

Agenda



Newport City Council

Date: Thursday, 27 February 2020

Time: 5.00 pm

Venue: Council Chambers - Civic Centre

To: **All Members of the City Council**

WEBCASTING NOTICE

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At the start of the meeting the Mayor or Person Presiding will confirm if all or part of the meeting is being filmed. The images and sound recording may be also used for training purposes within the Council.

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Item	Wards Affected
1. <u>Preliminaries</u> <ul style="list-style-type: none">i. To receive any apologies for absence.ii. To receive any declarations of interest.iii. To receive any announcements by the Mayor.	
2. <u>Minutes (Pages 5 - 16)</u> To confirm and sign the minutes of the last meeting.	
3. <u>Appointments (Pages 17 - 20)</u> To consider any proposed appointments.	
4. <u>Police Issues</u> 30 minutes is allocated for questions to the Gwent Police representative.	
5. <u>Budget and Medium Term Financial Plan (Pages 21 - 44)</u>	
6. <u>Capital Strategy and Treasury Management Strategy (Pages 45 - 106)</u>	

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Date of Issue: Thursday, 20 February 2020

This document is available in welsh / Mae's ffurflen hon ar gael yn Gymraeg

7. National Non Domestic Rates: Discretionary Relief - High Street Relief Scheme 2020/21 (Pages 107 - 114)

8. Questions to the Leader of the Council

To provide an opportunity for Councillors to ask questions to the Leader of the Council in accordance with the Council's Standing Orders.

Process:

No more than 15 minutes will be allocated at the Council meeting for questions to the Leader of the Council.

The question must be addressed through the Mayor or the person presiding at the meeting and not directly to the person being questioned.

9. Questions to the Cabinet Members

To provide an opportunity to pose questions to Cabinet Members in line with Standing Orders.

Process:

No more than 10 minutes will be allocated at the Council meeting for questions to each Cabinet Member.

Members must submit their proposed questions in writing in advance in accordance with Standing Orders. If members are unable to ask their question orally within the allocated time, remaining questions will be answered in writing. The question and response will be appended to the minutes.

The question must be addressed through the Mayor or the person presiding at the meeting and not directly to the person being questioned.

Questions will be posed to Cabinet Members in the following order:

- i. Deputy Leader and Cabinet Member for City Services
- ii. Cabinet Member for Education and Skills
- iii. Cabinet Member for Social Services
- iv. Cabinet Member for Sustainable Development
- v. Cabinet Member for Community and Resources
- vi. Cabinet Member for Assets
- vii. Cabinet Member for Licensing and Regulation
- viii. Cabinet Member for Culture and Leisure

For information: A digest of recent decision schedules issued by Cabinet, Cabinet Members and Minutes of recent meetings of Committees has been circulated electronically to all Members of the Council.

10. Questions to the Chairs of Committees

To provide an opportunity to pose questions to the Chairs of the Committees in line with Standing Orders.

Process:

No more than 10 minutes will be allocated at the Council meeting for questions to each Chair.

Members must submit their proposed questions in writing in advance in accordance with Standing Orders. If members are unable to ask their question orally within the allocated time, remaining questions will be answered in writing. The question and response will be appended to the minutes.

The question must be addressed through the Mayor or the person presiding at the meeting and not directly to the person being questioned.

Questions will be posed to Committee Chairs in the following order:

- i. Scrutiny Committees
 - a. Overview and Scrutiny Management Committee
 - b. Performance Scrutiny Committee – People
 - c. Performance Scrutiny Committee – Place and Corporate
 - d. Performance Scrutiny Committee – Partnerships
- ii. Planning Committee
- iii. Licensing Committee
- iv. Democratic Services Committee

For information: A digest of recent decision schedules issued by Cabinet, Cabinet Members and Minutes of recent meetings of Committees has been circulated electronically to all Members of the Council.

11. Democratic Services Committee Minutes (*Pages 115 - 154*)
To note the minutes of the latest meeting of the Democratic Services Committee held on 24 October 2019 and 20 February 2020.

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Draft Minutes

Council

Date: 28 January 2020

Time: 5.00 pm

Present: Councillors J Cleverly, P Cockeram, M Cornelious, D Davies, M Al-Nuaimi, C Evans, M Evans, C Ferris, G Giles, J Guy, D Harvey, I Hayat, Councillor R Jeavons, M Kellaway, M Linton, D Mayer, R Mogford, A Morris, Councillor J Mudd, M Rahman, J Richards, M Spencer, T Suller, H Thomas, K Thomas, C Townsend, Councillor R Truman, T Watkins, M Whitcutt, R White, K Whitehead, D Williams, G Berry, J Clarke, V Dudley, Y Forsey, R Hayat, P Hourahine, J Hughes, J Jordan, S Marshall and H Townsend

Apologies: Councillors K Critchley, D Fouweather, C Jenkins, D Wilcox, T Holyoake, L Lacey, W Routley and J Watkins

1. Preliminaries

i. To receive any apologies for absence

The Monitoring Officer reported apologies for absence (noted above)

ii. To receive any declarations of interest

There were no declarations of interest at this stage.

iii. To receive any announcements by the Mayor

The Deputy Mayor congratulated the Mayor of Newport on his recent marriage to Alison Robbins, hence his absence at Council. The Council gave a round of applause.

The Deputy Mayor announced the sad news of the recent death of Graham Dally, former Mayor and Councillor. The Leader said a few words on behalf of the Council and a moment's silence was held as a mark of respect.

The Deputy Mayor presented Councillor M Spencer with the Armed Forces Covenant Defence Employer Recognition Scheme Gold Award, awarded to the Council by the Ministry of Defence. Councillor Spencer accepted the award on behalf of the council. Councillor Spencer praised officers for their hard work including Lisa Rawlings, Armed Forces Liaison Officer, Nicola Dance and Hannah Ashley

The Council had received an award from the Welsh Government, the Bee Friendly initiative, which would be formally presented to the Leader by the Minister for the Environment and Rural Affairs on a date to be agreed by the Welsh Government.

2. Minutes of the Previous Meeting

The Minutes of the Council meeting held on 26 November 2019.

Councillor M Evans, referred to page 11 under Leader's Questions, Council Tax increases. First paragraph should read that the Council Tax increase should not be any more than the inflation rate.

The Leader asked for a correction on the same page under the fifth paragraph where the surname should have read David Pipe 'with a P' and not Pike.

Resolved: That the Minutes of 26 November 2019 be approved and adopted, subject to the above corrections.

3. **Appointments**

To consider the proposed appointments set out in the report

Councillor Harvey moved the appointments set out in the Report, as agreed by the Business managers, subject to the additional appointments set out below.

Resolved: That the following appointments be agreed.

Internal Appointments

Committee	No. of Vacancies / Replacements	Nominations Received
Performance Scrutiny Committee - Partnerships	1 Vacancy (Chair)	Councillor J Clarke
Member Oversight of Residential Homes (formerly Social Services Rota Visits)	4 Vacancies	Councillors K Thomas, Suller, Cleverly and C Townsend

Appointments to External Organisations

Organisation	No. of Vacancies / Replacements	Nominations Received
Norse Joint Partnership Board	1	Councillor Miqdad Al-Nuaimi
Living Levels	1	Councillor D Davies to replace the Leader
Mon and Brecon Canal Board Steering Group	1	Councillor D Davies to replace the Leader
Business Improvement District (BID)	1	Councillor Harvey to replace the Leader
Chair of Newport Transport	1	Councillor Harvey to replace the Leader
Vale of Usk, RDP Local Action Group	1	Councillor D Davies to replace the Leader

Governing Body Appointments

Governing Body	No. of Vacancies / Re-appointments	Nominations Received
Pillgwenlly Primary School	1	Re-appointment of Edward Watts as LA Governor
Pentrepoeth Primary School	2	Re-appointment of Paul Gregory and Darren Walsh LA Governors
Glan Usk Primary School	1	Hannah Hopkins replacing Kathryn Dryer as LA Governor
St Mary's Primary School	1	Re-appointment of Councillor Charles Ferris as LA Governor
Millbrook Primary School	1	Karyn Kean replacing Sarah Lewis as LA Governor
St Woolos Primary School	1	Sam Dabb Appointed to current LA Governor vacancy
Monnow Primary School	1	Re-appointment of Councillor Jan Cleverly as LA Governor

Councillor J Clarke declared an interest in relation to his nomination for Chair of Performance Scrutiny Committee: Partnerships.

Councillor D Harvey added the following:

Councillor J Clark - Cardiff Capital Region City Deal Joint Scrutiny Committee.
 Councillor L Lacey - EAS Scrutiny
 Councillors D Mayer and M Rahman - Newport Live
 Leader and Deputy Leader - Joint Council for Wales

In addition to the above appointments, Councillor Harvey informed Council of the need to agree dispensation for Councillor absence, in accordance with section 85 of the Local Government Act 1972:

Resolved:

To approve six month's absence for Councillor C Jenkins.

4. Police Issues

Supt M Richards referred to recent crime statistics for Newport which had dropped significantly, Newport were averaging around 1600 crimes per month. During October/November last year, the police stepped up their enforcement. The results were startling, from 1650 in November to 1480 in December 2019. Figures dropped by 300 crimes in January 2020 from 1300, by comparison to last year, when there were 1600 crimes. There was a similar story for anti-social behaviour; September/November 2019 350 incidents had dropped to approximately 220 in December 2019. The results were encouraging.

A recent Your Voice Survey which was run for communities to inform police of what they would like addressed by the Police had recently closed and as a result of this the Police would publish their revised priorities.

Superintendent Mike Richards gave a brief update on activity across three policing sectors within Newport.

- Newport West team - Sgt Phil Welty taken over from Sgt R Giles. Increase in Community Support Offices in that area. Priorities in the area were drug misuse in Frances Drive, Maesglas and Bettws. Since November, there had been four drugs warrants executed in the Pill and Bettws area. The reporting of these incidents by members of the public and councillors allowed the Police to undertake the enforcement activity. Also in the Bettws area, there were eight seizures of off road bikes. As a result, Operation Harley would continue well into Spring 2020. There had been impressive Multi agency 'Community Walk-about' in Maesglas and Pill area, led by the Council as part of the Contextual Safeguarding Strategy. Deb Evans, who worked for Children's Services was part of this project. Action plan for those areas taken forward.
- Newport East team - addressing the car cruises on Sunday evening around Tesco and the Spytty retail area, J Morden, MP had been contacted and with the help of Councillor Kellaway, there was a joined up approach to address this matter; the Strategic safer Gwent Board was supporting this and inspector Cawley was leading a task and finish group to look into civil injunctions with the support of partners. 300 enforcement tickets had been issued and Tesco were using automatic plate recognition cameras. Operation Snap, was also in place on the Go Safe website, members of the public could video any antisocial behaviour on their mobile phones and upload to this website anonymously. There was an increase in anti-social behaviour in Langstone/ Llanmartin, Police were engaging with schools as mentioned at last Council and were hoping to make more visits. There was a reduction of nuisance behaviour along Durham Road. Resolving issue of fire setting in Ringland and working with schools on preventative strategies.
- The City Centre dominated with night time economy during the Christmas and New Year, including road closures after dark. The Police were continuing to enforce PSPO, in relation to aggressive begging near cash machines, this remained a priority. Supt Richards was waiting for fixed penalty notice books from the Council, and asked the interim Chief Executive if this could be relayed to the relevant service area.

Questions from Councillors:

- Councillor Jeavons asked if Supt Richards could you pass on his thanks to team for the work being done in Spytty and Tesco. Supt M Richards agreed, it was a difficult task and thanked everyone involved and hoped the civil injunction would be resolved.
- Councillor Rahman, ward colleague saw a spike in drug use in Rosslyn Close, along the new housing development and Rodney Road. Drug paraphernalia was found near the residential parking area, which was private land. The councillor had contacted the Management Company, REMUS about the issue. Could police therefore patrol these areas. Another area that had an ongoing issue was under George St Bridge, on the junction of Morris Street and Corporation Road. Residents were harassed by youths near the betting shop. Councillor Rahman sought clarification regarding residents with disabled bays who had problems with people parking illegally around Victoria Ward. As there were no signs accompanying the bays, police informed residents that no fines could be issued. Supt Richards advised that tickets could be issued and would check with the local team and provide outcome.
- Councillor C Evans advised Supt Richard of an email received from a resident who had given up reporting crimes, as they felt nothing was being done. The resident referred to the anti-social behaviour, outside the Church Hall at Wern Terrace, Rogerstone, usually from 5pm until late. Supt Richards wanted to assure the Councillor that the Police have not stopped caring and would take the details of the resident to meet up and discuss the issues.
- Councillor M Evans was pleased to see police presence in the City Centre, although it was highlighted that aggressive begging remained a priority, this occurred regularly near

cash point machines car parking ticket stations. Supt Richards advised Councillor M Evans that they were looking to amend the Public Space Protection Order to extend the 10 metre perimeter and would be entering dialogue with partners to explore this.

- Councillor C Townsend asked what power of decision did the Police take in order to dismantle rough sleepers, it was believed that 10 officers demolished tents and removed vulnerable people. Supt Richards advised Councillor Townsend that only three police officers along with three Community Support officers, in support with the Council took part in a cleaning operation. Gwent was also one of the few authorities in Britain that had not used the Vagrancy Act. Police do not want to criminalise vulnerable people in these situations.
- Councillor Truman raised serious concern about the speeding traffic along Chepstow Road, several accidents had occurred, including one as recently as two days previously. Supt Richards would look into this and provide an update before the week was out for Councillor Truman.
- Councillor A Morris referred to the reduction in crime figures and asked was the increase as a result of extra patrols or smarter policing, and could more officers be employed to help with the reduction in crime. Supt Richards advised that the reduction was from proactive work targeting prolific offenders. This had a positive knock on effect. It would be nice to have more officers but realistically, there was a sufficient number of officers within the City.
- Councillor J Guy praised Police in respect of the Crash Detective programme. It was important that it was conveyed to the wider public the multi-task work carried out and people were not aware of their hard work. Supt Richards thanked Councillor Guy for his kind words and provided an open invitation for members who would like to spend time with the police to see what their duties involved on a day to day basis across the city.
- Councillor R Mogford referred to the drug situation and the problem was a supply and demand issue and asked if the Police had an idea of how many drug dealers there were in the city. Supt Richards advised that it was difficult to give an exact reply. Newport was renowned as a cheap area to buy drugs and people came far and wide for this reason. The problem didn't seem to be increasing. There was an awareness of the amount of organised crime groups within Newport and that was where the work was prioritised. Supt Richards would be more than happy to sit down and talk about the organised crime groups in Newport with Councillor Mogford.
- Councillor Whitcutt appreciated that the Police would keep pressure on drugs issue in Maesglas as it was important to recognise it was not a stand-alone crime. Drug use could lead to other crimes and domestic abuse. People in places like Maesglas, Pill and Bettws had a right to a peaceful time as well as those that lived in Rogerstone. People in these areas were decent law abiding citizens. Supt Richards had taken on this on board however, it was important for residents to report crime, as this was a genuine concern. Supt Richards finally asked that residents continued to report incidents and keep faith with the police.

5. Revised Contract Standing Orders

The Leader gave a detailed presentation of the report, which proposed to update the Council's Contract Standing Orders (CSO's) that were reviewed in accordance with the stipulated three-year review period, taking into account national/local developments and priorities. This proposal was agreed at the December 2019 Cabinet meeting.

In particular, it made recommendations to change the Council's Procurement Gateway Process, which governed how the Council procured goods and services with a greater

emphasis on providing more opportunity to support Local Businesses whilst maintaining compliance with statutory Public Procurement rules, ensuring efficient and effective delivery of contract arrangements within the Council.

Resolved:

That Council unanimously considered and approved the revised Contract Standing Orders.

6. Treasury Management Report for the Period to 30 September 2019

The Leader presented the report, informing Council that during the first half of the financial year, the Council continued to be both a short-term investor of cash and borrower to manage day-to-day cash flows. Forecasts currently indicated that in the future, temporary borrowing would continue to be required to fund normal day to day cash flow activities. No additional temporary borrowing was required in the first half of the year, however there was a small amount of long-term borrowing taken at zero interest for a specific project.

All borrowing and investments undertaken during the first half of the year was expected and within the Council's agreed limits.

Resolved:

That Council unanimously noted and approved the report on treasury management activities for the period to 30 September 2019 in line with the agreed Treasury Management Strategy 2019/20.

7. Council Tax Reduction Scheme

The Leader presented the report, informing Council that the Council Tax Reduction Scheme (CTRS) for 2020/21 updated the scheme that was first introduced on 1st April 2015.

The Council was not required to consult on the proposals of the new scheme as the changes made were in consequence of amendments made to the Prescribed Requirements Regulations. The local discretions that were available to the Council would remain unchanged. The report provided information on the proposed Council Tax Reduction Scheme.

