubs

### Vision for the new approach

“To develop an approach for delivering voluntarily accessed services, which meet the needs of our customers, in line with local and national policies and strategies with consideration of the Council’s financial envelope.”

### Development of the Neighbourhood Hub model

In 2015, a working group was established to explore the rationale for developing a neighbourhood hub model for improving the experience of customers who use voluntarily accessed services delivered by the council. For the purposes of this project ‘voluntarily accessed services’ are termed as those services which are delivered in a neighbourhood setting and are accessed on a voluntary basis by the customer.

In an evaluation of Children’s Centres in England (ECCE) Goff et al. (2013) define a hub and spoke model as follows:

*“a hub centre has responsibility for co-ordinating services across one or more satellite or ‘spoke’ centres. Hub centres have their own leaders, and spokes may or may not be led by an individual centre manager (or deputy). The hub may provide core services that are not available in spoke centres”*

The working group gave consideration to the asset portfolio of neighbourhood centres and the increasing backlog maintenance and capital investment required to maintain these buildings. The working group suggested that a neighbourhood hub and spokes model could be an opportunity to address this issue if the council agrees to put a management process in place of its property portfolio. The work produced from the group also provided rationale to develop a full business case and options appraisal, which will be led by a formal project team within the Council’s Change Programme.



In December 2016, the Council's Change Programme Board agreed to establish a formal strategic project approach to deliver a business case to explore options for the future delivery of voluntarily accessed services in the form of a neighbourhood hub model. In January 2017, a formal project team was established within the Council's Change Programme governance to carry this work forward.

Benchmarking a range of hub models from across the UK was undertaken as part of the development of the Newport model. These included Bristol, Cornwall, Sunderland, Kent and Cardiff. The successful implementation of the Cardiff City Council Hub model has been used as an exemplar for the design of the Newport Neighbourhood Hub model.

Newport City Council commissioned a study to consider how a more cost effective and sustainable set of requirements for hubs and spokes could be determined if the council and its partners adopted a new way of working. This change put greater emphasis on converting previously dispersed and often duplicated private office space to front line service delivery space and as a result enables the council to get better utilisation from a reduced building stock. This aligns with the council's focus on consolidating back-office and administrative activities and putting greater emphasis on citizen facing service delivery activities in local Hub and Spoke assets.

Newport City Council have explored options for more effective and sustainable service delivery through a Neighbourhood Hubs approach. The services in scope have been agreed by the Strategic Group as those which are accessed by individuals on a voluntary basis such as:

- Families First
- Flying Start
- Community Centres
- Work, Skills & Training
- Communities First
- Library Services
- Youth Service
- Play Development
- Community Connectors.

This will enable the Council to provide a more effective and sustainable service delivery model for voluntarily accessed services. However, in line with the Well-being of Future Generations Act (Wales) 2015 the Council will continually evaluate the needs of its citizens and broaden the scope of the services included in line with the city's changing needs.

The implementation of Neighbourhood Hubs will provide better facilities, access to multiple services at one location, and integrated services with potentially one door of entry for residents to gain support.

In order to achieve our vision the approach was designed with the following considerations;

**Facilities** – The aim of the project will be to provide a welcoming environment that is accessible for residents and partners, the facility will have all IT solutions and digital platforms for all users to be able to interact.

**Multiple Services** – The facility will be able to support a number of services, programmes and projects ensuring that residents are able to access the support they require during a single visit.

**Integrated services** – This will be achieved through two ways;

The first will be a single management teams for the area, the management team will be responsible for all delivery ensuring customers receive tailored support. The management team will also be responsible for identifying needs within the area and working with stakeholders to develop fit for purpose services bespoke to the area.

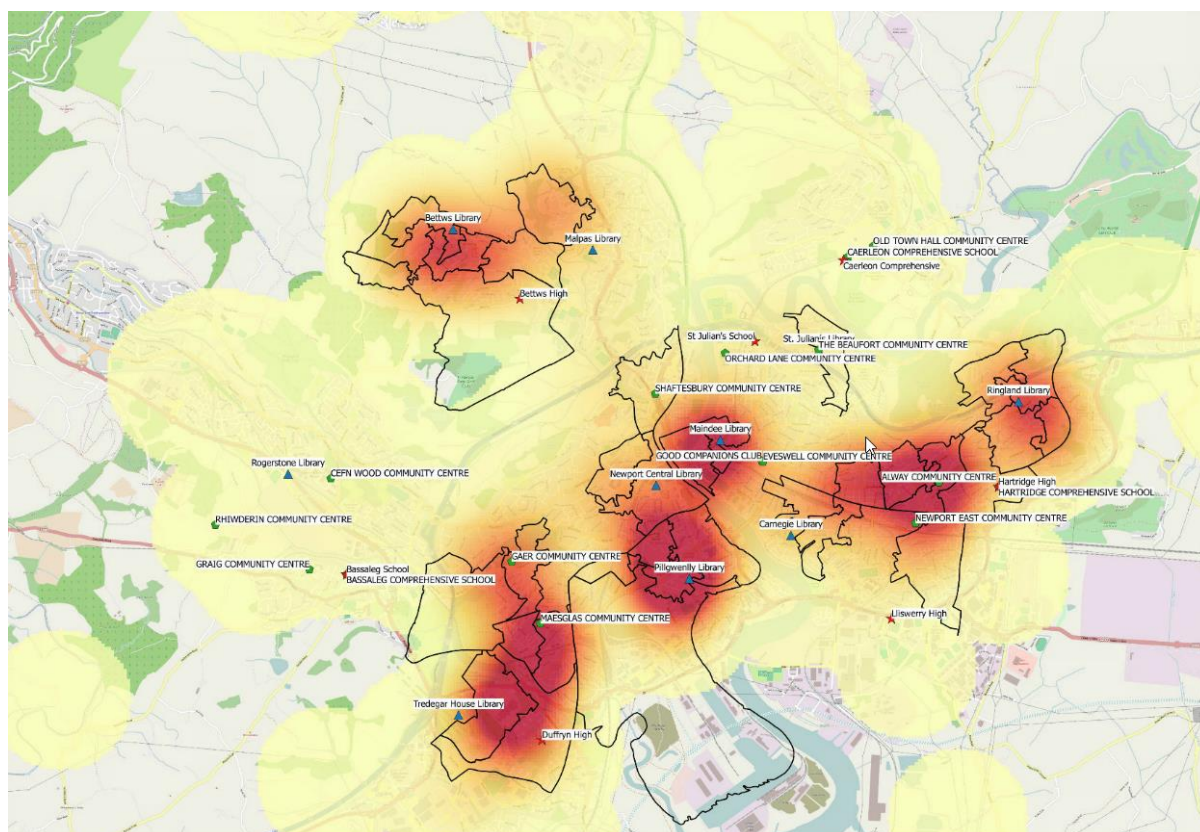
The second will be the introduction of a single monitoring programme that all projects and programmes will utilise; this allows colleagues to see interventions already delivered by colleagues and avoids duplication, again providing a focused service for residents.

## Hub Location and operation

In order to determine the optimum location of the Neighbourhood hubs a strategic needs analysis was undertaken which considered the following factors.

- **Geography**  
Determine the optimum locations be across the city that would reduce residents travel time. Ensure that are residents most in need of services are able to access facilities.
- **Existing Assets**  
To reduce the cost to the council we will seek to reinvest into existing assets rather than building new ones. We have assessed current facilities and the financial costs for developing these.
- **Deprivation Need**  
An analysis of current service users across the city was undertaken; this was then compared with the information produced through the ward profiles. Heat maps were produced to demonstrate these areas (as demonstrated in the graphic below).
- **Current service provision**  
An analysis of current services delivered from communities has been reviewed, those services do reflect the areas of need identified. Additionally those services demonstrate a level of duplication and synergy. Therefore the requirement to align services in communities through a Hub model is recommended.

Appendix 1 - details the data maps that provided the evidence for the chosen locations. : The analysis demonstrated that when the criteria was assessed and mapped geographically that the locations were clearly identifiable, as demonstrated ion the map below.



The strategic analysis identified 4 key locations. These are :-

- North Hub – Bettws Community Centre (Spokes – Malpas, Shaftsbury)
- East Hub – Ringland Community Centre (Spokes – Always, Somerton, Newport East)
- Central Hub – Pill Millennium Centre (Spokes – Old Pill Library, Community House)
- West Hub – Maesglas Community Centre (Spokes – Gaer, Duffryn)

The actual physical assets which will house the hubs were determined by taking into consideration which assets were owned by NCC and the capacity and accessibility requirements. Each hub will be redesigned to look and feel like a modern open community facility. It has been acknowledged that significant investment will be required to make each hub fit for purpose.

The hub will act as the central delivery point and will have responsibility for co-ordinating services across a range of smaller satellite/spoke centres. Each will provide a range of voluntarily accessed services dependant on identified need in their respective geographical area.

Each hub will provide the following:

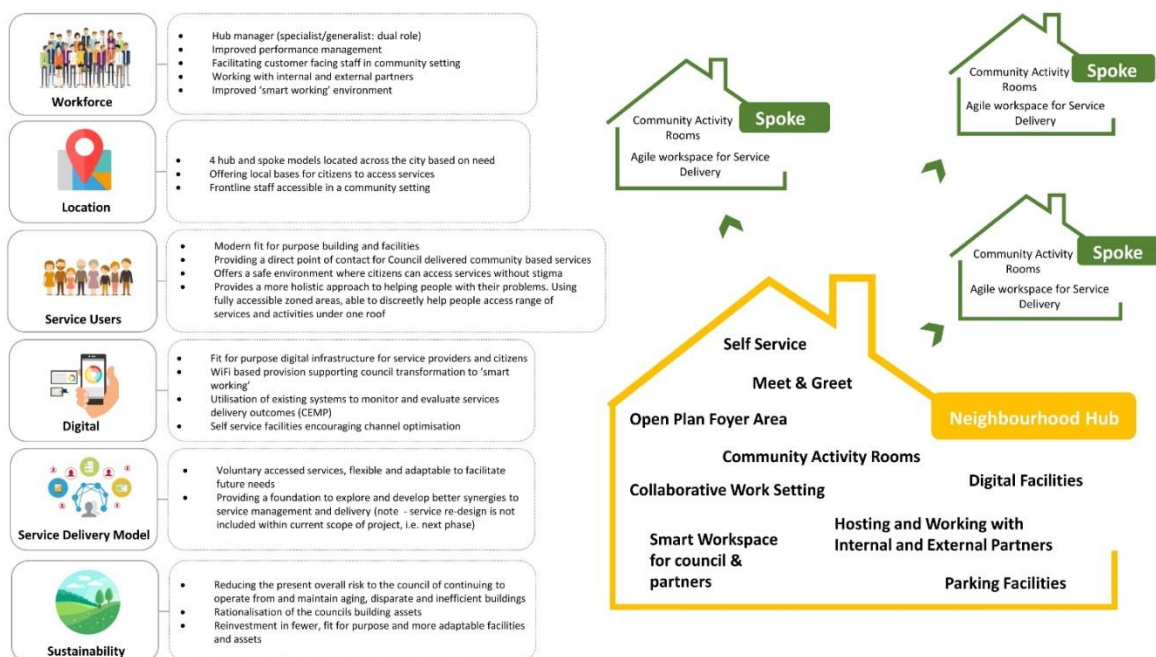
- a range of voluntary accessed services based on local need
- Co-location of internal community based services

- maximising collaborative partnerships and integrated working, sharing non private and open worksettings for complimentary organisations e.g., Newport City Homes
- adopting agile working practices across NCC staff and partner organisations, utilising non private space and facilities in public accessible drop-in areas and bookable rooms
- room & facilities hire for NCC services, partnership organisations, community groups and the public
- a shared meet and greet function
- centralised back office staff teams i.e. grant funded finance services
- WiFi : Access to private secure NCC networks with separate Public networks including free WiFi for public use
- access to fixed public computer terminals and loaned mobile devices for internet access

Spokes will provide:

- a range of voluntary accessed services based on local need
- room hire for NCC services, partnership organisations, community groups and the public
- agile working facilities for NCC staff and partner, including public accessible drop in areas and bookable rooms
- free Wi-Fi access to fixed public computer terminals

### Functionality of the Neighbourhood Hub



The co-location of internal services and collaborative partnership working will ensure a holistic service delivery model. This will enable colleagues to refer cases in a more direct route, though a deeper understanding of one another's activities. Hubs and spokes will be flexible with their opening hours to meet the needs of the individuals and co-located services, with expected operating hours to include evenings and weekend working. All services in scope will share multi-agency operating policies and procedures. After Cabinet approval a formal staffing structure incorporating all changes to base and working conditions will be ratified through a 45 staff day consultation.