Resolved:

That the Council unanimously approved the Council Tax Reduction Scheme for 2020/21 in accordance with the Council Tax Reduction Schemes (Prescribed Requirements and Default Schemes) (Wales) (Amendment) Regulations 2015 ("the Prescribed Requirements Regulations") exercising its local discretions as indicated in the report.

8. Director of Social Services Annual Report 2018-2019

The Cabinet Member for Social Services presented to Council the Annual Report of the Director of Social Services.

This was not normally presented by the Cabinet Member however the Corporate Director had retired in November 2019.

Performance adults – strong performance generally

Hospital Discharge is just above where it should be but this is a complex area of work and the figure is representative of greater activity in the hospitals.

Initiatives such as In Reach where Social Workers start to work with patients to plan their discharge whilst still on the ward and the availability of Reablement services lead to faster turnaround times that can result in increased pressure on community based social care services

Reablement is having a positive impact with 84% of people discharged from the service with no further support needs or with a reduction in their care plan.

To further support and develop this culture we are moving towards a an intake model of Reablement which means that even people who have never had a care package are given Reablement upon discharge to ensure their independence is maximised.

Performance children – the end of year figures are reasonable within the context of increasing number and complexity of referrals.

58% of the measures are green – nine measures have shown an improvement against the previous period. A growing degree of complexity and increased demand has had a significant impact on the ability to meet WG targets

The number of children supported to remain with their family is 8% below target and joint working arrangements between Barnardo's and NCC staff have been improved with the introduction of Family Group Conferencing where families work together with professionals in a structured way to resolve their issues.

The number of children returned home from care should be at 13% and it is at 8.3%. This reflects the level of complexity around cases and reassurance can be given that all children are regularly reviewed and the best option is found for the child

The percentage of children who have had 3 or more placements is at 15.63% against a target of 9%. To mitigate this the Corporate Parenting Forum has been reinvigorated and consultation opportunities with children and young people have been improved to ensure we have sufficient resources to support children when they first come into care.

Levels of homelessness within care leavers has increased to 21% against a target of 10%. This reflects National trends but focussed work is being undertaken in Newport to review all of the 16+ accommodation. Additional properties have been sourced and a Service Manager supported by a Team Manager oversees all accommodation related services

Care leavers in education, training or employment 12 months after leaving care is recorded as 36.36% against a target of 50%, the number improves at 24 months to 49%. This has been a trend in past years but work will be focussed in 2019/20 to improve choices for work experience, apprenticeships and training opportunities.

The Welsh Government were currently consulting on a new set of measures that will be implemented on a phased basis from 2020.

Early Intervention & Prevention

Adults

Information, advice and assistance - First Contact Team is where people can be signposted by a multi-disciplinary team including Safeguarding, OT's and Housing Advice, sensory impairment, direct payment and financial advice.

79% of adults who received advice and assistance from the First Contact Team did not make a further enquiry within 6 months – indicates the provision of appropriate support at the earliest point.

The citizen survey recorded that 66% of adults received the right advice and information when needed

Home first is an example of a WG transformation programme regional initiative that has extended the offer of IAA to the hospital setting as the team offer support to people on pre admission wards with a view to preventing admission. The initiative started in November

2018 and indications are that it is becoming embedded into hospital culture and is now a key partner in the process of discharge planning.

The report was the Director's evaluation of 2018/19 performance for Social Services. It conformed in format and content with the statutory requirements for the Director's Report.

Comments from Councillors:

- Councillor Truman noted the report showed evidence based, very good work, intertwined with the wellbeing objectives and thanked all the officers, carers, families and volunteers, who had often faced difficult times and this should be applauded and in particular the volunteers who were the unsung heroes.
- Councillor Giles agreed entirely with Councillor Truman and thanked all those involved for their outstanding work. There was a need to focus on the young carer service and the knock on effect in their home life and school work. The support for young carers was fantastic, with the provision of away days and support groups with an opportunity for children to meet up in similar circumstances.
- Councillor Jeavons echoed the comments of his colleagues and referred to the reduction in custodial sentences; only four for the period, which was the lowest recorded in Newport. Councillor Jeavons asked that this be raised in Primary Schools within Newport.
- Councillor Guy highlighted that this was an important service that covered all ages and back grounds and if this service fell down, would have serious consequences.
- Councillor M Evans mentioned that the Conservative group welcomed the report although it was not all a bed of roses. Homelessness figures with 10% of young people leaving care which had doubled from 12.5% to 22%. It was therefore hoped there was a significant improvement since the report for 18/19 was published. Secondly the report referred to the excellent work Barnardos had undertaken to keep families together and it was hoped the budget cuts would not have an impact on this service. Finally, concern was raised at the Scrutiny Management Committee in November in relation to performance measures required by Welsh Government. There was an inconsistent interpretation and methodology recorded across Wales were not robust; such as dental care for children which was low in percentage. Councillor Evans therefore welcomed the Cabinet Member writing to the Welsh Government and requested that he write again regarding these issues.
- Councillor D Williams drew attention to positive comments from young children put in the report of their experience with Newport, notwithstanding the issues raised by his colleague.
- The Deputy Mayor invited the Cabinet Member to reply. Councillor Cockeram had raised concerns with the Minister, as mentioned by Councillor Evans and would take on board the comments regarding Barnardo's. This was currently out for consultation. Homelessness was an issue and Newport must do more and provide floating support.

Resolved:

The Council unanimously agreed to receive the Annual Report of the Director of Social Services, 2018/19.

9. Council Schedule of Meetings for 2020/2021

The proposed schedule of meetings attempted to structure the diary with a series of meetings to facilitate the decision making process through the Council, Executive and

Regulatory Committees. The schedule of meetings also set a pattern of meetings for Scrutiny Committees and other bodies.

The schedule would remain a guide and subject to change and amendment to meet the needs of the work programmes of each committee or other group.

Resolved:

That the Council unanimously adopted the schedule of meetings as the basis for arrangements for May 2020 to May 2021, recognising it was subject to change and amendment to meet the needs of the work programmes of each committee or other group.

10. Mayoral Nomination for 2020/2021

The Leader announced that the nomination for Mayor of Newport during 2020/21 would be Councillor D Williams and offered her congratulations and hoped that Councillor Williams would enjoy his year.

This was seconded by Councillor M Evans.

Councillor D Williams declared an interest.

Resolved:

The Council unanimously resolved that Councillor D Williams be appointed to serve as the Mayor Newport for 2020/21.

11. Questions to the Leader of the Council

The Leader gave the following announcements, before proceeding with questions:

The Leader had mentioned that she was privileged to recently attend the third South Wales Argus Schools Education Awards and wanted to highlight the tremendous work being carried out in schools and colleges across Newport. Wales was undergoing the most significant transformation in over 40 years and pupil wellbeing was essential to everything we do. Our Schools provide a safe and nurturing environment, with breakfast and afterschool clubs a whole host of services so that children can enjoy all aspects of school life to ensure that they are thriving and not surviving.

The Leader was delighted to receive school visitors at the Civic Centre from all over Newport, along with the Cabinet Member for Education and Skills and senior officers, to mark the Welsh Network of health school scheme's highly regarded National Quality Awards. The Schools receiving this award was Glasllwch, Gaer, Mount Pleasant, St Andrews, Maindee, Eveswell, Clytha, Langstone, Malpas Court, Liwswerry Primary Schools, Ysgol Cymraeg Casnewydd and Fair oak Nursery, all of whom were to be congratulated. Seven themes were achieved to gain this award, including food and fitness emotional development and wellbeing. What stood out was the length of time for a school to get this award and accreditation; it could take up to nine years, huge commitment for schools and we should all be very proud.

The Leader also attended the 2020 Holocaust Memorial Day service at the Cathedral, moving service led by pupils. The Leader thanked, in particular, Caerleon Comprehensive who sang, Gwent Music Service and Langstone Primary School for the candle procession as well as the teachers for instilling values for pupils into their adult lives.

The Leader had mentioned that one of her focuses for Newport was sustainable development; social, cultural and economic. There would be an addition of 17 extra electric vehicle charging points in Newport following a feasibility study, which was excellent news. These would be available for residents and visitors.

The Leader also congratulated Newport Now which was part of the Business Improvement District for successfully renewing their bid for the next five years and was looking forward mutual aim to help businesses thrive within the community. The Leader and the Chief Executive met with them recently to discuss their future plans.

The Regeneration Programme continued to move at pace with the development of Chartist Tower. The £1.3M investment managed by Newport Now was vital to success of the City Centre over the next five years.

Finally, the Leader notified colleagues of recent meetings and events that she had recently attended including Public Service Board, the G10 Summit, Cardiff City Region and Western Gateway, important partnerships with how the council worked going forward. The Leader highlighted work discussed at the G10 Summit and Public Service Board which involved the work that Public Health Wales was undertaking. As part of this, there was also a Building a Better Gwent report and an all member seminar was planned for 4 March, where Dr Sarah Aitken would be presenting her findings.

Leader's Questions

Councillor M Evans had recently visited Toulouse, which was a larger city than Newport and observed that he had come across only one homeless person and there was no begging. Sadly, this could not be said about Newport. Homeless people deserved all the support they could get and the problem had reached epidemic proportions. Multiple organisations and support was in place but no one could provide appropriate accommodation for these homeless people. Residents and business contacted Councillor Evans, concerned about used needles, excrement, rubbish and the intimidation felt by residents in relation to aggressive begging. Something needed to be done to address this once and for all, did the Leader agree with this.

The Leader advised that Newport had adopted a homeless strategy, covering Newport and Gwent region and was working in partnership to offer advice and support and focus on early intervention and ensure that person centred homelessness advice was provided. It was necessary to consider the issue on a macro scale, in line with the social structure and the cultural differences to the social structure and approach in France. The approach was to consider the social structure on a personal basis and recognised the challenges raised. A round table was held with Welsh Government, third sector, Public Health Wales and Aneurin Bevan University Health Board last November to discuss how to address issue as a city. Newport was also working closely with Welsh Government Colleagues in Cardiff, Swansea and Wrexham to try and address the issue of rough sleeping to put together an action plan and resource allocation to enable the Council to do this. The Council therefore did have matter in hand.

Supplementary:

Councillor M Evans informed the Leader that the brutal answer was that people were tired of excuses, and whilst there was a risk register in place, the people's perception of coming to Newport was crucial, especially with the development of the Chartist Tower. Two business had recently left the City Centre because of this issue. Councillor Evans also referred to the last Cabinet meeting where empty properties were discussed, the figures equated to 18 properties per year, there was also concern regarding this. Urgent action was needed, therefore what was to be done as a result.

The Leader had provided a response and the answer to the question remained the same however Councillor Evans could be provided with further detail in writing.

Councillor K Whitehead asked if management consultants had been appointed to look at budget cuts and if so, was it at a cost of £30K.

The Leader was not aware of this but would provide a written response for Councillor Whitehead from the Chief Executive.

Supplementary:

Councillor Whitehead asked, if there was extra money, could this be better spent on litter and cleaning the clock tower.

The Leader reiterated that she was not aware that this took place. In addition, the clock tower, was a listed building, which needed specialist cleaning by hand, this would not take priority over service delivery.

Councillor C Townsend referred to the homelessness issue mentioned earlier under Police Issues and asked was the Leader happy that police dismantled rough sleepers.

The Leader clarified that the area was cleansed, by the request of homeless support groups, businesses and members of the public due to the concerns to public health. The encampment referred to was also subject of a recent fire. The Leader emphasised that it was not moving homeless people out, but a cleansing of the area. The Police and Community Support Officers helped move the rough sleepers, only because there was a risk of contamination from sharp objects. The Leader thanked the operatives for their hard work, as they were faced with challenges and risk to their health. There were no evictions of rough sleepers and the only items that were removed were those beyond repair.

Supplementary:

Councillor Townsend asked where were the people since the cleaning operation.

The Leader advised that the location in question was still an encampment and homeless people were being assessed, with one person being successfully housed. Some people were not engaging with the support group therefore it was difficult to give a detailed account on where all the rough sleepers were.

12. Questions to the Cabinet Members

There were no questions to Cabinet Members received on this occasion.

13. Questions to the Chairs of Committees

There were no questions to Chairs of Committees on this occasion.

14. Standards Committee Minutes

The Minutes of the Standards Committee meeting from 7 November 2019 were noted.

15. Date of Next Meeting

Thursday 27 February 2020 at 5pm in the Council Chambers.

The meeting terminated at Time Not Specified

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Report

Council

Part 1

Date: 27 February 2020

Subject **Appointments**

Purpose To agree the appointment of Council nominees to committees and outside bodies.

Author Governance Team Leader

Ward General

Summary In accordance with its terms of reference within the Constitution, Council is responsible for appointing the members of Council Committees, and the Council's representatives on outside bodies. The current vacancies and nominations received are set out in the attached report.

Proposal **Council is asked to receive and approve the nominations for representatives, as listed in the report**

Action by Governance Team Leader

Timetable Immediate

This report was prepared after consultation with:

- Council Business Managers
- Head of Law and Regulation

Background

In accordance with its terms of reference within the Constitution, Council is responsible for appointing the members of Council Committees, and the Council's representatives on outside bodies. The current vacancies and nominations received are set out below.

Any vacant appointments / nominations received after the publication of this report, will be announced at the Council meeting by the appropriate Business Manager or Group Leader.

Internal Appointments

Champions

Older Persons Champion - Cllr Trevor Watkins
Disabled, Vulnerable Persons & Mental Health Champion - Cllr Kate Thomas
Carers Champion - Cllr Graham Berry
Anti-Poverty Champion - Cllr Phil Hourahine
Armed Forces Champion - Cllr Mark Spencer
Homelessness - Cllr Yvonne Forsey
Biodiversity Champion - Cllr Laura Lacey
B.A.M.E Champion - Cllr Majid Rahman
L.G.B.T. Champion - Cllr Laura Lacey
Welsh Champion - Cllr Jason Hughes

Appointments to External Organisations

Organisation	No. of Vacancies / Replacements	Nominations Received
WLGA	2	Leader and Deputy Leader
WLGA Cabinet Member for Culture and Leisure	1 New appointment	Councillor D Harvey
Cardiff Capital Region City Deal Joint Overview and Scrutiny Committee	1 Reserve	Councillor J Hughes

Governing Body Appointments

Governing Body	No. of Vacancies / Re-appointments	Nominations Received
Ysgol Gymraeg Casnewydd	1 Continuation of appointment	Alan Speight
St Patricks RC Primary School	1 Continuation of appointment	Allan Morris
St Patricks RC Primary School	1 Continuation of appointment	John Richards
St Josephs RC Primary School	1 Continuation of appointment	Ceri Gibbons

Proposal

Council is asked to receive and approve the nominations for representatives, as listed in the report.

Comments of Chief Financial Officer

There are no financial implications directly arising from this report.

Comments of Monitoring Officer

The appointment of individuals to serve on outside bodies is a Local Choice function under the Local Authorities (Executive Arrangements) (Functions and Responsibilities) (Wales) Regulations 2007. The Council has determined that responsibility for this function shall rest with Full Council unless delegated by the Council.

Background Papers

Newport City Council Constitution

Local Authorities (Executive Arrangements) (Functions and Responsibilities) (Wales) Regulations 2007

Dated: 20 February 2020

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Report

Council

Part 1

Date: 27 February 2020

Subject **2020/21 Budget and Medium Term Financial Projections**

Purpose To agree the council's council tax increase for 2020/21 and resulting total net revenue budget as recommended by Cabinet on 12 February 2020 in addition to the resulting council tax resolution for 2020/21.

Author Head of Finance

Ward General

Summary Following recommendation by Cabinet, the Council needs to make a decision on the level of council tax and the resulting total net revenue budget for 2020/21.

Cabinet met on the 12 February 2020 and finalised detailed budget recommendations. This report sets out the overall 2020/21 budget, resulting service cash limits, council tax increase and recommendations for the council's general reserve and contingencies. An increase in council tax of 6.95% (to £1,197.88 per annum at Band D) for Newport City Council is recommended. A 6.95% increase on council tax is an increase of £1.16 per week, £1.33 per week and a £1.50 per week increases for Band B, C and D properties respectively.

The Cabinet have built on the medium term financial projections (MTFP) approved last February and approved further savings to meet the financial challenges facing the council. The medium term projections are included within appendix 4.

The Council's financial planning is underpinned by the Council's Corporate Plan 2017-22 that sets out a clear set of aspirations and plans for the future under our mission of 'Improving Peoples lives'. The medium term financial projections include the funding required to deliver the ambitious plan and aspirations within that. In light of the medium term financial sustainability challenge, further work is required to ensure the budget is balanced.