Each geographic area i.e. East, Centre, North, West will employ a full time Hub Manager who will hold specialist responsibility for a specific service delivery area i.e. Flying Start but will be operationally responsible for all service areas operating from the hub and spokes within their geographic remit. Further to this they will manage the client relationship with respective partner organisations and co-located services. They will have overall responsibility for facilities management for all NCC owned assets within their across their locality.

All service delivery/operational staff will continue to work in the same service specific areas as they currently do, however their base of location and delivery area will change in line with locations/needs of the hub and spoke facilities. Back office staff such as administrative and finance will co-locate to the hub or the civic centre depending on capacity requirements.

## **Buildings**

A by-product of the hub development is the opportunity to review the asset base required in order to deliver effective and efficient community services to the citizens of Newport.

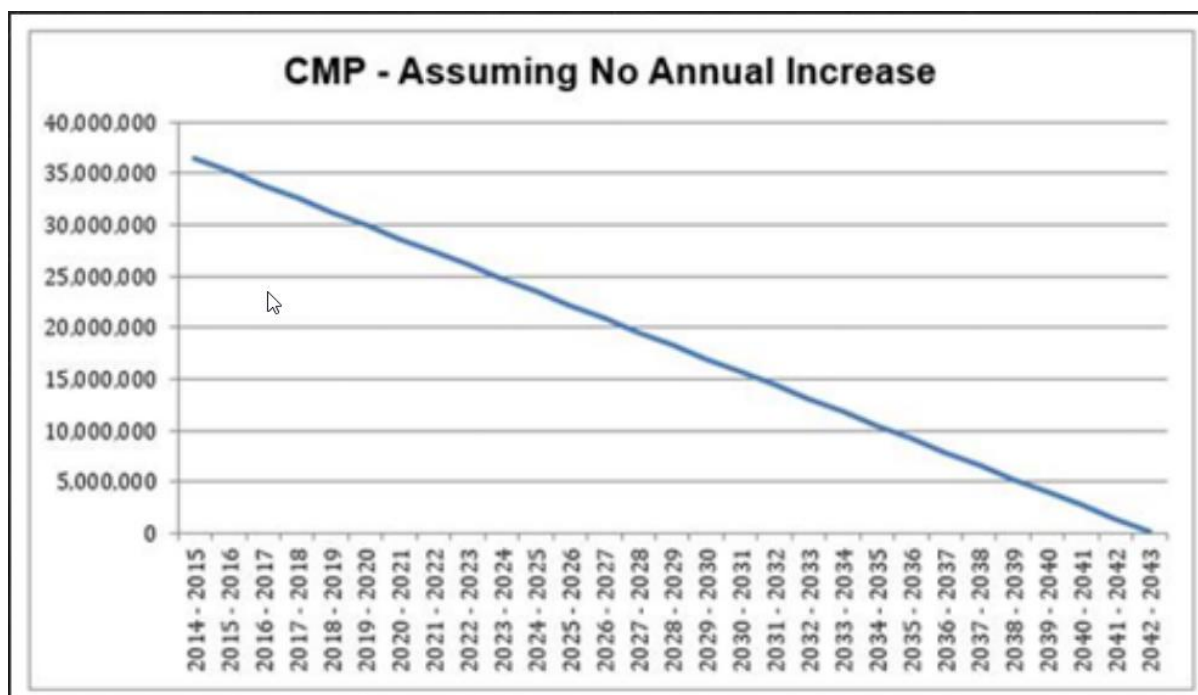
There are currently 74 community buildings across the city including schools. Once schools have been disregarded, a total of 31 community buildings remain for consideration. (please see appendix 2 Asset Master list).

The appropriate maintenance of this number of buildings is a significant cost to the council. It is estimated that the maintenance backlog costs for the 74 buildings are in excess of £35m. There is a strategic imperative therefore for the council to deliver services in an efficient and effective way from its asset base.

Whilst many valuable services are being delivered from the NCC estate, a history of ad-hoc investment has reduced the efficiency and effectiveness of some of the buildings. A recent review of Ringland for example highlighted that less than 40% of the building area being provided, maintained and serviced could actually be made use of for service delivery activities – the greater proportion included for example, space given over to corridors, multiple storage rooms and over-sized toilet facilities. The remaining small pockets of space were unconnected and as a result were difficult to use. Re-planning the space and redistributing out dated back-of-house zones to form larger and better connected areas has rebalanced the value towards 80% being available for service delivery activities.