Section:

- 1 Background
- 2 Setting the budget
- 3 Welsh Government funding and council tax base
- 4 2020/21 budget requirement
- 5 Medium term financial projections (MTFP)
- 6 Budget consultation
- 7 Risk, reserves, financial resilience and performance
- 8 2020/21 proposed council tax

Appendix:

- Appendix 1 Service area budgets
- Appendix 2 Precepts and council tax
- Appendix 3 Council tax resolution

- Appendix 4 Medium term financial projections (MTFP)
- Appendix 5 Financial resilience snapshot
- Appendix 5a Projected earmarked reserves

Proposal Council is asked:

Revenue budget and council tax 20/21 (section 2-8)

- 1 To note that an extensive consultation exercise has been completed on the savings over the medium term, including the 2020/21 budget proposals. Cabinet have taken these into account in recommending final details of their budget
- 2 To note the Head of Finance's recommendations that minimum general reserve balances be maintained at £6.5million, the confirmation of the robustness of the overall budget underlying the proposals, subject to the key issues highlighted in section 7, and the adequacy of the general reserves in the context of other earmarked reserves and a general revenue budget contingency of c£1.5million
- 3 To consider and approve a council tax increase for Newport City Council of 6.95%, a Band D tax of £1,197.88; and resulting overall revenue budget shown in appendix 1
- 4 To approve the formal council tax resolution, included in appendix 3 which incorporates The Police and Crime Commissioner for Gwent and Community Council precepts

Medium term financial projections (section 5)

- 5 To note the MTFP and the financial uncertainty facing Local Government over the medium term
- 6 To note Cabinets approval of the implementation of the three-year plan, including all budget investments and saving options, as summarised within the medium term financial projections (appendix 4). In light of point 5 above it should be noted that financial projections are subject to on-going review and updating

Action by Head of Finance – 2020/21 council tax billing and detailed budgets to be prepared in line with recommendation.

Timetable Immediate

This report was prepared after consultation with:

- Interim Chief Executive
- Strategic Director
- Head of Law and Regulation
- Head of People & Business Change

Signed

1 Background

- 1.1 The draft budget proposals for 2020/21, agreed in the December Cabinet meeting, have been subject to public consultation. The proposals have been consulted on through a range of stakeholder groups as set out in paragraph 6.1.
- 1.2 Following a better than anticipated draft settlement from Welsh Government (WG), the funding position for 2020/21 improved by £7.3m (after funding specific grant transfers and costs included in the draft settlement), as highlighted in the February Cabinet report. Ordinarily, the Council would have received the final settlement from WG by this stage of the year, however given delays in publishing the draft; the final settlement will be announced on the 25 February. Although no changes are anticipated in the final funding allocated to Newport, the timing of this confirmation does introduce a potential risk to the final budget and any change will need to be verbally updated at the Council meeting itself on 27 February.
- 1.3 Given the better than anticipated draft settlement, Cabinet were given some financial flexibility to review and respond to the results of the public consultation and to invest in Council priorities by allocating £3.9m 'cash in hand' balance at the February Cabinet meeting. The details of this allocation have been set out in paragraph 4.1. It was at this stage that the overall net budget and resulting council tax was agreed for recommendation to Full Council.

2 Setting the budget

- 2.1 There are two main elements to the council's financial planning:
 - strategic planning: medium term financial projections (MTFP)
 - within that, the annual council budget.
- 2.2 The Council is required by law to set a balanced budget every year. At the same time, the MTFP is reviewed and updated to help plan savings and investments across the next three years. A key part of the review is to ensure that key priorities are included, including those contained in the Corporate Plan.
- 2.3 The budget has been developed over a number of months starting with a review of existing investments and savings previously agreed, delivery of savings and consideration given to the need for new investment and growth. The priorities of the Corporate Plan and other commitments featured in this review are contained in the MTFP. The budget proposals that have been incorporated into service area cash limits were reviewed in detail with Cabinet.
- 2.4 Whilst Cabinet are responsible for the detailed spending plans, the council tax level underpinning the overall budget is approved by Council. The proposed budget is included within appendix 1 and is based on detailed proposals approved by Cabinet on 12 February 2020. Members have also been sighted on the draft proposals previously via the councils Scrutiny Committees in January 2020. The detailed proposals can be found appended to the Cabinet agenda [Budget investments](#) (weblink) and [Budget savings](#) (weblink).
- 2.5 Council should note that Cabinet continues to take a strategic and medium term view and approved the implementation of the council's three-year savings programme, including all budget investments and saving options as summarised within the MTFP.
- 2.6 A key part in considering and agreeing the annual budget and MTFP are the financial resilience issues and how the budget deals with improvement plans and risks. These were considered in detail by Cabinet on 12 February and are outlined below in this report for Council.

3 Welsh Government funding and council tax base

- 3.1 Given the decision to defer the publication of the WG settlement until after the UK general election, the Council received its [provisional settlement](#) (weblink) on the 16 December 2019. Overall, it confirmed that the Council would receive £228,077k for 2020/21. After allowing for specific grant transfers and costs into the RSG this is a net cash increase of £7,265k from the current years funding. The final settlement will be announced on the 25 February, therefore Cabinet finalised their 2020/21 budget based on the draft RSG (not expected to change), the confirmed increase in tax base and a requirement for a 6.95% increase in the council tax rate, now recommended to this Council meeting.
- 3.2 It is important to note that whilst the settlement from WG was much improved from that anticipated for 2020/21, the medium term outlook is still very uncertain which makes planning for the future extremely challenging. In Newport, the Revenue Support Grant (RSG) received from WG contributes 76% to its net budget, with council tax making up the balance. Given the councils reliance on RSG funding what happens to this grant is critical. The UK Budget that will be announced on the 11 March should provide some clarity in terms of future WG funding, however, for Local Government, much will depend on WG budget decisions thereafter, in particular on NHS funding in Wales. Once the outcome of the Spring Budget is known, it is inevitable that the medium term projections will require review and updating.
- 3.3 Despite this uncertainty, Council should note that the Welsh Local Government Association (WLGA) and others continue to push for medium term settlements or indicative future funding. In the absence of medium term settlements whilst not ideal or helpful, it does not necessarily prohibit medium term planning.
- 3.4 Although councils have until the 11 March each year to set council tax, in practical terms, to delay beyond this meeting date would cause delays to billing and collection of council tax. This would have a significant adverse impact on the council's cash flow.

4 2020/21 budget requirement

- 4.1 Funding levels for service areas, based on the final proposals, are shown in appendix 1 with the detailed budget investments / pressures and savings shown in the [February Cabinet report](#) (weblink). These funding levels include investment decisions that were taken at the February Cabinet meeting itself, details of which are set out below:

Investments:

- £1,400k further investment in schools
- £292k investment into foster care fees to bring us into the upper quartile of fees paid compared to other local councils
- £250k investment in the councils ICT budget to accelerate modern ways of working and digitalisation
- £210k investment in city centre cleansing and safety initiatives across the city
- £193k investment in the benefits service to avoid reductions in the service following grant income decreases from the Department for Work and Pensions (DWP).
- £120k investment into the city's youth services
- £90k investment in the education department to strengthen governance arrangements with our schools
- £80k investment to support bringing empty homes back into use by way of council tax reductions using the councils discretionary powers
- £70k investment in management development training to help prepare the Council for on-going challenges
- £60k investment in discretionary rates for the community and youth groups across the city

Removal of savings:

- £475k - reverse use of reserves to make minimum revenue provision (MRP) saving which supports the capital programme headroom (NS2021/04)
- £75k - remove Barnados saving (CFS2021/02)
- £45k – remove post-16 transport saving (CS2021/06)
- £22k – reduce reduction in funding awarded to Third Party Organisations saving (AS2021/07)
- Reduce council tax increase from 7.95% to 6.95%

4.2 As was well documented within the February Cabinet report, Newport received the greatest share of the 4.3% net funding increase for Local Government across Wales. The revised datasets used for the allocation of funding reflects the significantly increasing population numbers and school pupil numbers in Newport. With increasing population comes increasing demand and therefore greater costs, which are to be borne by the council in terms of increasing demand for essential services. Therefore, further savings have been required to meet the gap between the funding received through grants/ council tax collection and expenditure on the wide variety of services provided.

4.3 Proposals for 2020/21 include over £23m of budget investments / pressures (including inflation). The most significant areas of additional expenditure are linked to:

- £10,434k investment in school budgets
- £2,538k for increasing social care demand for both children's and adult services
- £1,038k investment to deliver the promises set out within the Corporate Plan such as the delivery of digital aspirations and a new household waste recycling centre
- £239k due to increasing demand for special education needs provision

4.4 In addition to this base budget investment, significant specific grants are received from WG each year and at this time; we still await the finer details of funding levels for 2020/21. As noted within the December report there were significant increases in respect of education and social care grants and these have the potential to support service areas to fund demand pressures that currently exist. In general terms, it is proposed, in line with the Council's current working policy, that service areas deal with matters such as reducing specific grants with Cabinet Members in terms of identifying issues as they become aware of them and developing necessary solutions to resolve them. This may involve reducing/ stopping services that WG specific grants no longer fund.

5 Medium term financial projections

5.1 The Council's financial planning is underpinned by the Council's Corporate Plan 2017-22 that sets

out a clear set of aspirations and plans for the future under our mission of 'Improving Peoples lives'. This provides a focus for decisions around spending and will direct activity across the council. The current 'medium term financial projections' (MTFP) included in appendix 4 includes funding for the key priorities and promises set out in the plan. In light of the medium term financial sustainability challenge, further work is required to ensure the budget is balanced over the medium term whilst meeting our duties under the well-being objectives.

5.2 The MTFP is the financial articulation of the Council's Corporate Plan, financial challenges and includes the savings identified over the next three years. It includes those savings, which have previously been approved over the life of this plan in February 2019 Cabinet meeting as well as new proposals. Whilst the Council is required to set a balanced budget for 2020/21, this is to the backdrop of sustaining over £41m of savings over the last five years. Future uncertainties such as future WG financial settlements and the impact of Brexit will mean that current projections will inevitably develop and change as assumptions are updated or confirmed for future years.

- 5.3 Despite the favourable draft settlement for 2020/21, there is uncertainty on the continuation of the additional funding allocated to Local Government beyond 2020/21. It was anticipated that the next Comprehensive Spending Review (CSR) 2019 would take place in the summer of 2019 bringing a degree of certainty over the short to medium term on Local Government finances. However, uncertainty around Brexit at that time delayed the next CSR until, at the earliest, summer 2020.
- 5.4 Furthermore, the date for the 2020 Spring Budget has been confirmed and will take place on 11 March 2020. This is the UK Government's annual fiscal statement and will be the first since the December 2019 general election. It will also be the first budget of a new parliament and comes roughly six weeks after the passing of the Brexit deadline on 31 January. All of these factors point towards this budget being particularly important. Although this may provide more certainty on the medium term outlook for Welsh Government funding; for Local Government itself, much will depend on WG budget decisions, in particular on NHS funding in Wales. The projections set out within the MTFP will require updating when the outcome of the Spring Budget is known.

6 Budget consultation

- 6.1 The budget proposals agreed by Cabinet in December have been consulted on through a range of stakeholder groups and formats, which are as follows:
- With Trade Unions via the Employee Partnership Forum on 9 January 2020
 - With all Scrutiny Committees in their January 2020 meetings where Members discussed the detailed change and efficiency programmes plus the MTFP
 - With the Schools' Forum on 9 January 2020
 - With the public from 20 December 2019 to 31 January 2020
 - Newport Fairness Commission has reviewed the proposals in terms of their parameters of fairness.

The detailed results of the consultation were shared at the February Cabinet meeting. In summary, there was a general acknowledgement of the financial pressures facing the Council reflected in support for the majority of proposals.

Fairness and Equality Impact Assessments (FEIAs)

- 6.2 In delivering its services, the Council has to be mindful to demonstrate due regard to equality considerations in line with the Equality Act 2010.
- 6.3 As part of the budget process, equality implications are considered for all budget proposals and where necessary an EIA is carried out by the relevant service manager, supported by the council's policy team. These were updated, as necessary, following the budget consultation exercise and used by the Cabinet in their final budget decisions in their February meeting.

7 Risk, reserves, financial resilience and performance

Financial risks

- 7.1 The proposed budget incorporates a number of assumptions in terms of levels of income and expenditure in future years. There are, therefore, inevitably a number of financial risks inherent in the proposed budget, which were described in detail to Cabinet when finalising budget proposals. Key risks include;
- Continuation of demand and resulting cost pressures in the future, including the significant budget challenge for schools
 - Delivery of savings

- Financial risks and issues requiring one-off resources
- Inflationary pressures on the budget

Reserves

- 7.2 In terms of contingencies and reserves, the Head of Finance needs to review these in their totality in conjunction with the base budget and the financial risks associated with delivering the budget in 2020/21. This review should incorporate a medium term view and take into account key developments that may affect the need for and use of one off resource.
- 7.3 Protection against budget risks is provided through earmarked reserves and contingencies. In addition, the Council has a number of earmarked reserves for known, but not always easily quantifiable, financial risks.
- 7.4 A 'rule of thumb' analysis for determining the level of general reserves suggests this is at least 5% of net revenue expenditure (excluding schools' budgets); unless a formal risk assessment justifies a lower level. This implies a level of around £14million for Newport. In the context of the above and the financial risks inherent in the proposed budget, the Head of Finance recommends that the minimum level of general reserves remain at its current level of £6.5m, supported by the base general budget contingency of £1.5m.
- 7.5 A cautionary note should be made on school's reserves which have been decreasing over the last two years and based on current 2019/20 revenue budget projections of £3.5m overspending this would see reserve balances fall below zero at the end of this financial year. A resolution is critical as current spending levels in schools is not sustainable and has the potential to cause a significant adverse impact on the councils overall finances if it continues.
- 7.6 The additional school budgets funding included in the Cabinet's draft budget and the additional funding announced in their February meeting, alongside projected increase in specific grants and school own cost saving plans should, in overall terms, at least stabilise school budgets. It will be necessary to then review options to build up current individual school negative reserves over the longer term. Schools and their Governing bodies will need to ensure they take robust action and implement cost saving plans where required.
- 7.7 The base general budget contingency, alongside the level of recommended general and earmarked reserves reflect the overall potential financial risk associated with delivering the budget in 2019/20. These provide sufficient capacity to cover financial risks. Once schools have taken the necessary action to reduce their cost base, the Head of Finance, as part of his S151 responsibilities, is content that the 2020/21 overall budget as proposed is robust.

Financial resilience

- 7.8 A robust view is being taken in managing budget risks and protecting the financial health of the Council. In that respect, the Council's financial resilience is a key consideration and appendix 5 shows the current 'snapshot' of the key data and information showing an overview of the health of the Council at this time. Key headlines include:
- The Council maintains a good level of reserves. A cautionary note should be made in respect of the decline in school reserves over the last few years and the potential for schools reserves to fall below zero in the current financial year
 - The Council continues to monitor £6.6m of budget reductions in 2019/20. This is alongside delivering outturn within budget over recent years, despite the delivery of around £41m of savings over the last 5 years
 - In light of continuing financial pressures and demands placed on the Council further savings of around £7m - £10m are likely to be needed for 2021/22 and 2022/23, based on current assumptions around the continuation of future grant funding.

7.9 The impact of these challenges are reviewed as part of the financial monitoring process and through the corporate risk register both of which are reported regularly to the Cabinet, Senior Leadership Team and the Council's Audit Committee.

8 2020/21 proposed council tax

8.1 Newport continues to have the second lowest council tax in Wales, amongst the lowest in the UK and spends significantly lower than its standard spending assessment (SSA) compared with other Local Authorities. Whilst changes in council tax levels are usually noted in percentage terms, the cash increase this delivers in Newport will be smaller relative to other Local Authorities as our starting position is lower.

8.2 The proposed council tax increase of 6.95% is above the base assumptions of 4% made in future years. This additional 2.95% increase adds around £1.6m to the councils overall funding. This is required as investment within services experiencing increased demands and costs continue on an upwards trajectory and the Council has an obligation to ensure our most vulnerable are protected.

8.3 Cabinet have recommended 6.95% council tax increase to Council. This would result in a Band D council tax of £1,197.88, which is an increase of £1.50 per week for Band D properties. Although the draft 2020/21 settlement was more favourable than anticipated this is a one year benefit whereas the decision on council tax levels will have a longer term impact on our overall funding and how we compare against SSA. Therefore, the key consideration for the Cabinet has been to ensure that the correct balance has been found between both council tax increases and savings. The budget includes over £5m of savings and £4.3m from extra income from council tax. Newport's council tax is currently the second cheapest in Wales and spends £8.3m less than SSA, which is completely down to the low council tax. This shortfall is expected to increase to £9.2m in 2020/21 given that the standard council tax increase used in the settlement is based on an increase of 7.12% in 2020/21. For Newport, a council tax increase lower than 7.12% would see the council fall further behind SSA.

8.4 The Council is investing £2.5m in social care and £10.4m in schools. The additional council tax increase of 2.95% over and above the current base increase of 4% each year generates around £1.6m. Therefore, Cabinet are mindful that this increase in council tax is a valuable contribution to protect the services that the Council delivers.

8.5 Based on the recommended 6.95% council tax and changes to the draft budget outlined in 4.1 above, the table below illustrates the net budget and funding agreed by Cabinet at its meeting on 12 February 2020.