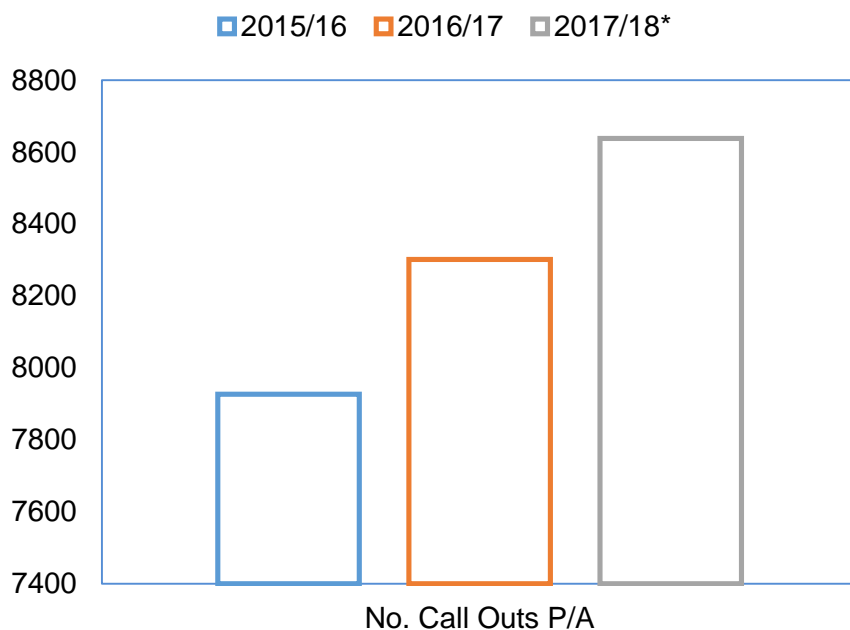
Improvement of the functionality of the assets will be a key objective of NCC implementation of the Hub model.

Graph showing the current known level of backlog maintenance against the current budget of £1.5m per annum, to provide a context to the level of maintenance liability with the council property stock.



Notwithstanding the significant investments made by the council (both centralised and decentralised) these investments have been unable to slow the decline of the overall condition of the estate, which has therefore resulted in a significant backlog maintenance value. This in part is due to the fact the council currently reacts to maintenance demands rather than planning maintenance before failure/severe decay.

The table below shows how the number of reactive maintenance call out repairs have increase on average by 300 call outs per year since 2014. It is possible this is a reaction to the deterioration of the estate condition.



### Development of the Ringland Hub model

In order to develop the Hub model in Newport a review of existing Hub centres was conducted and the Ringland site was chosen for further investigation. The rationale for choosing the Ringland site as the first Hub was;

#### Assets

When reviewed the east area assets were the newest within the communities of the city. Additionally the assets are all City Council owned, many of which are directly managed by the authority. In comparison the west, central and north area have a mix of voluntary run and council run facilities. Therefore a decision was made that the east area would be the most effective sites.

#### Needs analysis

Ringland within this area demonstrated the greatest needs of deprivation. It also demonstrated the greatest number of community regeneration service users.

A number of partners were engaged including Norse and PLACEmaking, a company that specialises in advising, designing and implementing smart working strategies and making changes to working environments.

The investigation was carried out over a period of time and reviewed the opportunities to develop the Ringland site in order to align with the aspirations of NCC Neighbourhood Hub development.

Below are some designs that are representative of NCC aspiration for a Neighbourhood Hub.

## Community Hub 3D Imagery- Public Areas



PLACEmaking | Newport City Council | Ringland Hub Look & Feel Report| Page 2



## Community Hub 3D Imagery- Detail of Cafe



PLACEmaking | Newport City Council | Ringland Hub Look & Feel Report| Page 3

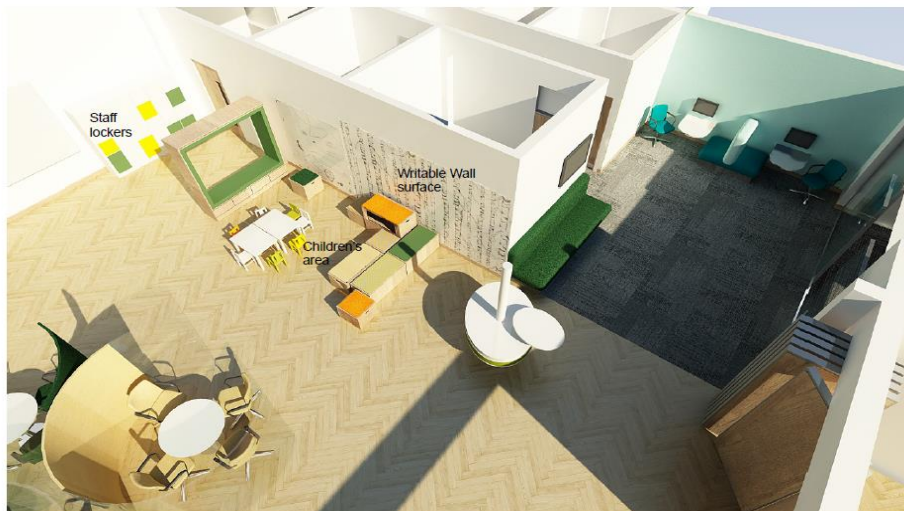




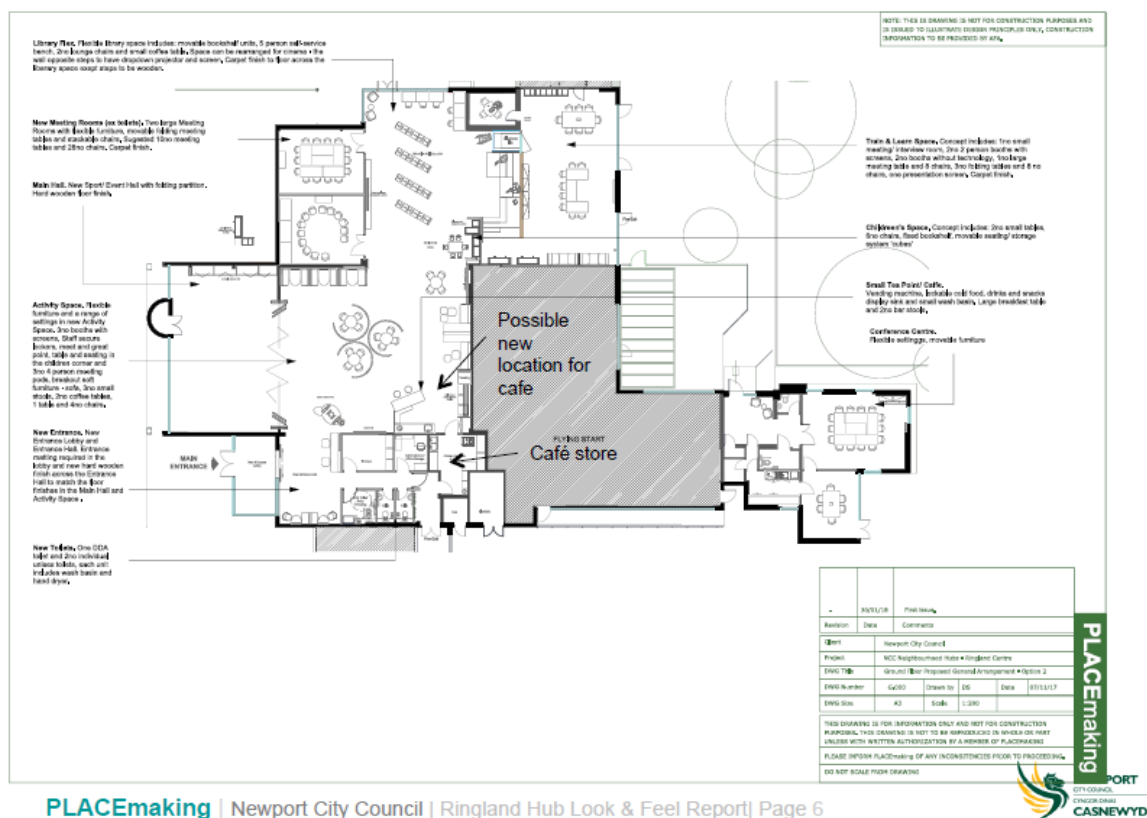
### Community Hub 3D Imagery- Visibility of Cafe



### Community Hub 3D Imagery- Details of Children's Area



## Community Hub – Alternative Location for Cafe



PLACEmaking | Newport City Council | Ringland Hub Look & Feel Report | Page 6

Total investment of **£1.7m** is required for the development of the Ringland hub see appendix 3 p 31 (Ringland Cost model) for detail

### Staffing

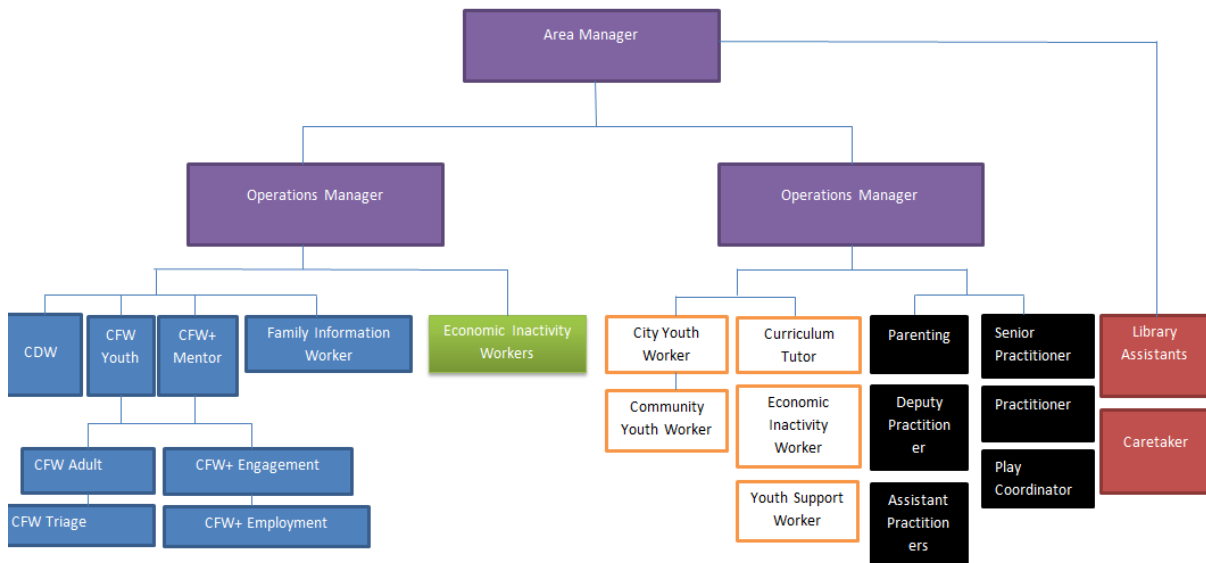
The staffing proposal will utilise existing staff and redeploy them through the proposed Neighbourhood model. This model will see the creation of Neighbourhood teams that are focused on local community delivery.

The model will see the creation of new staffing structures for areas that will consist of multiple teams. There could be a requirement to streamline management and back office teams during this process. However front line services will remain untouched however strengthened through smarter integrated ways of working.

Area structure/ teams will be based upon needs of that area and population of wards and current service users.

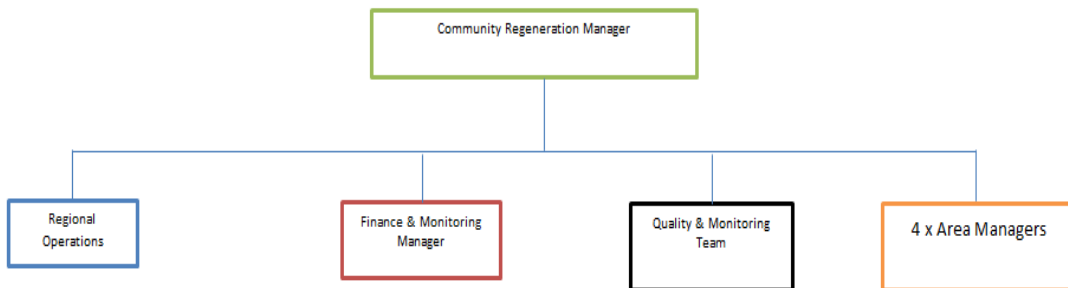
This new way of working will see area teams rather than isolated teams such as Flying Start, Resilient Communities, Families First, Youth Services, Work & Skills, Play Development and Community Centres. Therefore an outcome will be integrated teams, removing the silo way of working.

Please see below an example of an area team structure.



### Community Regeneration Management Structure

The Neighbourhood hub delivery model will be managed through the Community Regeneration service, the management of this service will be structured in the following way.