Table 1: 2020/21 available and required budget

The table below shows the available and required budget funding with a 6.95% increase in council tax. Cabinet will be aware that beyond 2020/21 there has been a 4% increase implicit in our MTFP planning parameters. In setting council tax, the Council needs to be aware of the need to set a balanced budget.	
Council Tax at Band D at 6.95%	£1,197.88
Budget requirement	£000
Base budget 2019/20	280,611
Inflation & increments	7,239
Removal of previous year reserve transfer	900

Budget investments – (£15,763k (inc. £3,112k of transfers in from RSG) shown in list of pressures plus increase of £1,174k required in council tax benefit based on 6.95% council tax increase)	16,937
Budget savings	(5,417)
DRAFT BASE BUDGET 2020/21	300,270
Draft funding available	
Draft WG settlement	228,077
Current council tax at new tax base	67,502
Increased council tax @ 6.95%	4,691
Total	300,270

8.6 The final budgets, as detailed in appendix 1, incorporate the above recommendations. In finalising the budgets from the draft, Cabinet were aware of the key messages/ concerns/ support coming out of the consultation.

8.7 The Cabinet was also mindful of the need to balance the interests of service users with taxpayers given the current economic climate and in addition, noted that the council tax, even with the increase recommended, would still be low in comparison to other Welsh Authorities.

Community / Police precepts and Council Tax calculation

8.8 The council tax calculation includes precept figures from The Police and Crime Commissioner for Gwent and precept figures from Community Councils within the City as well as the City council's own budget. These are shown in appendix 2. The resulting council tax resolution is set out in appendix 3. These are based on the budget proposals agreed by Cabinet on 12 February 2020.

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?
Budget savings not delivered	H	L	(i) robust budget monitoring (ii) service planning (iii) retention of reserves and budget contingency	Head of Finance/ Heads of Service
Budget savings not delivered on time leading to in year overspending	H	M	(i) robust budget monitoring (ii) retention of reserves and budget contingency	Directors / Heads of Service/ Head of Finance
Schools overspending against budget	H	M	(i) robust budget monitoring (ii) early review of school's position (iii) clear expectations set and robust communications between schools and the council	Head of Finance/ Directors / Heads of Service
Unforeseen Pressures	H	L	(i) retention of reserves and budget contingency	Head of Finance/

			(ii) robust budget review	Directors / Heads of Service
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* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

In drawing up budget proposals, due regard has been given to key council policies and priorities and Cabinet, in setting the detailed budget and spending plans, considered these in detail in their February meeting. Details are included in the February 2020 budget paper, which confirm that the key priorities and promises set out in the Corporate Plan are funded appropriately to meet the targets proposed.

Options Available and considered

The Council must approve a recommended council tax and resulting overall revenue budget for 2020/21.

Preferred Option and Why

Council has various options open to them on the level of council tax and therefore the overall total revenue budget for the Council.

Comments of Chief Financial Officer

The detailed financial implications stemming from this report are contained within the body of the report, including the statement from the HoF on the robustness of the budget.

The Council is required to set council tax by 11 March but in reality, it will need to be done at this meeting as to delay further will mean bills cannot be produced in time to give the required notice before the first instalments of council tax are due. Therefore, it is important that the Council decide on the level of council tax at this meeting.

The MTFP shown in appendix 4 points to a significant on-going financial challenge. In addition, uncertainty around future funding due to Brexit and public finances. There will be a UK budget announced in the 11 March which will give further clarity and which will no doubt require the MTFP to be updated in the Spring. Increasingly, a different approach will be needed in going forward which takes a more strategic and medium term approach to ensure the Council can set a balanced budget over the medium term, matched to strategic changes in services.

Comments of Monitoring Officer

The Revenue Budget Report and MTFP Projections have been prepared in accordance with the requirements of the Local Government Act 2003 and the Local Government Finance Act 1992. In accordance with Section 25 of the 2003 Act, the Cabinet must have regard to the advice of the Head of Finance, as the Council's Chief Finance Officer, regarding the robustness of the budget estimates and the adequacy of the financial reserves. This advice must be taken into account when considering the proposals in the Report and in making recommendations to Council regarding the budget and the Council tax rate. In accordance with the Functions and Responsibility Regulations, agreeing the overall budget and setting the Council Tax rate under the 1992 Act is a matter for full Council. Therefore, the recommendations of the Cabinet will be subject to ratification and approval by full Council, insofar as they relate to the overall budget and Council tax proposals for 2020/21.

However, the approval and implementation of the individual savings and investment proposals within the Report are executive matters for the Cabinet, provided that they are in accordance with the general budget framework set by the Council. Therefore, Cabinet is able to approve the 3-year MTFP programme of savings and investment proposals, in the light of the consultation responses and strategic priorities.

Comments of Head of People and Business Change

The 2020/21 Budget and Medium Term Financial plan report gives Cabinet the opportunity to consider the implications and opportunities in the deployment of resources across a range of functions and services over the next three years. This is set against the backdrop of ongoing financial pressure, which has created a challenging environment. Staff have been impacted by changes to date in a number of ways and the Council now employs significantly fewer staff than it did five years ago. All staff potentially impacted upon by this have been offered the opportunity to be consulted with and the relevant trade unions have made representations, contained within this report.

As part of the annual process in place, a range of opportunities have been made available for the public to express their views and again these are included in the report for the consideration of Cabinet. Views have been gathered through face-to-face sessions, via email, letter, the on-line consultation pages, through free bus wifi and in sessions with Newport Fairness Commission and Newport 50+ Forum.

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

Comments of Cabinet Member

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

Local issues

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

Scrutiny Committees

All detailed proposals were reviewed by all Scrutiny Committees in their January 2020 meetings, as part of the wider budget proposals consultation undertaken and considered by Cabinet.

Equalities Impact Assessment and the Equalities Act 2010

In finalising its budget proposals, Cabinet took account of the equalities impact assessments carried out, which was reported to them in their meeting on 12 February 2020.

Children and Families (Wales) Measure

Wide consultation on the budget has been undertaken, as outlined in section 6 of the report.

Wellbeing of Future Generations (Wales) Act 2015

The Wellbeing of Future Generations Act 2015, which came into force in April 2016 provides a framework for embedding sustainable development principles within the activities of Council and has implications for the long-term planning of finances and service provision. The business cases used to develop savings proposals include specific linkage with Future Generation Act requirements of the “five ways of working”.

Integration – A quality assurance process is in place to ensure that the council delivers a sustainable budget that ensures the impact of any proposals is managed in terms of the wellbeing of our communities.

Long Term – A medium term approach is important in ensuring financial sustainability over the longer term. Whilst the funding from WG over the medium term is uncertain it is imperative that medium term

planning is at the forefront of budget discussions. In light of the Corporate Plan priorities, the Cabinet are mindful of the need to target investment and growth within the financial envelope that is available.

Prevention – The council is mindful of the demographic increases, expansion and growth that we are seeing across the City and the potential impact that this could have on the services that we provide. With this comes increasing demand and therefore costs which have been reflected within the medium term projections. The Council's financial planning is underpinned by the Council's Corporate Plan 2017-22 that sets out a clear set of aspirations and plans for the future under our mission of 'Improving Peoples lives'. A key part of the Plan and therefore the areas of investment relates to prevention and increasing resilience of communities.

Collaboration – A key part of our Corporate Plan relates to working alongside partners to deliver key public services. Whilst this budget presents significant savings, the base budget for 2020/21 continues to support numerous examples of multi-agency working particularly with public service board partners.

Involvement – An extensive programme of engagement takes place both before and after the release of budget proposals. The council seeks to involve and inform key stakeholders whilst setting out the financial context. The results of this engagement is key to budgetary decisions.

The Well-being of Future Generations Act has involvement as one of the five ways of working under the sustainable development principle. Involvement in the development of this budget has included a six-week period of public consultation and consultation with Trade Unions via the Employee Partnership Forum, with all Overview and Scrutiny Committees, with the Schools' Forum, with the Council's Fairness Commission and with representatives from the business and voluntary sector.

Crime and Disorder Act 1998

N/A

Consultation

Wide consultation on the budget has been undertaken, as outlined in section 6 of the report.

Background Papers

Budget report presented to Cabinet on 12 February 2020.

Dated: 27 February 2020

APPENDIX 1 – Service Area Budgets

2020/21 Summary Revenue Budget	2019/20 Current Budget £'000	2020/21 Base Budget £'000
People		
Children and Young People	24,467	25,904
Adult and Community Services	46,744	49,261
Education	14,209	15,365
Schools	96,545	106,527
	181,965	197,057
Place		
Regeneration, Investment and Housing	9,994	9,910
City Services	23,722	24,673
	33,716	34,583
Chief Executive		
Directorate	501	516
Finance	3,267	3,434
People and Business Change	7,395	8,005
Law and Regulation	7,239	7,183
	18,403	19,138
Capital Financing Costs and Interest		
Capital Financing Costs MRP	7,489	7,757
Interest Payable	7,085	7,032
Interest Receivable	(127)	(327)
PFI	8,543	8,854
	22,990	23,316
Sub Total - Service/Capital Financing	257,074	274,094
Contingency Provisions		
General Contingency	1,473	1,473
Centralised Insurance Fund	570	581
Other Income and Expenditure	109	683
	2,151	2,737
Levies / Other		
Discontinued Operations - pensions	1,563	1,567
Discontinued Operations - Ex Gratia Payments	2	2
Levies - Drainage Board, Fire service etc	8,282	8,704
CTAX Benefit Rebates	12,611	13,465
	22,458	23,738
Transfers To/From Reserves		
Base budget - Planned Transfers to/(from) Reserves	(1,072)	(299)
	(1,072)	(299)
Total	280,611	300,270
Funded By		
WG funding (RSG and NNDR)	(214,343)	(228,077)
Council Tax	(66,268)	(72,193)
Total	-	-

These are indicative budgets for 2020/21. Final Cash limits will be agreed during February Council.

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APPENDIX 2 – Precepts and Council Tax

The funding required from council tax for the recommended draft 2020/21 budget is an increase of 6.95%. The tables below show all the figures involved in that calculation.

The Tax Base

This is the number of properties that attract council tax for the year, expressed as if they were all in Band D. In practice, Band A properties only pay 66% of the Band D council tax whilst a Band I property pays 233% of the Band D council tax. For 2020/21, the tax base is 60,267.55 (2019/20 – 59,165.99).

Calculation of the Council Tax – Newport City Council

The calculation of the council tax follows the process shown below

	£000
Net budget requirement	300,270
Less WG funding	228,077
Equals that which needs funding from council tax	72,193
	£
Divided by tax base (60,267.55) gives a council tax at Band D	1,197.88

Calculation of the Council Tax – The Police and Crime Commissioner for Gwent and Community Councils

The final council tax also incorporates other demands (precepts) that the Council collects on behalf of other bodies. These bodies are The Police and Crime Commissioner for Gwent (PCC for Gwent) and the Community Councils within the City's boundary. Of these, The Police and Crime Commissioner for Gwent is the largest and for 2020/21, has set a precept of £16,450,631.

Authority	Budget requirement / Precept from Council Tax (£'000)	Tax Base	Council Tax at Band D		% Change
			2020/21	2019/20	
Newport City	72,193	60,267.55	£1,197.88	£1,120.04	6.95%
PCC for Gwent	16,451	60,267.55	£272.96	£255.53	6.82%

The table below lists the precepts and Band D council tax for the Community Councils within Newport City boundary, for which the Council collects council tax

Community Council	Council Tax Base	2020/21 Precept (£)	Council Tax at Band D		% Change
			2020/21	2019/20	
Bishton	776.55	28,677.99	36.93	26.20	41.0%
Coedkernew	999.32	3,497.62	3.50	3.00	16.7%
Goldcliff	185.11	4,072.42	22.00	22.00	-
Graig	2,952.17	76,756.42	26.00	25.00	4.0%
Langstone	1,929.99	63,689.67	33.00	23.33	41.5%
Llanvaches	244.45	5,500.12	22.50	20.00	12.5%
Llanwern	944.16	14,700.57	15.57	15.59	-0.1%
Marshfield	1,525.80	30,516.00	20.00	20.00	-
Michaelstone - Y - Fedw	172.26	6,459.75	37.50	21.70	72.8%
Nash	137.28	3,099.78	22.58	21.87	3.3%
Penhow	457.81	17,648.58	38.55	37.54	2.7%
Redwick	115.06	4,063.92	35.32	31.27	13.0%
Rogerstone	5,390.44	149,800.32	27.79	27.19	2.2%
Wentlooge	362.50	9,145.68	25.23	16.82	50%

The council tax payable by households is the total of the Newport City Council, The Police and Crime Commissioner for Gwent and, where relevant, the Community Council taxes payable in the above tables. As already noted, the actual council tax payable by households will vary from the figures above as they represent those at the Band D only. The tables included in section 5 of the council tax resolution at appendix 3 show the actual council tax for each Band.

RESOLUTION TO SET COUNCIL TAX LEVELS

1. That the revenue estimates for 2020/21, as recommended by the Cabinet on 12 February 2020 be approved.
2. That it be noted that the Council at its meeting on 20 February 2007 delegated the setting of the tax base to the Head of Finance and that on 14 November 2019, the Head of Finance acting in accordance with that delegation calculated the following amounts for the year 2020/21 in accordance with regulations made under Section 33(5) of the Local Government Finance Act 1992:-

(a) Council Tax Base

60,267.55 being the amount calculated by the Council, in accordance with regulation 3 of the Local Authorities (calculation of council tax base) Regulations 1992, as its council tax base for the year;

(b) Council Tax base for parts of the Council's Area

Area	Tax base
Bishton	776.55
Coedkernew	999.32
Goldcliff	185.11
Graig	2,952.17
Langstone	1,929.99
Llanvaches	244.45
Llanwern	944.16
Marshfield	1,525.80
Michaelstone	172.26
Nash	137.28
Penhow	457.81
Redwick	115.06
Rogerstone	5,390.44
Wentlooge	362.50

3. That the following amounts be now calculated by the Council for the year 2020/21 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:-
 - (a) £454,883,002.04 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (e) of the Act (**Gross Expenditure**).
 - (b) £154,194,916.00 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) to (c) of the Act (**Gross Income**).
 - (c) £300,688,086.04 being the amount by which the aggregate at (3)(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance

with Section 32(4) of the Act, as its budget requirement for the year (**Budget + Community Council precepts**).

- (d) £228,077,128.00 being the aggregate of the sums which the Council estimates will be payable for the year into its council fund in respect of redistributed non-domestic rates, revenue support grant or additional grant (**RSG + NNDR**).
- (e) £1,204.81 being the amount at 3(c) above less the amount at 3(d) above, all divided by the amount at 2(a) above, calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its council tax for the year (**Average Band 'D' Tax for NCC including Community Councils**).
- (f) £417,629.04 being the aggregate amount of all special items referred to in Section 34(1) of the Act and detailed below (**Community Council precepts**).

Area	Special Item £
Bishton	28,677.99
Coedkernew	3,497.62
Goldcliff	4,072.42
Graig	76,756.42
Langstone	63,689.67
Llanvaches	5,500.12
Llanwern	14,700.57
Marshfield	30,516.00
Michaelstone	6,459.75
Nash	3,099.78
Penhow	17,648.58
Redwick	4,063.92
Rogerstone	149,800.32
Wentlooge	9,145.88
	417,629.04

- (g) £1,197.88 being the amount at 3(e) above less the result given by dividing the amount at 3(f) above by the amount at 2(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates (**NCC Band 'D' Council Tax**).

(h) Council Tax level for parts of the Council's Area

Area	Basic Council Tax £
Bishton	1,234.81
Coedkernew	1,201.38
Goldcliff	1,219.88
Graig	1,223.88
Langstone	1,230.88
Llanvaches	1,220.38
Llanwern	1,213.45
Marshfield	1,217.88
Michaelstone	1,235.38
Nash	1,220.46
Penhow	1,236.43
Redwick	1,233.20
Rogerstone	1,225.67
Wentlooge	1,223.11

Being the amounts given by adding to the amount at 3(g) above, the amounts of the special item or items in 3(f) divided by the amount at 2(b) for the specified area of the council. These amounts are calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items relate.

NCC + Community Councils	Valuation Bands								
	A	B	C	D	E	F	G	H	I
	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p
Bishton	823.21	960.40	1,097.61	1,234.81	1,509.22	1,783.61	2,058.02	2,469.62	2,881.22
Coedkernew	800.92	934.40	1,067.89	1,201.38	1,468.36	1,735.33	2,002.30	2,402.76	2,803.22
Goldcliff	813.26	948.79	1,084.34	1,219.88	1,490.97	1,762.05	2,033.14	2,439.76	2,846.38
Graig	815.92	951.90	1,087.89	1,223.88	1,495.86	1,767.83	2,039.80	2,447.76	2,855.72
Langstone	820.59	957.35	1,094.11	1,230.88	1,504.41	1,777.94	2,051.47	2,461.76	2,872.05
Llanvaches	813.59	949.18	1,084.78	1,220.38	1,491.58	1,762.77	2,033.97	2,440.76	2,847.55
Llanwern	808.97	943.79	1,078.62	1,213.45	1,483.11	1,752.76	2,022.42	2,426.90	2,831.38
Marshfield	811.92	947.24	1,082.56	1,217.88	1,488.52	1,759.16	2,029.80	2,435.76	2,841.72
Michaelstone	823.59	960.85	1,098.11	1,235.38	1,509.91	1,784.44	2,058.97	2,470.76	2,882.55
Nash	813.64	949.24	1,084.85	1,220.46	1,491.68	1,762.89	2,034.10	2,440.92	2,847.74
Penhow	824.29	961.66	1,099.05	1,236.43	1,511.20	1,785.95	2,060.72	2,472.86	2,885.00
Redwick	822.14	959.15	1,096.18	1,233.20	1,507.25	1,781.29	2,055.34	2,466.40	2,877.46
Rogerstone	817.12	953.29	1,089.48	1,225.67	1,498.05	1,770.41	2,042.79	2,451.34	2,859.89
Wentlooge	815.41	951.30	1,087.21	1,223.11	1,494.92	1,766.71	2,038.52	2,446.22	2,853.92
All Other Parts of the City	798.59	931.68	1,064.78	1,197.88	1,464.08	1,730.27	1,996.47	2,395.76	2,795.05

Being the amounts given by multiplying the amounts at 3(g) and 3(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in the valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into

account for the year in respect of categories of dwellings listed in different valuation bands.

4. That it be noted for the year 2020/21, that The Police and Crime Commissioner for Gwent has stated the following amount in precept issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

The Police and Crime Commissioner for Gwent	Valuation Bands								
	A	B	C	D	E	F	G	H	I
	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p
All Parts of the City	181.97	212.30	242.63	272.96	333.62	394.28	454.93	545.92	636.91

5. That having calculated the aggregate in each case of the amounts at 3(i) and 4 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of council tax for the year 2020/21 for each of the categories of dwelling shown below:-

Total Council Tax Demand	Valuation Bands								
	A	B	C	D	E	F	G	H	I
	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p
Bishton	1,005.18	1,172.70	1,340.24	1,507.77	1,842.84	2,177.89	2,512.95	3,015.54	3,518.13
Coedkernew	982.89	1,146.70	1,310.52	1,474.34	1,801.98	2,129.61	2,457.23	2,948.68	3,440.13
Goldcliff	995.23	1,161.09	1,326.97	1,492.84	1,824.59	2,156.33	2,488.07	2,985.68	3,483.29
Graig	997.89	1,164.20	1,330.52	1,496.84	1,829.48	2,162.11	2,494.73	2,993.68	3,492.63
Langstone	1,002.56	1,169.65	1,336.74	1,503.84	1,838.03	2,172.22	2,506.40	3,007.68	3,508.96
Llanvaches	995.56	1,161.48	1,327.41	1,493.34	1,825.20	2,157.05	2,488.90	2,986.68	3,484.46
Llanwern	990.94	1,156.09	1,321.25	1,486.41	1,816.73	2,147.04	2,477.35	2,972.82	3,468.29
Marshfield	993.89	1,159.54	1,325.19	1,490.84	1,822.14	2,153.44	2,484.73	2,981.68	3,478.63
Michaelstone	1,005.56	1,173.15	1,340.74	1,508.34	1,843.53	2,178.72	2,513.90	3,016.68	3,519.46
Nash	995.61	1,161.54	1,327.48	1,493.42	1,825.30	2,157.17	2,489.03	2,986.84	3,484.65
Penhow	1,006.26	1,173.96	1,341.68	1,509.39	1,844.82	2,180.23	2,515.65	3,018.78	3,521.91
Redwick	1,004.11	1,171.45	1,338.81	1,506.16	1,840.87	2,175.57	2,510.27	3,012.32	3,514.37
Rogerstone	999.09	1,165.59	1,332.11	1,498.63	1,831.67	2,164.69	2,497.72	2,997.26	3,496.80
Wentlooge	997.38	1,163.60	1,329.84	1,496.07	1,828.54	2,160.99	2,493.45	2,992.14	3,490.83
All Other Parts of the City	980.56	1,143.98	1,307.41	1,470.84	1,797.70	2,124.55	2,451.40	2,941.68	3,431.96

APPENDIX 4 – Medium Term Financial Projections (MTP)

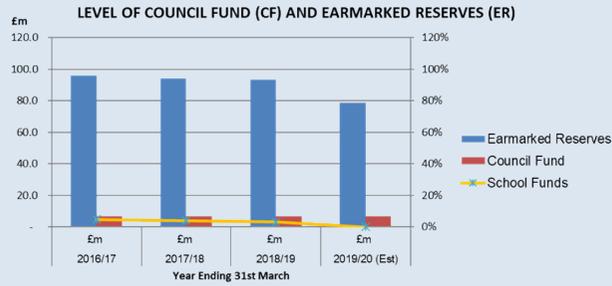
	2020/21 £'000	2021/22 £'000	2022/23 £'000	Total £'000
Funding				
Change in WG Revenue Support Grant (+6.41% for 2020/21, assumed +1% thereafter)	(13,734)	(2,281)	(2,304)	(18,318)
Increase in tax base - C.Tax @ 19/20 rate	(830)	-	-	(830)
C. Tax @ 6.95% for 20/21 and 4% onwards	(4,691)	(2,888)	(3,003)	(10,582)
Less consequential increase in benefits	1,174	578	601	2,352
Change in funding	(18,081)	(4,591)	(4,706)	(27,378)
Change in Income/Funding	(18,081)	(4,591)	(4,706)	(27,378)
Revenue Investments / Increased Costs				
Pricing - Pay Inflation & Increments (non schools)	3,388	1,700	2,433	7,521
Pricing - Contract/ Income Inflation (non schools)	2,538	2,777	2,880	8,195
Pricing - Pay Inflation & Increments (schools)	3,456	2,223	2,037	7,716
Pricing - Contract/ Income Inflation (schools)	82	83	83	248
Demand - Schools	1,853	1,537	1,594	4,984
Other - Schools	5,043	-	-	5,043
Demand - Social Care	2,538	286	460	3,284
Demand - Other	484	354	334	1,172
Other	2,178	155	122	2,455
Investments	1,038	1,100	251	2,389
Total Pressures	22,598	10,215	10,195	43,007
General budget transfer to / (from) Reserves	900	-	-	900
Gap Before Cost Reduction Plans	5,417	5,624	5,488	16,529
Cost Reduction - Transformation / Change Programme				
Cost reduction - new savings	4,863	614	563	6,040
Cost reduction - previously agreed savings	554	35	-	589
Total Savings	5,417	649	563	6,629
Balance - @ WG +6.41% growth 20/21 and +1% thereafter	(0)	4,975	4,925	9,900

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Appendix 5 - Financial Resilience

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

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



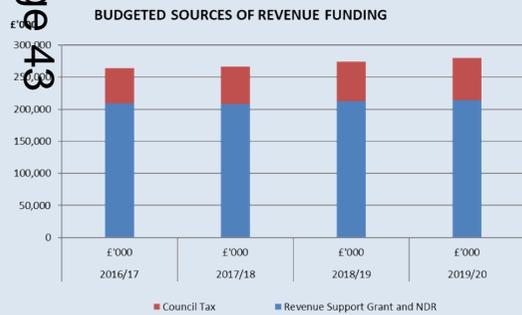
Level of Reserves

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 (Est) £m
Earmarked Reserves	95.8	93.9	93.4	78.5
Council Fund	6.5	6.5	6.5	6.5
School Funds	4.8	3.9	3.1	-

Budgeted Sources of Funding

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Total Revenue Funding	209,142	208,250	212,790	214,343
Revenue Support Grant and NDR	54,796	58,122	61,806	66,268
Council Tax	-	-	-	-

Budgeted Revenue Funding Split



Financial Performance and Ratios

Ratio	Calculation	2015/2016 £'000	2016/2017 £'000	2017/2018 £'000	2018/2019 £'000
Net Worth (Assets - Liabilities)	(Asset - Liabilities)	61,095	20,785	20,213	48,973
Net Worth (exc Pension Liab.)	(Asset - Liabilities)	340,816	345,530	344,230	351,614
Working Capital Ratio	(Curr. Assets / Curr. Liabilities)	1.82	1.17	1.10	1.10
Gearing Ratio	(Borrowing / Total Reserves)	44.0%	49.9%	52.8%	52.8%

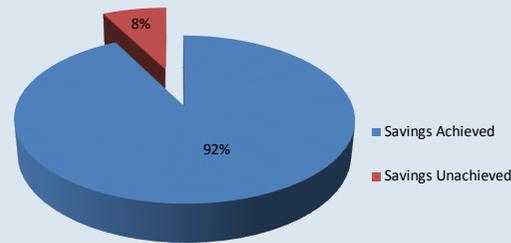
The figures below shows the 19/20 forecast position for both revenue and capital

2019/20 Revenue Forecast Position - December

Service Area	Current Budget £'000	Budget Forecast £'000	Variance £'000	Variance %
Children & Young People	24,467	25,782	1,315	5.4
Adult & Community Services	46,744	48,138	1,394	3.0
Education	14,209	13,904	305	(2.1)
Schools	96,545	100,064	3,519	3.6
Regeneration, Investment & Housing	9,994	10,056	62	0.6
City Services	23,722	23,860	138	0.6
Corporate Services	18,403	18,035	(368)	(2.0)
Total Directorates	234,084	239,839	5,755	2.5
Capital Financing	22,990	22,990	-	-
Contingency/ Provisions	2,152	1,826	(326)	(15.1)
Levies / other	22,458	21,023	(1,434)	(6.4)
Reserves /Transfer	(1,072)	(4,591)	(3,519)	328.3
Total Budget	280,611	281,087	476	0.2
Additional funding - CT surplus	-	(750)	(750)	-
Projected Over/ (Under) spend	280,611	280,337	(274)	(0.1)

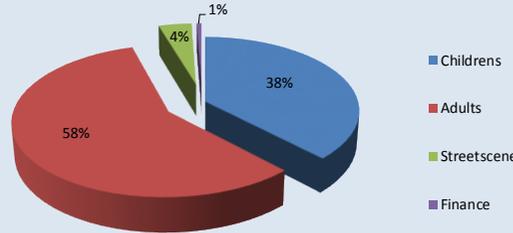
Revenue Savings Achieved and Unachieved (December 2019/20)

2019/20 REVENUE SAVINGS ACHIEVED AND UNACHIEVED



Analysis of Unachieved Savings

ANALYSIS OF UNACHIEVED SAVINGS - 2019/20



2019/20 Capital Forecast Position - December

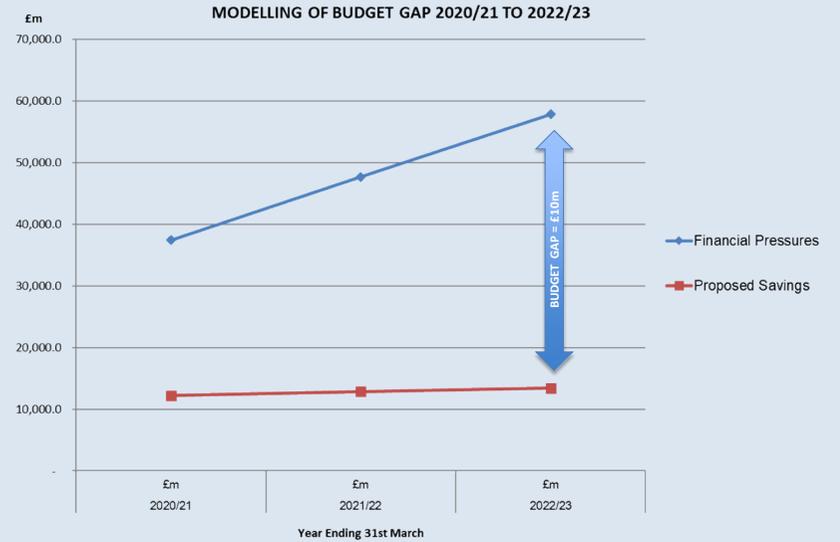
Service Area	Updated Budget £'000	Budget Forecast £'000	Variance Slippage £'000	Variance (Under)/ Overspend £'000
Education	7,310	6,306	(667)	(337)
Regeneration, Investment & Housing	14,937	14,863	(74)	(17)
People & Business Change	736	736	-	-
Adult & Community Services	219	182	(37)	(37)
Children & Young People Services	1,566	892	(674)	-
City Services	14,514	14,356	(158)	83
Total Budget	39,282	37,335	(1,639)	(308)

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

MTFP Scenario

	2020/21 £'000	2021/22 £'000	2022/23 £'000	Total £'000
Financial Pressures	22,598	10,215	10,195	56,663
Transfer to/ (from) reserves	900	0	0	1,199
Funding changes	(13,734)	(2,302)	(2,282)	(21,902)
Budget Requirement Reduction	9,764	7,913	7,913	35,962
Increase in Ctax/ tax base	(4,347)	(2,289)	(2,425)	(12,630)
Savings	(5,417)	(649)	(563)	(13,432)
Budget Gap	0	4,975	4,925	9,900

Modelling of Budget Gap 2020/21 to 2022/23



Capital Expenditure & Need to borrow

Capital Expenditure	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
Total capital expenditure	40.3	49.5	50.2	19.8
Capital Financing Requirement				
Investments or (new borrowing)	-	22.5	40.8	57.6
CFR	287.0	292.7	298.2	290.6

APPENDIX 5a - Projected Earmarked Reserves

Reserve	Balance at 31-Mar-19	Balance at 31-Mar-20	Balance at 31-Mar-21	Balance at 31-Mar-22	Balance at 31-Mar-23
	£'000	£'000	£'000	£'000	£'000
Council Fund:	(6,500)	(6,500)	(6,500)	(6,500)	(6,500)
Balances held by schools for future use	(3,130)	388	388	388	388
		-	-	-	-
Earmarked Reserves:		-	-	-	-
Music Service	(127)	(127)	(127)	(127)	(127)
Pay Reserve	(1,418)	(1,418)	(1,418)	(1,418)	(1,418)
Insurance Reserve	(2,831)	(3,668)	(3,238)	(2,808)	(2,378)
MHI Insurance Reserve	(602)	(602)	(602)	(602)	(602)
Health & Safety	(16)	(16)	(16)	(16)	(16)
Education Achievement Service	(92)	(92)	(92)	(92)	(92)
Schools Redundancies	(845)	(1,217)	(811)	(405)	-
Friars Walk	(5,201)	(5,201)	(5,201)	(5,201)	(5,201)
European Funding I2A & CFW	(278)	(278)	(278)	(278)	(278)
Metro Bus	(9)	(9)	(9)	(9)	(9)
GEMS Redundancies	(78)	(78)	(78)	(78)	(78)
SUB TOTAL - RISK RESERVES	(11,497)	(12,706)	(11,870)	(11,034)	(10,199)
Capital Expenditure	(6,709)	(4,960)	(4,960)	(4,960)	(4,960)
Invest to Save	(11,099)	(10,158)	(9,007)	(8,679)	(8,679)
Super Connected Cities	(554)	(426)	(298)	(170)	(42)
Landfill (fines reserve)	(345)	(332)	(307)	(307)	(307)
Christmas Lights	(30)	-	-	-	-
School Reserve Other	(182)	-	-	-	-
School Works	(384)	(369)	(369)	(369)	(369)
Investment Reserve	(747)	(23)	-	-	-
Usable Capital Receipts	(8,295)	(7,200)	(4,402)	(4,402)	(3,814)
Streetscene Manager Support	(154)	(10)	-	-	-
SUB TOTAL - ENABLING RESERVES	(28,498)	(23,477)	(19,342)	(18,886)	(18,170)
STEP School Computers	(312)	0	0	0	0
Municipal Elections	(92)	(130)	(168)	(206)	-
Local Development Plan	(611)	(658)	(516)	(374)	(160)
Glan Usk PFI	(1,605)	(1,605)	(1,605)	(1,605)	(1,605)
Southern Distributor Road PFI	(43,881)	(41,679)	(39,605)	(37,354)	(35,024)
Loan modification technical reserve (IFRS 9)	(1,242)	(1,170)	(1,095)	(1,015)	(925)
Building Control	(132)	(136)	(136)	(136)	(136)
SUB TOTAL - SMOOTHING RESERVES	(47,875)	(45,378)	(43,125)	(40,690)	(37,850)
Works of art	(21)	(21)	(21)	(21)	(21)
Theatre & Arts Centre	(232)	(232)	(232)	(232)	(232)
Cymorth Income	(33)	(25)	(16)	(8)	0
Blaen Y Pant	(8)	-	-	-	-
Homelessness Prevention	(38)	(26)	-	-	-
Environmental Health - Improve Air Quality	(49)	(49)	-	-	-
Refurbishment of a Children / Older People Homes	(113)	-	-	-	-
Apprenticeship Scheme	(51)	(8)	-	-	-
City Economic Development Reserve	(90)	-	-	-	-
Welsh Language Standards	(174)	(118)	(38)	(38)	(38)
Port Health	(13)	(15)	(15)	(15)	(15)
CRM	(431)	(186)	-	-	-
Events	(266)	(186)	(156)	(156)	(156)
MTFP Reserve	(1,762)	(615)	(615)	(615)	(615)
Development of Leisure Masterplan	(15)	-	-	-	-
Voluntary Sector Grants	(66)	(49)	-	-	-
Bus Wifi	(35)	(17)	-	-	-
NEW - SENCOM	(250)	-	-	-	-
NEW - Bus Subsidy	(40)	(20)	-	-	-
NEW - IT Development	(351)	-	-	-	-
NEW - Leisure Delivery Plan	(150)	-	-	-	-
NEW - Chartist Tower	(950)	-	-	-	-
NEW - CPE	-	(80)	(80)	(80)	(80)
Joint Committee City Deal Reserve	(399)	(399)	(399)	(399)	(399)
SUB TOTAL - OTHER RESERVES	(5,537)	(2,046)	(1,572)	(1,564)	(1,556)
RESERVES TOTAL	(103,037)	(89,718)	(82,021)	(78,285)	(73,886)



Report

Council

Part 1

Date: 27 February 2020

Subject **2020/21 Capital Strategy and Treasury Management Strategy**

Purpose This report includes both the Capital Strategy and Treasury Management Strategy for approval by the Council and (i) confirms the capital programme, as part of the Capital Strategy and (ii) the various borrowing limits and other indicators as part of the Treasury Management Strategy. In addition, the report spells out the increasing costs of funding the Council's external borrowing and the medium to long term affordability challenge of this. The revenue impacts of both strategies are included within the Medium Term Financial Projection (MTFP) which were approved separately by Cabinet as part of the 2020/21 budget report.