## 4.0 Options

Options considered

- 1 Continue delivering community services in its current format
- 2 Implement a city wide Neighbourhood Hub programme (4 Hub Model)
- 3 Pilot single hub for design and development purposes and in principle agreement for full implementation

**Options 1** – Continue delivering community services in its current format

Option 1	Pros	Cons
Continue delivering community services in its current format. No Change	<ul style="list-style-type: none"> <li>• Maintain status quo with all partners and staff.</li> <li>• No investment required from LA</li> </ul>	<ul style="list-style-type: none"> <li>• No improved community facilities</li> <li>• No improved access to services</li> <li>• No improved integration of services</li> <li>• No area delivery model</li> <li>• Buildings continue to deteriorate which exposes NCC to additional capital costs</li> <li>• Difficult to meet Future Generations act obligations</li> </ul>

**Option 2** - Implement a city wide Neighbourhood Hub programme (4 Hub Model)

Option 2	Pros	Cons
Implement a city wide Neighbourhood Hub programme (4 Hub Model)	<ul style="list-style-type: none"> <li>• Improved facilities across the city</li> <li>• Improved access to services for residents</li> <li>• Improved services to residents and partners</li> <li>• Realisation of savings</li> <li>• More likely to comply with the Future Generations act</li> <li>• Reduced building maintenance backlog exposure.</li> <li>• Greater flexibility to sustain services with reduced funding.</li> <li>• Sustainability and growth of social capital within the third sector in Newport</li> </ul>	<ul style="list-style-type: none"> <li>• Large investment required from LA</li> <li>• Long periods of disruption to services and users</li> </ul>

The buildings that will be in scope for this option are;

- North Hub – Bettws, Malpas, Shaftsbury Community Centre
- East Hub – Ringland Always, Somerton, Beaufort, Newport East Community Centre
- Central Hub – Pill Millennium Centre, Old Pill Library, Community House
- West Hub – Maesglas Gaer, Duffryn, Community Centre

**Option 3** - Pilot single hub for design and development purposes and in principle agreement for full implementation

Option 3	Pros	Cons
Pilot single hub for design and development purposes and in principle agreement for full implementation	<ul style="list-style-type: none"> <li>• Improved facilities across the city</li> <li>• Improved access to services for residents</li> <li>• Improved services to residents and partners</li> <li>• Realisation of savings</li> <li>• More likely to comply with the Future Generations act</li> <li>• Reduced building maintenance backlog exposure.</li> <li>• Greater flexibility to sustain services with reduced funding.</li> <li>• Limited initial investment to test the model before rolling it out</li> <li>• Sustainability and growth of social capital within the third sector in Newport</li> </ul>	<ul style="list-style-type: none"> <li>• Investment required from the LA</li> <li>• Period of disruption for services users, partners and staff.</li> </ul>

This option will support the following centres in the agreed pilot area;

- Ringland Community Centre
- Somerton Hope Centre
- Always Community Centre
- Newport East Community Centre
- Beaufort Community Centre

Further consideration will need to be given to buildings within the other three hub and spoke locations based against the three criteria which are :-

- Customer hotspots
- Future Generations demographic predictions
- Community Centre backlog maintenance and usage review

Other buildings within scope will be reviewed under the following criteria :-

1. Current community group take full repair and lease.
2. Another community group to take full repair and lease
3. If building is not required for community use consideration of disposal will be undertaken by the Cabinet member for Assets.

During the study an opportunity, with capital funding secured by the ABUHB arose. This involved incorporating a new Health hub into NCC's proposed neighbourhood model. The new health hub would facilitate an additional two GP practices, chemist and various therapies. The timeframe for this development was estimated at three years. Due to the significant timing differences for the scheme it was agreed to develop NCC's own delivery model.

## 5.0 Finance

The baseline costs, funding options, cost rationalisation and required investment by Newport City Council (NCC) are detailed in the tables below for each option to enable comparison.

	Option 1	Option 2	Option 3
<b>Revenue</b>			
Baseline operating cost - £m	£2,120k	£2,120k	£2,120k
Rationalisation savings - £k's/annum – ( staffing costs)	Nil	£654k	£654k

<b>Capital</b>			
Total Investment required	Nil	£3,992k	£1,720k
Capital funding sources			
Grant – assume 50% success rate	Nil	£2,967k	£969k
NCC	Nil	£1,025k	£751k

<b>Net Revenue Savings</b>			
Net annual revenue savings ( post NCC financing costs and rental of Hub 4 option 2	Nil	£524k	£592k

Using indicative refurbishment costs and assuming a 50% success rate against the grants that would be applied for, the table above shows that it would be necessary to borrow just over £1m to implement the four hub model or £750k for one hub only. It is worth noting that the levels of borrowing would be entirely dependent on the level of grants received, none of which has been approved yet.

The cost of borrowing would be spread over a 15 year life cycle and when offset against the savings this would still generate annual savings of between £500k and £600k depending on whether the four hub or one hub model was applied. In year cash savings could be achieved in 2018/19 before full year budgetary savings are applied in 2019/20.

The detailed spreadsheets are available in appendix 4. These also highlight a scenario where only a 25% success rate on grant funding is achieved. The financial impact under this scenario is an increase in borrowing for NCC of £1,484k when assuming the four hub model or £485k for one hub.