Author Head of Finance

Ward General

Summary The Council has ambitious plans for the city as set out in its new Corporate Plan and the promises set out within it. A key enabler to deliver on this ambition is the capital programme. Significant progress has been made to date and the current capital programme, ending 2024/25 is ambitious with c£186m of already approved projects and c£21m of further capital headroom for further projects, totalling £207m. The Council is investing over c£70m in its schools, in its historical and cultural assets such as the Transporter bridge, supporting city centre redevelopment, providing modern, fit for the future 'neighbourhood hubs' and creating capacity in its recycling and waste facilities. Progress is being made in the delivery of these.

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

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

The main recommendations arising from the two strategies are summarised in the report below.

Proposal Council is asked:

- To approve the Capital Strategy (Appendix 2), including the current capital programme within it (shown separately in Appendix 1), its associated Prudential Indicators and the borrowing requirements/limits needed to deliver the current

capital programme, noting the increased revenue costs in the MTFP for the increased borrowing.

- To approve the Treasury Management Strategy and Treasury Management Indicators, the Investment Strategy and the Minimum Revenue Provision (MRP) for 2020/21. (Appendix 3)
- Note comments made by Audit Committee on 29 January 2020 (paragraph 6 and 7).

Action by Head of Finance

Timetable Immediate

This report was prepared after consultation with:

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

Signed

Background

Context

1. The Council Corporate Plan sets out how the Council will take forward its mission of 'Improving People's Lives' and includes a set of key promises. Delivery of these will, in some instances, involve capital funded projects.
2. Good progress has been made in bringing forward some key schemes to date e.g. Transporter Bridge, Neighbourhood Hubs, City centre re-development, new schools. The current capital programme includes some c£186m of already approved projects and c£21m of further capital headroom for further projects - £207m total of investment in the city, which delivers on key priorities.
3. Demand however continues to exceed capital resources available and the Council has a framework which maximises available capital spend whilst keeping the cost of funding it within affordable limits. Notwithstanding this, the revenue cost of servicing the Council's external debts is a long-term cost and is increasing, at a time of uncertainty regarding future funding. Delivery of the longer term demands will inevitably also involve how the Council works with external partners and prioritises and leverages in funding / projects from third parties.
4. In previous years the capital programme and Treasury Management Strategy were included within the budget report to Council. Due to the requirement of the Capital Strategy and the links with treasury management decisions, it is deemed appropriate to combine the Capital Strategy and Treasury Management Strategy as a separate report for approval by Council, recognising that the revenue impact of both are included within the associated budget report.

Summary of recommendations

5. The Capital Strategy and Treasury Management Strategy detailed further in this report outline the current capital programme to 2024/25 (this is the original capital 5 year programme to 2022/23 which has been extended by 2 years for projects whose completion spans beyond the 5 years), links to treasury management decisions and a long-term view which highlight the challenges facing the authority for future capital decisions. The main recommendations and observations to Council coming from both strategies are as follows:

Capital Strategy

- i. In order to maximise capital expenditure within affordable revenue budget, capital expenditure decisions will continue to be made in line with the framework agreed in the February 2018 Council. This is detailed in paragraph 13.
- ii. Over the life of the current capital programme to 2024/25, capital expenditure funded from borrowing will be within the affordability headroom detailed in paragraphs 14-19, resulting in an increase on the revenue financing costs, which are included in the MTFP.
- iii. The financial impacts of the Council's capital programme are increasingly becoming challenging:
 - Even with *no* further capital spend, the revenue cost of financing the Council's borrowing (interest and provision for repayment) is increasing each year, both in the current programme period and over the medium to long term – paragraphs 20-27
 - This will create significant challenges when planning the Council's next capital programme in terms of affordability and sustainability regarding further projects funded from borrowing and therefore the Council may need to look to bring the level of future capital expenditure funded by borrowing down in future years, while there is the

uncertainty of future levels of funding and a significant MTFP gap via prioritisation of projects and finding other ways of investing in our assets.

- Given the above there, in the current financial climate, with a continuing MTFP gap, there is the need for future levels of capital expenditure funded from borrowing to come down.
- iv. Following recent increases in the Public Works Loan Board (PWLB) interest rate levels and changes to CIPFA guidance, there is a need to review the Councils future commercial activities and in particular the £50m investment fund that was agreed as part of the capital strategy during 2019/20. Further detail of the reasons for the need for this review are covered in the main capital strategy.
6. At its meeting on 29 January Audit Committee commented that the long-term capital strategy for the Council could be stronger, in that it should set targets for future levels of capital expenditure funded borrowing beyond the current programme. Currently the strategy states that in the current climate capital expenditure from borrowing may need to come down, but it doesn't state to what level. Audit Committee were of the view that for the strategy to be stronger the strategy should set a target as to what that level should be given estimated factors such as funding levels. Council may want to reflect on this view and set a target level of capital expenditure funded from borrowing in future updates of the capital strategy.
7. Audit Committee also commented that the reason for the review in the £50m investment fund due to the changes in the PWLB rates and CIPFA guidance could be made clearer. Following this, the capital strategy, included with this report, has been updated with further detail.

Treasury Management – Borrowing Strategy

- i. The capacity for further internal borrowing has reached capacity and will reduce over the medium to long term. In 2020/21 the Council is expected to undertake external borrowing both for the refinancing of maturing loans and to fund the existing capital programme; it will remain as much 'internally borrowed' as is possible and increase actual external borrowing only when needed to manage its cash requirements. However, the Council may, where it feels necessary to mitigate the risk of interest rate rises, undertake borrowing early to secure interest rates within agreed revenue budgets. This will be done in line with advice from our Treasury Advisors.
- ii. The Council is committed and has a requirement to be a 'net borrower' over a long-term as shown in paragraph 22.
- iii. The borrowing limits over the medium term (paragraph 23) have been set in line with the expected borrowing required to finance the current capital programme to 2022/23. Plus, a buffer for the ability to manage day to day cash requirements, and undertake a level of borrowing early as per (i) where appropriate / affordable, and to borrow for investment/income generation schemes or regeneration investment purposes where the business case is approved within governance arrangements.
- iv. The Councils medium term financial projections (MTFP) includes the revenue costs required to finance the borrowing limits in relation to finance the capital programme as mentioned above. Where this borrowing is undertaken for the investment/income generation schemes or investment purposes the revenue costs would be offset by the income received from the investment.
- v. It is recommended given the long-term need to remain a 'net borrower', that future external borrowing will be taken over long time period taking into account the maturity profile of existing debts, in conjunction with advice from the Council's treasury advisers.

Treasury Management – Investment Strategy

- i. Both the CIPFA Code and the WG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
- ii. Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to diversify into higher yielding asset classes during 2020/21. This is especially the case for the estimated £10 million that is available for longer-term investment. All of the Authority's surplus cash is currently invested in short-term unsecured bank deposits and local authorities. This diversification will represent a change in strategy over the coming year.
- iii. The approved counterparty list and limits are shown table 4 of Appendix 3. Due to the move into longer-term investments, pooled funds and real estate investment trusts have been included as an investment option.
- iv. Treasury indicators and limits are outlined in the strategy, these set out the investment limits across various bodies/organisations, the maturity structure of borrowing and the amount invested over one year (long-term). The limit placed on investments over one year is £10m, in line with (ii) above.
- v. The Council will also be required to borrow and invest in the short-term to manage the shorter term cash-flow requirements of the Council.

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

Capital Strategy 2019/20 to 2028/29

8. This 'Capital Strategy 2019/20 to 2028/29' is an update of the Council's capital strategy following the requirement placed on Local Authorities by the 'Prudential Code for capital finance in Local Authorities (2017)' to determine a capital strategy. The capital strategy sets out the long-term context (10 years) in which capital decisions are made and should demonstrate that the Local Authority takes capital / investments decisions in line with service objectives, gives consideration to both risk/reward and impact; as well as properly taking account of stewardship, value for money, prudence, sustainability and affordability.
9. The objective of the Prudential Code is to ensure, within a clear framework, that the capital expenditure plans of local authorities are affordable, prudent and sustainable. The capital strategy sets out;
 - The need for a capital strategy and the governance arrangements.
 - The current capital programme and its financing, and the revenue cost implications for the Council arising from that.
 - The long-term (10 year) projection for the capital financing costs of the Council and where future demands arise from the various strategic plans across the authority for further capital resources.
 - Links between the Capital Strategy to Treasury Management strategy and treasury decision making.
 - An overview of the commercial activity of the Council and its strategy going forward

- Overview of other long-term liabilities of the authority

10. The full Capital Strategy is shown in Appendix 2.

11. Council is required to approve the strategy and the prudential indicators within on at least an annual basis and will be kept under review and updated and brought to Council as necessary. .

12. Key areas contained within it include the (i) current 5-year capital programme to 2022/23 extended to 2024/25 for those approved projects that span beyond the current programme (21st Century Schools Band B and City Deal) and its cost of financing plus (ii) the longer-term projection for capital financing costs and these are summarised in this report below as the key issues to bring to the Council's attention.

(i) Current Capital Programme and cost of financing

13. Given the current demand and increased costs on Council services, plus funding constraints and uncertainty, Cabinet and Council established a framework in order to maximise capital expenditure but keep within a sustainable revenue budget to fund new borrowing; this was as follows:

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

14. This framework ensures that the current capital programme can be maximised by allocating the 'capital expenditure headroom' for those schemes which cannot fund any resulting borrowing costs themselves through resulting savings/income generated e.g. new schools programme, and then extending capital expenditure for those other schemes which can fund the resulting revenue borrowing costs themselves or use grants/specific reserves. The 'headroom' is made up of 'existing' (i) uncommitted capital reserves and capital receipts plus (ii) new borrowing affordable from within existing revenue budgets plus and an estimated 'future' (iii) level of new borrowing and a (iv) prudent estimate of future capital receipts – shown in table 1 below. In order to show affordability where the MTFP is not balanced in future years, all capital projects approved need to be affordable from 'existing' resources at the time of making the decision.

15. Funding capital spend from borrowing incurs extra revenue costs (called 'capital financing') for the Council from:

- Minimum Revenue Provision (MRP) – provision for repayment of the principal loan
- Interest costs – from external loans

16. Whilst a decision can be made to increase the 'headroom' to create further capital expenditure, this will increase the capital financing costs for new borrowing this will entail. In the current financial climate and with an existing budget gap on the MTFP, this is challenging, and in the long-term risks being unsustainable.

17. In February 2018 Cabinet approved a new 5-year capital programme from 2018/19 to 2022/23, this has been extended by 2 years to take into account approved projects (Band B school projects) that span beyond the 5 years. This was in line with the above framework and additions are made to the programme as demand is required and capital bids are approved. The Capital Strategy explains the process by which projects are approved onto the capital programme, ensuring they meet key service priorities and in overall terms, keep within the affordability headroom.

18. The position on the current capital programme is summarised in the table below and shown in detail on Appendix 1. In 2020/21, the Council has capital schemes of £44.6m, and there is remaining headroom across the programme of £20.8m, though that includes 'future' new borrowing and capital receipts which can only be confirmed when included in budgets and received, respectively. Summary of the updated 7-year programme is shown in Table 1 below.

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

	7-YEAR CAPITAL PROGRAMME							Total 7-year programme £m
	2018/19 actual £m	2019/20 forecast £m	2020/21 budget £m	2021/22 budget £m	2022/23 Budget £m	2023/24 Budget £m	2024/25 Budget £m	
Approved Schemes (Appendix 1)	29.5	39.3	44.6	45.3	13.9	11.5	2.3	186.4
Uncommitted headroom to invest in council assets / regeneration*		1.0	4.9	4.9	4.9			20.8
TOTAL EXPENDITURE	29.5	40.2	49.5	52.8	21.4	11.5	2.3	207.2

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

19. Demand for capital resources remains high and the current 'headroom' shows available capital funds over the next 4 years. In order to balance the need for further capital spend and affordability, prioritisation of capital expenditure is/will be inevitably required as well as ensuring the required capital financing budget for new borrowing is funded within the Council's approved revenue budget. Cabinet removed a saving proposal at Cabinet of £475k which would have utilised reserves of £5.1m, this increased the headroom reported to Cabinet from £15.7m to £20.1m, which is now reflected in the Capital Strategy.

20. The Medium Term Financial Projections (MTFP) includes budget pressures of £501k in 2021/22 and £251k in 2022/23 for funding of the MRP. This equates to capital expenditure headroom of c£15m, given there is a current budget gap on the MTFP, these pressure are unfunded. To maintain the headroom in table 1 above, the Council will need to fund these through additional funding or further savings from other areas. In order to show affordability where the MTFP is not balanced in future years, all capital projects approved need to be affordable from 'existing' resources at the time of making the decision.

21. The programme above is increasing the capital financing costs as shown in table 2 below, and these costs are included in the Council's MTFP, which, in the current funding climate/uncertainty and continued increase on service demands, is challenging. Costs will continue to increase into the medium to long term. Compared to comparative authorities, the percentage of the capital costs as a proportion to the Councils total net revenue is very high, showing the need to maintain a sustainable level of spending on capital to keep these costs down.

Table 2: Capital Financing Costs

	2019/20 budget	2020/21 budget	2021/22 budget	2022/23 budget
Provision for repayment of debt (MRP)	7.9	8.5	9.1	9.3
Net interest cost	7.0	7.0	7.1	7.3
Total capital financing (exc PFI)	14.9	15.5	16.2	16.6
PFI	7.2	7.2	7.2	7.4
Total Financing costs* (£m)	22.1	22.7	23.4	24.0
Proportion of net revenue stream	7.9%	7.6%	7.7%	7.9%

*includes charges direct to service areas

22. Capital Expenditure funded by debt increases the need to undertake external borrowing. The Council is committed and has a requirement to be a net borrower for the long term, to ensure this borrowing is affordable and sustainable Council is required to set an affordable borrowing limit shown in Table 3 below.

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

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

	2019/20 limit	2020/21 limit	2021/22 limit	2022/23 limit
Authorised limit – borrowing	230	240	250	245
Authorised limit – PFI and leases	44	43	42	41
Authorised limit – total external debt	274	283	292	286
Operational boundary – borrowing	220	230	240	235
Operational boundary – PFI and leases	44	43	42	41
Operational boundary – total external debt	264	273	282	275

➤ Further details on borrowing are in the treasury management strategy

With the pending introduction of IFRS 16 Leases, the CFR and debt identified as relating to leases is likely to increase during 2020/21 due to the change in the way that finance leases for lessees are treated. There is currently an ongoing project assessing these leases across the Council and an update will be given alongside the in-year 2020-21 treasury monitoring report to Council.