**Funding sources**

<b>Funding Source</b>	<b>Option 2 - Predicted Value</b>	<b>Option 3 – Predicted Value</b>
WG Museums, Archives & Libraries	£600,000	£200,000
Grant: Communities First Capital	£375,000	£125,000
Grant: Flying Start Capital	£225,000	£75,000
Grant: TRIP / VVP2	£1,297,400	£559,000
Grant: Work & Skills	£250,000	
Grant: Big Lottery	£150,000	
Grant: Charitable Trusts	£50,000	
Grant: Community Groups	£20,000	£10,000
<b>Total grant</b>	<b>£2,967,400</b>	<b>£969,000</b>
NCC Borrowing	£1,024,600	£751,000
<b>Total Funding requirement</b>	<b>£3,992,000</b>	<b>£1,720,000</b>

The above grant monies assume a success rate of 50%

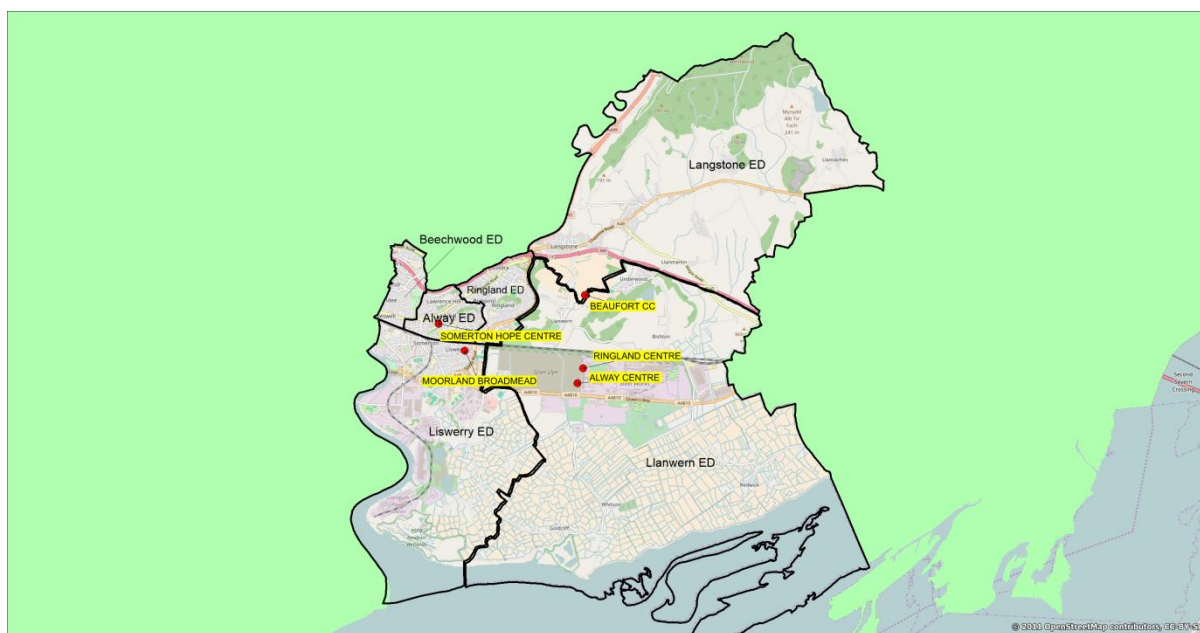


## 6.0 Recommendations

The recommended option (3) is to pilot a single hub for design and development purposes and an in principle agreement for full implementation of the hub model. The key reasons are that the pilot option will enable the Hub and Spoke approach to be tested and refined prior to the wider role of the approach across the City. It also minimises initial investment required by the Council in order to implement and reduce the risk of systemic issues. The

Phase 1 – the pilot Hub.

- East Hub – Ringland Always, Somerton, Beaufort, Newport East Community Centre

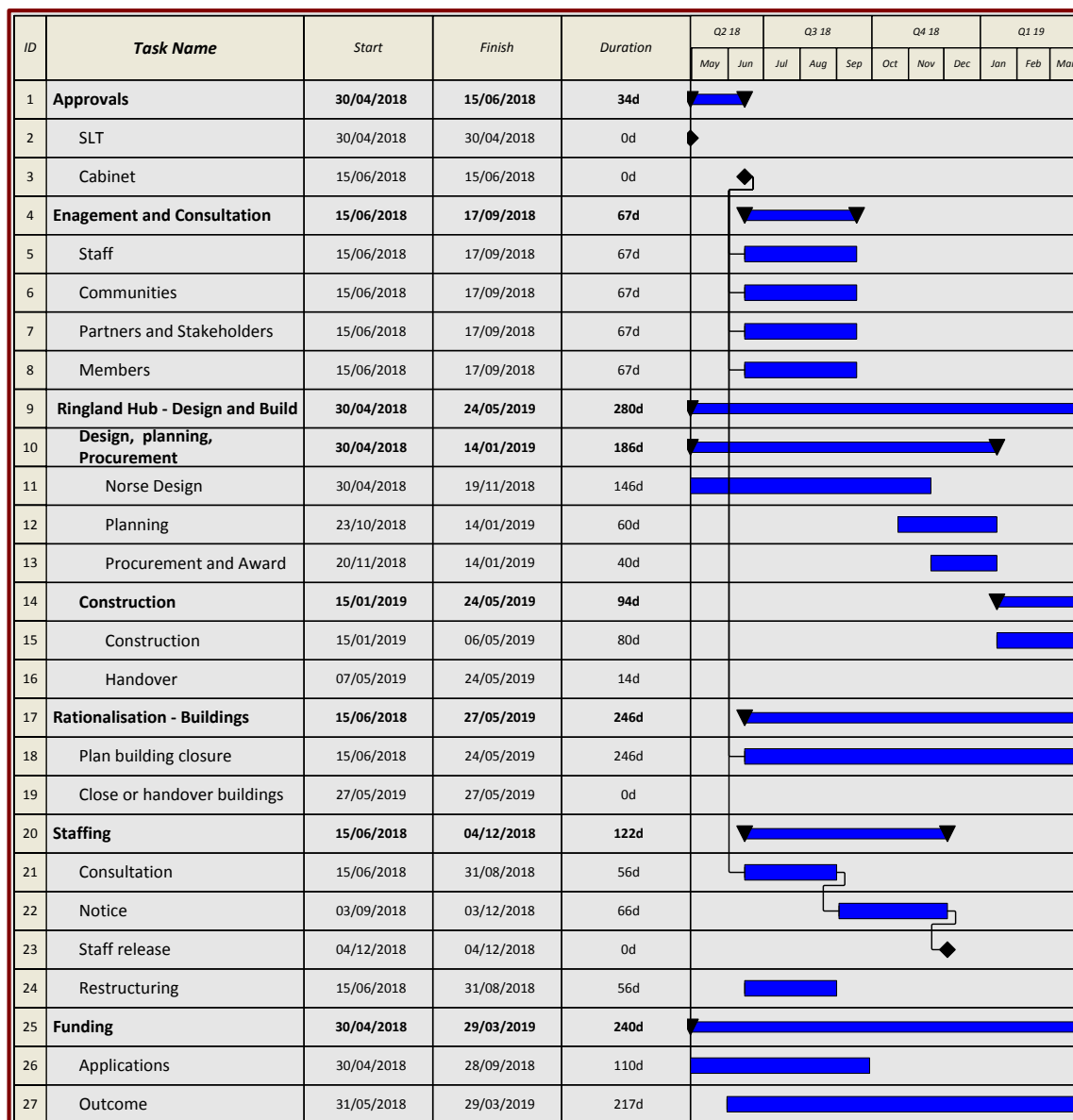


Phase 2 – the remaining Hubs to be implemented subject to successful roll out of phase one, availability of financial capital and a business case which is still valid.

- North Hub – Bettws, Malpas, Shaftsbury Community Centre
- Central Hub – Pill Millennium Centre, Old Pill Library, Community House
- West Hub – Maesglas Gaer, Duffryn, Community Centre

## 7.0 Next steps

The Gantt chart below details the key tasks and timescales for the development and delivery of the Ringland Hub.



## APPENDICIES

### Appendix 1 – Strategic Needs Analysis – Neighbourhood Hubs



Strategic Needs  
Analysis - Neighbourh

### Appendix 2 - Asset Master List



AssetList.xlsx

### Appendix 3 - Ringland Hub Costings



Ringland Community  
Hub Cost Plan 21 05

### Appendix 4 - Detailed financial analysis



NH Budget  
Model.xlsx

### Appendix 5 – ICT and AV solutions



180203 rev 2 AV  
requirements FINAL[5

### Appendix 6 – Ringland Look and Feel report – Place making



180208 NCC  
Ringland Look and Fe

### Appendix 7 - Implementation resource schedule



NH Implementation  
Resources 30042018.

This page is intentionally left blank

# Report

## Cabinet

---

### Part 1

Date: 14 June 2018

Item No: 9

**Subject** Cabinet Work Programme

**Purpose** To report and agree the details of the Cabinet's Work Programme.

**Author** Head of Democratic Services

**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 of 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 May 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 Head of Democratic Services 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** Head of Democratic Services

**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 of 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 May 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 Head of Democratic Services 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: 7 June 2018

This page is intentionally left blank



Meeting	Agenda Items	Lead Officer	Next Council?
14-Jun-18	Improvement Plan Quarter 4 Update	HP&BC	24 July 2018: City Centre / Maesglas PSPOs Democratic Services Annual Reports Director of Social Services Annual Report Treasury Management Welsh Language Annual Report Strategic Equality Plan Annual Report Member-Officer Protocol NDR Relief Scheme
	Welsh in Education Strategic Plan (WESP)	CEdO	
	Capital Outturn	HoF	
	Neighbourhood Hubs	HRIH	
	Early Year End PI Analysis	HP&BC	
	Work Programme	DCM	
18-Jul-18	Director of Social Services Annual Report	SD - People	11 Sept 2018: Scrutiny Annual Report Standards Committee Annual Report Improvement Plan 2016-18 Review
	Budget Consultation and Engagement Process	HP&BC	
	WAO Action Plan	HP&BC	
	Welsh Language Annual Report	HP&BC	
	Performance Update - Early Year End PI Analysis	HP&BC	
	The Independent Living Strategy for Adults with Learning Disabilities	HA&CS	
	Strategic Equality Plan Annual Report	HP&BC	
	Revenue Budget Monitor	HoF	
	Medium Term Financial Plan	HoF	
	Corporate Risk Register Update	HP&BC	
	Work Programme	DCM	
19-Sep-18	WAO Annual Improvement Report	HP&BC	27 Nov 2018: Treasury Management
	WAO Certificate of Compliance 1	HP&BC	
	WAO Regulatory Fees	HP&BC	
	Treasury Management	HoF	
	Work Programme	DCM	
17-Oct-18	Final Year End Analysis of Pis (All Wales Data)	HP&BC	
	Corporate Risk Register Update	HP&BC	
	Work Programme	DCM	
14-Nov-18	Education and Pupil Performance Data	CEdO	
	WAO Action Plan Update	HP&BC	
	Revenue Budget Monitor	HoF	
	Capital Budget Monitor	HoF	
	Work Programme	DCM	
12-Dec-18	Revenue Budget and MTFP: Draft Proposals	HoF	29 Jan 2019: Mayoral Nomination 2019-20 Council Schedule of Meetings Treasury Management Council Tax Reduction Scheme
	WAO Certificate of Compliance 2	HP&BC	
	Work Programme	DCM	
16-Jan-19	Revenue Budget Monitor	HoF	
	Capital Budget Monitor	HoF	
	Verified Key Stage 4 and 5 Pupil Outcomes	CEdO	
	Mid-Year Analysis of Pis	HP&BC	
	Corporate Risk Register Update	HP&BC	

NEWPORT CITY COUNCIL: CABINET / COUNCIL WORK PROGRAMME

	<b>Work Programme</b>	<b>DCM</b>	
13-Feb-19	<b>Revenue Budget and MTFP: Final Proposals</b>	HoF	<b>26 Feb 2019: Budget and Medium Term Financial Plan</b>
	<b>Work Programme</b>	DCM	
13-Mar-19	<b>Pay and Reward Statement 2019/20</b>	HP&BC	<b>30 April 2019: IRP Annual Report NDR Rate Relief Pay and Reward Policy</b>
	<b>WAO Action Plan Update</b>	HP&BC	
	<b>EAS Business Plan</b>	CEdO	
	<b>Categorisation of Schools</b>	CEdO	
	<b>Work Programme</b>	DCM	
17-Apr-19	<b>Corporate Risk Register Update</b>	HP&BC	<b>14 May 2019: AGM</b>
	<b>Work Programme</b>	DCM	
22-May-19	<b>Items TBC</b>		<b>Future Dates TBC</b>
	<b>Work Programme</b>	DCM	