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

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

(ii) Longer-term challenge - capital financing costs

24. Capital expenditure is often for assets which have a long-term life, therefore the financing of these assets could also be over a long-term period. Because of this, it is important to take a long-term view of capital expenditure plans and the impact that may have on the affordability and sustainability of

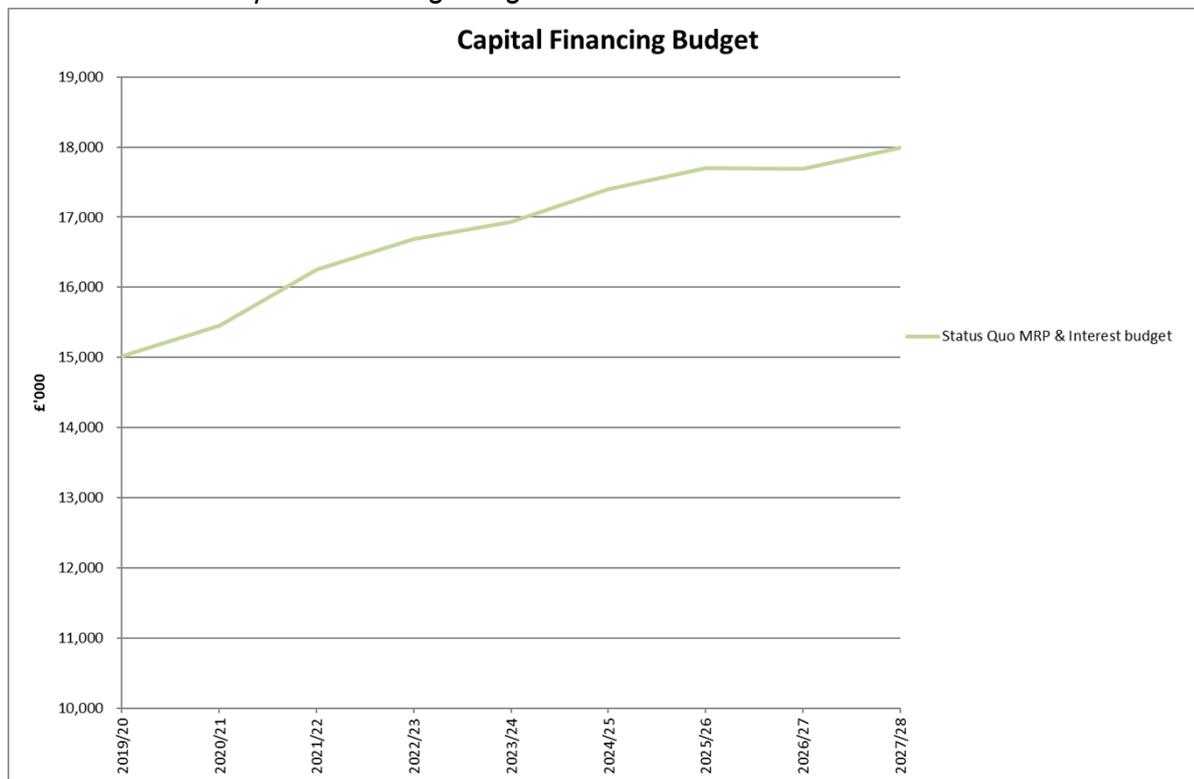
capital expenditure. Once a decision has been made to fund capital expenditure from borrowing, the Council is locked into the revenue implications for that borrowing for a long-period.

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

26. Chart 1 shows that by 2027/28, even with no further capital expenditure funded by borrowing in the future programme, the revenue financing cost of borrowing is predicted to rise to above £17m (from £15.0m in 2019/20). This is due to increasing external borrowing from the current capital programme to 2022/23 and resulting interest costs as internal borrowing capacity reduces, plus an increasing MRP. This will be updated periodically as clearly, the chart is based on a number of assumptions, main one's being

- Delivery of the current capital programme – slippage on the current programme phasing will reduce the rate of increase for example.
- Reserves level – accelerated use of reserves/net reduction in level of reserves from current assumptions will increase the rate of increase for example

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



27. The Capital Strategy also outlines the challenge the Council faces over the longer-term and highlights the following:

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

- in the current financial climate, with a continuing MTFP gap, there is the need for future levels of capital expenditure funded from borrowing to come down.

Strategic Plans

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



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

30. Capital investment in service assets is highly constrained by the funding available and therefore has not been funded at a level required to keep these assets in a steady state condition or to address backlog maintenance needs.

31. There is significant backlog maintenance shortfall especially for operational properties, highways assets and schools buildings. The value of the current capital maintenance budget is insufficient to address the backlog maintenance needs, however the capital maintenance budget included in the capital programme for highways maintenance, relevant specific capital grants and the 21st Century Schools programme will assist in addressing the highest priority backlog issues, focussing on worst condition first and risk. However, estate rationalisation programmes, closure/disposal of assets, asset transfers and other capital projects to refurbish or replace operational properties (i.e. neighbourhood hubs, work on the library, Newport market development) will also be utilised to offset the backlog funding required. This will not address the total backlog, but is a way of targeting the main issues in an affordable manner.

32. Backlog maintenance has been estimated at the following values:

- Highways assets - £90m
- Schools estate - £50m
- Other Council operational estate - £20m (although a current piece of work is being undertaken by the property advisors Newport Norse to get an updated value of this).

Commercial activities

33. Section 6 of the capital strategy details the commercial activities of the Council, including the approval of a £50m investment fund for investments in commercial properties, which is built into the borrowing limits being set in this report. While currently this fund has not been utilised, the future use of the fund requires review.
34. A recent increase in the Public Works Loan Board (PWLB) interest rates by 1% has resulted in the margins achievable from investments in property being squeezed significantly. This means that the returns from the investment may be so low that the investment is no longer worth the risk.

Alongside this; recent guidance from CIPFA on 'Prudential Property Investment' has been published, it expresses three main areas of concern:

- whether legal powers exist that permit local authorities to borrow to invest in property,
 - whether the risks of incurring certain borrowing costs in exchange for uncertain investment returns are fully understood, and
 - that ever increasing purchases of commercial property funded by borrowing places a strain on the credibility of the prudential framework that could lead to statutory intervention.
35. While the guidance has no statutory basis, and as such there is no legal duty for local authorities to have regard to it, having regard to the guidance may assist in demonstrating that a local authority has acted reasonably.
36. Given the above the Head of Finance, alongside the Senior Leadership Team and Cabinet Members will discuss the future viability of the investment fund. This will also need to include the current risk exposure of the Council when assessing its risk appetite and how it moves forward.

Treasury Management Strategy

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

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

38. The borrowing and investment activities are controlled primarily via the Council's Treasury Management Strategy and various measures and limits set via its Prudential Indicators to regulate/control the implementation of that strategy.
39. CIPFA requires local authorities to determine their Treasury Management Strategy Statement (TMSS) and Prudential Indicators (PIs) on an annual basis. This requires approval by full Council following a recommendation from the Cabinet. The TMSS also includes the Annual Investment Strategy (AIS) that is a requirement of the Welsh Government's (WG's) Investment Guidance.
40. Our detailed Treasury strategies for 2020/21 are included at Appendix 3. In addition, planned strategies to 2022/23 are also included, in line with the Council's remaining Medium Term Projections. Key points of interest are summarised below.

Borrowing Strategy

41. The Council has significant long term borrowing requirements but in recent years, the strategy has been able to fund its capital expenditure from reducing investments rather than undertaking more expensive additional borrowing i.e. using 'surplus cash', known as 'internal borrowing'. This is because the rates achievable on the Council's investments are lower than the rates that would be

payable on long-term borrowing and therefore this strategy is more cost effective. As at 31 March 2019 the Council had a loans borrowing requirement of £237m, and had external borrowing of £193m (£153m excluding very short borrowing for refinancing debt in April 2019), meaning that the Council was internally borrowed (mainly from reserves held) by £84m. To put this in context of the borrowing strategy, if the internal borrowing was replaced by external borrowing at a rate of 3%, this would require additional interest payable budget of c£2.5m.

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

- Whilst the capacity for further internal borrowing has reached capacity and in 2020/21 the Council is expected to undertake external borrowing both for the refinance of maturing loans and to fund the capital programme, it will remain as much 'internally borrowed' as is possible and increase actual external borrowing only when needed to manage its cash requirements. However, the Council may, where it feels necessary to mitigate the risk of interest rate rises, undertake borrowing early to secure interest rates within agreed revenue budgets, where appropriate and affordable. This will be done in line with advice from our Treasury Advisors
- As existing borrowing matures there will be the need to refinance this debt over the long-term taking into account the maturity profile of existing debts.
- The Council is committed to being a 'net borrower' over a long-term.
- The borrowing limits over the medium term have been set in line with the expected borrowing required. A buffer for the ability to undertake a level of borrowing early, and to borrow for commercialisation or regeneration investment purposes where the business case is approved within governance arrangements.
- The need to borrow is increasing over time, meaning that the Council will be required to undertake new borrowing over time, therefore putting pressure on the revenue budget through increased interest payments.
- Authority may borrow short-term loans to cover unplanned cash flow shortages.

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

44. Local Authorities measure their underlying need for long-term borrowing. This is detailed in tables 1 and 2 of Appendix 3 and highlights the following:

- The need to take out new borrowing is predicted to be £61 million over the next four years.
- This is broken down into £18.1m of re-financing existing borrowing and £43m new borrowing to replace internal borrowing and to fund new capital expenditure. This latter amount will be dependent on progress in delivering/spending our current capital programme and the Council's reserves position.

45. The authority will adopt a flexible approach to any borrowing necessary in consultation with its treasury management advisers, Arlingclose Ltd. The following issues will be considered prior to undertaking any external borrowing:

- Affordability

- Maturity profile of existing debt
- Interest rate and refinancing risk
- Borrowing source

Investment Strategy

46. The authority has held invested funds over the year, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the authority's investment balance has ranged between £14.5 million and £69.0 million, the large balance being temporary and short term only; when the Council undertook borrowing early in respect of refinancing maturing debt in April 2019 of £40m. In 2020/21, the level of investment is likely to remain between £10 million and £20 million, due to the continuation of the second Markets in Financial Instruments Directive (MiFIDII), where the authority will be required to maintain a minimum investment balance of £10 million. Whilst this puts a limit to the extent the Council can be internally borrowed, it is a relatively small balance in the wider scheme of the Council's cash-flows and borrowing and the strategy of keeping external borrowing to the minimum possible level still stands.
47. **Objectives:** Both the CIPFA Code and the WG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses.
48. Given the increasing risk and continued low returns from short-term unsecured bank investments, the Authority aims to diversify into more secure and/or higher yielding classes during 2020/21, this is likely to include investing in pooled funds if the accounting arrangements are suitable.
49. **Approved Counterparties:** Whilst investment funds remain available and based on the treasury management advice from Arlingclose; the Authority may invest its surplus funds with any of the counterparty types in table 4 of Appendix 3.
50. A more detailed explanation of the different approved counterparty types is included in Appendix 3 but for the sake of clarity, the Council's investment strategy will, as per the Welsh Government's Investment Guidance, give priority to security and liquidity and will aim to achieve a yield commensurate with these principles.
51. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
52. Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to diversify into higher yielding asset classes during 2020/21. This is especially the case for the estimated £10 million that is available for longer-term investment. All of the Authority's surplus cash is currently invested in short-term unsecured bank deposits and local authorities. This diversification will represent a change in strategy over the coming year.

Minimum Revenue Provision (MRP) Policy

53. The MRP Policy is detailed in Appendix 3d and remains unchanged.

Treasury Management Indicators

54. Council are required to approve the 2020/21 Treasury Management Strategy and Treasury Management Indicators detailed in Appendix 3.

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

Risks

Risk	Impact of risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Capital Expenditure increases need to borrow	H	M	Regular monitoring and reporting of available headroom should identify any issues at an early stage and keep Cabinet / Council updated	
Investment counterparty not repaying investments	High but depending on investment value	Low	The Council only invests with Institutions with very high credit scores. It employs advisors to monitor money market movements and changes to credit scores and acts immediately should things change adversely. The lower levels of funds/duration available for relatively higher risk investment as measured by 'credit ratings' will also alleviate the risk.	Members, Head of Finance, Treasury staff, based on advice from treasury advisors
Interest Rates moving adversely against expectations	Low	Low	Base and short-term Interest rates are expected to remain at current levels until. The Treasury strategy approved allows for the use of short term borrowing once investment funds are exhausted to take advantage of these low rates.	Head of Finance, Treasury staff, treasury advisors

Links to Council Policies and Priorities

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

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

Options Available and considered

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

Preferred Option and Why

To approve the updated 2018/19-2024/25 capital programme. The Prudential Code 2017 places a requirement on Local Authorities to determine a long term Capital Strategy. The Prudential Code and statute also requires that, before the end of the financial year, reports on Treasury Management matters are presented to Cabinet/Council for approval. Therefore, Cabinet are required to endorse both the Capital Strategy and the Treasury Management Strategy to Council and approve the capital programme.

Comments of Chief Financial Officer

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

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

Over the long-term a view has to be taken on the programme to reflect the increasing capital financing costs and the need to restrict capital expenditure funded by borrowing to a minimum based on risk and prioritisation. The Council's Audit Committee share this view and recommended a target figure for future borrowing levels over the longer term.

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

Comments of Monitoring Officer

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

Comments of Head of People and Business Change

There are no human resources implications within the report

Comments of Cabinet Member

N/A

Local issues

N/A

Scrutiny Committees

N/A

Equalities Impact Assessment and the Equalities Act 2010

The Equality Act 2010 contains a Public Sector Equality Duty which came into force on 06 April 2011. The Act identifies a number of 'protected characteristics', namely age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation; marriage and civil partnership. The new single duty aims to integrate consideration of equality and good relations into the regular

business of public authorities. Compliance with the duty is a legal obligation and is intended to result in better informed decision-making and policy development and services that are more effective for users. In exercising its functions, the Council must have due regard to the need to: eliminate unlawful discrimination, harassment, victimisation and other conduct that is prohibited by the Act; advance equality of opportunity between persons who share a protected characteristic and those who do not; and foster good relations between persons who share a protected characteristic and those who do not. The Act is not overly prescriptive about the approach a public authority should take to ensure due regard, although it does set out that due regard to advancing equality involves: removing or minimising disadvantages suffered by people due to their protected characteristics; taking steps to meet the needs of people from protected groups where these differ from the need of other people; and encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

Children and Families (Wales) Measure

N/A

Wellbeing of Future Generations (Wales) Act 2015

The Wellbeing of Future Generations (Wales) Act 2015 is taken into account when looking at the long-term impact of treasury management and capital decisions. The Council has a prudent Minimum Revenue Provision Policy and abides by the treasury management and prudential indicators detailed in the report.

An effective capital strategy will enable the Council to support long term planning in line with the sustainable development principle of the Act.

Crime and Disorder Act 1998

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

Consultation

N/A

Background Papers

Report on Treasury Management for the period to 30 September 2019
Capital Monitoring and Additions Report

Dated:

Appendix 1 – Current Capital Programme

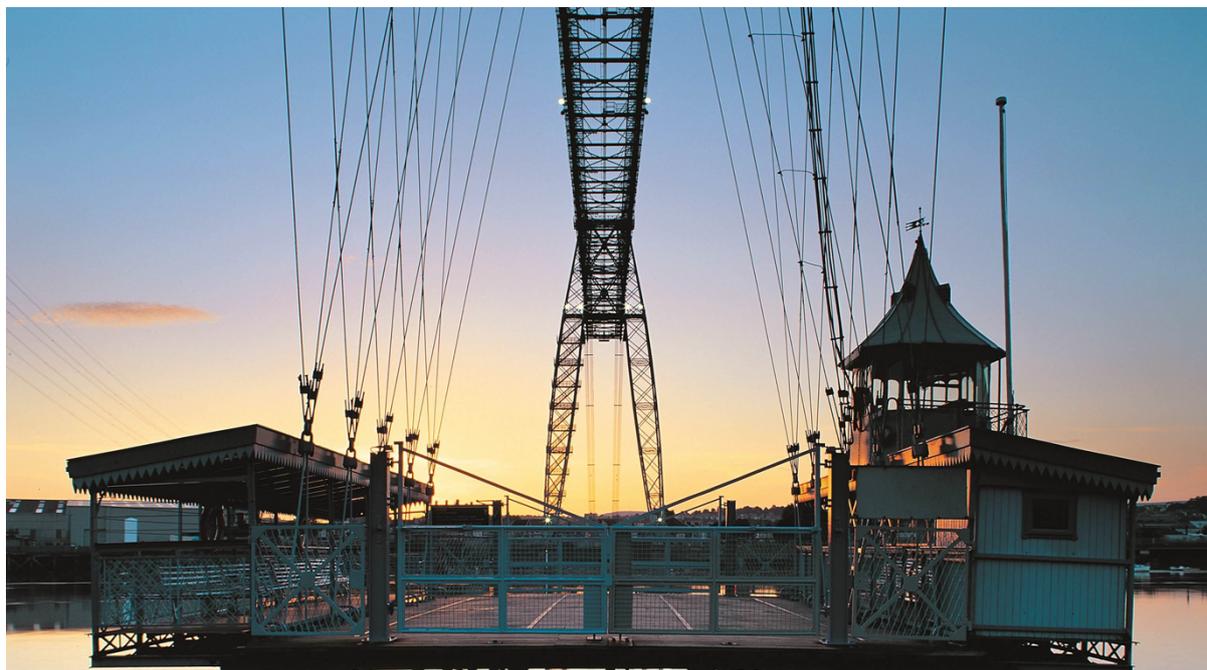
	Outturn 18/19	Budget 19/20	Budget 20/21	Budget 21/22	Budget 22/23	Budget 23/24	Budget 24/25	Total
21 st Century Schools - Band A	8,046	1,451	-	-	-	-	-	9,497
21 st Century Schools - Band B	675	2,229	14,817	31,791	10,557	7,940	2,349	70,358
Jubilee Park - Fixtures, Furniture & Equipment	13	-	-	-	-	-	-	13
Gaer Annexe Education Use	-	495	-	-	-	-	-	495
Pentrepoeth - IT Replacement	-	7	-	-	-	-	-	7
Blaen-y-Pant Bungalow (Educational Use)	52	8	-	-	-	-	-	60
St Mary's Toilet Refurbishment.	-	42	-	-	-	-	-	42
Somerton Primary - ICT Equipment	11	-	-	-	-	-	-	11
Feminine hygiene hardware & toilet facilities.	34	-	-	-	-	-	-	34
Lliswerry High (S106 Funds)	110	62	-	-	-	-	-	172
Maesglas Reducing classroom size	-	142	378	-	-	-	-	520
Lliswerry IT Replacements	53	-	-	-	-	-	-	53
Welsh Medium Primary School	-	335	865	1,300	1,000	2,300	-	5,800
Reducing Classroom size bids	-	85	495	-	-	-	-	580
Bassleg Demountables	-	206	-	-	-	-	-	206
ICT Equipment Lease (Clytha Primary)	-	21	-	-	-	-	-	21
ICT Equipment Lease (St Mary's)	-	12	-	-	-	-	-	12
St Patricks ICT	-	12	-	-	-	-	-	12
Bassaleg ICT	-	83	-	-	-	-	-	83
Ringland Perimeter Fence	-	86	-	-	-	-	-	86
Llanmartin Primary ICT	10	-	-	-	-	-	-	10
Malpas Park Primary	11	-	-	-	-	-	-	11
Education Maintenance Grant	-	1,828	-	-	-	-	-	1,828
Education Asset Improvements - balance to be drawn down	1,055	207	-	-	-	-	-	1,262
Prior Year Scheme - Various	(38)	-	-	-	-	-	-	(38)
Education	10,032	7,311	16,555	33,091	11,557	10,240	2,349	91,135
Gypsy/Traveller Site Development	2,993	143	-	-	-	-	-	3,136
Indoor Newport Market	-	-	4,000	-	(4,000)	-	-	-

HLF Market Arcade Townscape Heritage Scheme	39	350	1,472	980	-	-	-	2,841
Indoor Market Facilities Improvements	(2)	-	-	-	-	-	-	(2)
Civic Centre / Info Station Service Relocations	116	150	-	-	-	-	-	266
Info Station NSA enabling	536	-	-	-	-	-	-	536
123-129 Commercial Street (Pobl Regen)	623	623	-	-	-	-	-	1,246
Cardiff City Region Deal	1,208	496	1,026	782	782	1,277	-	5,571
Mill Street Development Loan	-	4,000	-	-	-	-	-	4,000
Neighbourhood Hubs	915	1,430	-	-	-	-	-	2,345
Arva Investment Loan	385	365	-	-	-	-	-	750
Disabled Facilities	898	1,256	1,000	1,000	1,000	-	-	5,154
Safety at Home	364	282	300	300	300	-	-	1,546
ENABLE Adaptations Grant	197	197	-	-	-	-	-	394
Homelessness Prevention Grant	98	-	-	-	-	-	-	98
Asset Management Programme	1,066	2,156	1,728	1,500	1,500	-	-	7,950
FS Maintenance 1819 / 1920	31	40	-	-	-	-	-	71
FS Shaftsbury Community Centre	183	-	-	-	-	-	-	183
Childcare - Flying Start	-	704	1,764	-	-	-	-	2,468
Central Library - Structural Works	72	100	491	-	-	-	-	663
Transporter Bridge	72	967	5,559	6,339	-	-	-	12,937
Chartist Tower	-	1,600	-	-	-	-	-	1,600
PAC System	-	59	-	-	-	-	-	59
OLEV Residential EV charging Equipment	-	134	-	-	-	-	-	134
Medieval Ship	-	-	-	12	-	-	-	12
Renewable Energy Investment	-	20	1,709	-	-	-	-	1,729
Prior Year Scheme - Various	(7)	-	-	-	-	-	-	(7)
Regeneration, Investment and Housing	9,787	15,070	19,049	10,913	(418)	1,277	-	55,680
IT Replacement Schemes	94	80	443	150	150	-	-	917
Corporate EDMS Rollout	-	13	-	-	-	-	-	13
CRM	250	334	186	-	-	-	-	770
Print 2010- Managed Printer Service	131	249	-	-	-	-	-	380
People and Business Change	475	676	629	150	150	-	-	2,080

Telecare Service Equipment	97	54	30	30	30	-	-	241
Equipment for Disabled Grant (GWICES)	165	165	165	165	165	-	-	825
Home Care System	32	-	-	-	-	-	-	32
Centrica Lodge	(6)	-	-	-	-	-	-	(6)
SMAPF	320	-	-	-	-	-	-	320
Adults and Community Services	608	219	195	195	195	-	-	1,412
3 New Homes	701	1,421	-	-	-	-	-	2,122
Oaklands Respite Home	505	35	-	-	-	-	-	540
Windmill Feasibility Study	41	110	1,390	-	-	-	-	1,541
Children's and Families Services	1,247	1,566	1,390	-	-	-	-	4,203
Fleet Replacement Programme	797	2,500	2,545	448	1,850	-	-	8,140
Bus station - Friars Walk Development	29	88	-	-	-	-	-	117
Flood Risk Regulation Grant	24	67	-	-	-	-	-	91
Cemetery Infrastructure Improvements	16	40	82	-	-	-	-	138
Peterstone Sewage Scheme	1	21	201	-	-	-	-	223
Road Safety Capital 2018/19	-	1,409	600	-	-	-	-	2,009
Composting	567	10	-	-	-	-	-	577
Docksway Cell 4 Development	1,555	601	-	-	-	-	-	2,156
CCTV	-	45	-	-	-	-	-	45
Smaller Bins - MTRP BC	70	1,180	-	-	-	-	-	1,250
Newport Station Footbridge - LTF	77	267	2,775	-	-	-	-	3,119
Decriminalised Parking	232	1,154	-	-	-	-	-	1,386
Update Facilities in Parks	18	38	-	-	-	-	-	56
Decommissioning of Cemetery Office & Toilets	11	-	-	-	-	-	-	11
Building Improvements to Lodges	14	66	-	-	-	-	-	80
Small Scale Works Grant	34	-	-	-	-	-	-	34
Road Refurbishment Grant Scheme	931	107	-	-	-	-	-	1,038
Street Lighting LEDs	564	2,501	-	-	-	-	-	3,065
Local Transport Fund - Active Travel Northern 2018/19	290	310	-	-	-	-	-	600
Tredegar Park Car Park	-	12	-	-	-	-	-	12
Tredegar Park - Pedal Power	-	120	35	35	35	-	-	225

Lliswerry Road (81)	-	12	-	-	-	-	-	12
28-30 Stow Hill (11/0269)	-	7	-	-	-	-	-	7
Forbisher Road (15/0720)	-	27	-	-	-	-	-	27
Festive lighting	-	107	-	-	-	-	-	107
Local Transport Fund - Active Travel Design 2018/19	240	-	-	-	-	-	-	240
Bus Stop Enhancements	-	400	-	-	-	-	-	400
Core AFT Allocation	-	340	-	-	-	-	-	340
Inner City Links	-	890	-	-	-	-	-	890
LTNF - ECO Stars	42	50	-	-	-	-	-	92
Safe Routes - St Davids RC Primary	84	205	-	-	-	-	-	289
Gwastad Mawr Flood Attenuation Improvement Works	2	41	-	-	-	-	-	43
18-19 Collection Collaborative Change Programme	1,175	-	-	-	-	-	-	1,175
LTF Monkey Island Bridge Lliswerry Pill	29	168	-	-	-	-	-	197
LTF Sustainable Transport	25	300	-	-	-	-	-	325
Riverside Park	20	38	-	-	-	-	-	58
Pye Corner Railway Station Development Works	21	-	-	-	-	-	-	21
Nappy Grant	-	202	-	-	-	-	-	202
Park Square Lights	-	60	-	-	-	-	-	60
Velodrome Lights	-	173	-	-	-	-	-	173
Road Safety and Training	455	20	20	20	20	-	-	535
General Traffic Management	-	30	30	30	30	-	-	120
Streetwide Improvements	-	200	200	200	200	-	-	800
Street Lighting Column Replacement	-	331	250	250	250	-	-	1,081
Lliswerry Recreation Ground Changing Rooms	4	339	-	-	-	-	-	343
Prior Year Scheme - Various	(11)	3	-	-	-	-	-	(8)
City Services	7,316	14,479	6,738	983	2,385	-	-	31,901
Total	29,465	39,321	44,556	45,331	13,869	11,517	2,349	186,408
Financed By:								
General Capital Grant	4,754	3,858	2,469	2,469	2,000	2,000	822	18,372
Supported Borrowing	4,058	4,077	4,058	4,058	4,000	2,057	-	22,308
Unsupported Borrowing	1,740	11,349	10,635	10,305	(616)	-	-	33,413

Prudential Borrowing	84	128	-	-	-	-	-	212
External Grants	13,296	12,244	23,941	28,082	7,862	7,461	1,527	94,413
S106	868	799	35	35	35	-	-	1,772
Other Contributions	242	-	237	232	-	-	-	711
Capital Receipts	3,136	3,290	2,504	-	588	-	-	9,518
Revenue Contributions	75	203	-	-	-	-	-	278
Reserve	1,081	3,124	677	150	-	-	-	5,032
Finance Lease	131	249	-	-	-	-	-	380
Total	29,465	39,321	44,556	45,331	13,869	11,517	2,349	186,408



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



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EXECUTIVE SUMMARY

This Capital Strategy is an update on the first strategy approved last year and sets out the long-term view of the affordability, sustainability and prudence of the capital programme and the implications on the revenue budgets.

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

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

The strategy highlights the key risks and recommendations:

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

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

1. OVERVIEW OF THE STRATEGY

1.1. INTRODUCTION

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

This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.

Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

The report sets out:

- The prudential code the need for a capital strategy and the governance arrangements for the capital strategy and programme (Paragraph 2)
- The current approved capital programme to 2024/25 (5 years) and its financing, and the revenue implications arising from demands on capital expenditure (Paragraph 3)
- The long-term (10 year) projection for the capital financing costs of the Council and where future demands arise from the various strategic plans across the authority for further capital resources. (Paragraph 4)
- Links between the Capital Strategy to Treasury Management strategy and treasury decision making. (Paragraph 5)
- A look at the commercial activity of the Council and its strategy going forward (Paragraph 6)
- Overview of other long-term liabilities the Council has, which members need to be aware of when looking at the capital strategy. (Paragraph 7)
- Summary of the skills and knowledge the Council has to carry out its duties for capital and treasury matters. (Paragraph 8)

2. PRUDENTIAL CODE & GOVERNANCE

2.1. PRUDENTIAL CODE – KEY OBJECTIVES

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

- **AFFORDABLE** - Total capital investment of the authority remains within sustainable limits. A local authority is required to consider the resources currently available to it and those estimated to be available in the future, together with the totality of its capital plans and income and expenditure forecasts in assessing affordability.

- **PRUDENT** – The full Council set an authorised limit and operational boundary for external debt, these need to be consistent with the authority’s plans for affordable capital expenditure and financing, and with its treasury management policy statement and practices. Authorities should consider a balance between **security, liquidity and yield** which reflects their own risk appetite but which prioritises security and liquidity over yield.
- **SUSTAINABLE** – taking into account the arrangements for repayment of debt (including through Minimum Revenue Provision (MRP) and consideration of risk and the impact, and potential impact, on the authority’s overall financial sustainability. This strategy will look at the sustainability over the period of 10 years.

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

2.2. GOVERNANCE FOR APPROVAL AND MONITORING OF CAPITAL EXPENDITURE

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

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

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

Decisions made on the approval of capital expenditure will be made with the liaison of the capital accountancy team and understanding of the long-term revenue implications of the expenditure is

assessed before being added to the programme. Cabinet approve additions and deletions, as well as slippage, from the capital programme alongside the monitoring report.

3. CAPITAL EXPENDITURE AND FINANCING

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

3.1. CURRENT CAPITAL PROGRAMME

The current capital programme was recently extended to 7 years to reflect projects whose completion spanned beyond the original 5 year programme, taking the total programme from 2018/19 to 2024/25, this was approved at the most recent Cabinet in January 2020. As part of the approval, a 'borrowing headroom' was agreed. This headroom enables further capital projects to be added to the programme over the next 5 years, and not put additional pressure on the revenue budget over the Medium Term Financial Projection (MTFP).

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

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

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

The latest capital programme is summarised in the table below. For 2020/21, the Council has approved capital schemes of £44.6m and there is remaining headroom of £15.7m (subject to budget decisions at Cabinet):

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

	7-YEAR CAPITAL PROGRAMME							
	2018/19 actual £m	2019/20 forecast £m	2020/21 budget £m	2021/22 budget £m	2022/23 Budget £m	2023/24 Budget £m	2024/25 Budget £m	Total 7-year programme £m
Approved Schemes (Appendix 1)	29.5	39.3	44.6	45.3	13.9	11.5	2.3	186.4
Uncommitted headroom to invest in council assets / regeneration*		0.9	4.9	7.5	7.5			20.8
TOTAL EXPENDITURE	29.5	40.2	49.5	52.8	21.4	11.5	2.3	207.2

*split over remaining original 5 year programme, this can be flexed accordingly in line with need.

The Medium Term Financial Projections (MTFP) includes budget pressures of £501k in 2021/22 and £251k in 2022/23 for funding of the MRP. This equates to capital expenditure headroom of c£15m, given there is a current budget gap on the MTFP, these pressure could be deemed as unfunded. To maintain the headroom in table 1 above, the Council will need to fund these through additional funding or further savings from other areas.

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

There has been an increase in the general fund capital grant in 2020-21 which has been reflected within the above headroom figures, the future years grant is unconfirmed therefore for prudence it is not assumed that this increase will continue in subsequent years.

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

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

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

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

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

Table 2: Capital financing in £ millions - Current 7-year programme

	7-YEAR CAPITAL PROGRAMME							Total 7-year programme £m
	2018/19 actual £m	2019/20 forecast £m	2020/21 budget £m	2021/22 budget £m	2022/23 Budget £m	2023/24 Budget £m	2024/25 Budget £m	
TOTAL EXPENDITURE	29.5	40.2	49.4	52.5	21.1	11.5	2.3	202.1
Committed Grants and contributions	19.2	16.9	26.7	30.8	9.9	9.4	2.3	115.2
Committed Reserves, capital receipts, revenue	4.3	6.6	3.2	0.1	0.6	0	0	14.8
Committed new borrowing	6.0	15.8	14.7	14.4	3.4	2.1	0	56.4
TOTAL COMMITTED (Appendix 1)	29.5	39.3	44.6	45.3	13.9	11.5	2.3	186.4
Uncommitted borrowing headroom*		0.9	2.9	2.9	2.9			9.6
Uncommitted forecast capital receipts/capital grants*		0	1.7	2.1	2.1			5.9
Uncommitted capital reserves*		0	0.3	2.5	2.5			5.3
TOTAL UNCOMMITTED*		0.9	4.9	7.5	7.5			20.8
TOTAL FINANCING	29.5	40.2	49.5	52.8	21.4	11.5	2.3	207.2

The Medium Term Financial Projections (MTFP) includes budget pressures of £501k in 2021/22 and £251k in 2022/23 for funding of the MRP. This equates to capital expenditure headroom of c21m, given there is a current budget gap on the MTFP, these pressure could be deemed as unfunded. To maintain the headroom in table 2 above, the Council will need to fund these through additional funding or further savings from other areas. 1. In order to show affordability where the MTFP is not balanced in future years, all capital projects approved need to be affordable from 'existing' resources at the time of making the decision.

When capital expenditure is financed by debt/borrowing, you are essentially locking the Council into a long-term revenue commitment. The Council is required to repay debt from our revenue budget over

time; this is done through the Minimum Revenue Provision (MRP). Planned MRP payments (excluding PFI and leases) are as follows:

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

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
MRP budget	7.8	7.9	8.5	9.1	9.3

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

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

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

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

	2019/20 budget	2020/21 budget	2021/22 budget	2022/23 budget
Financing costs* (£m)	22.1	22.7	23.4	24.0
Proportion of net revenue stream	7.9%	7.6%	7.7%	7.9%

*includes capital financing costs of PFIs

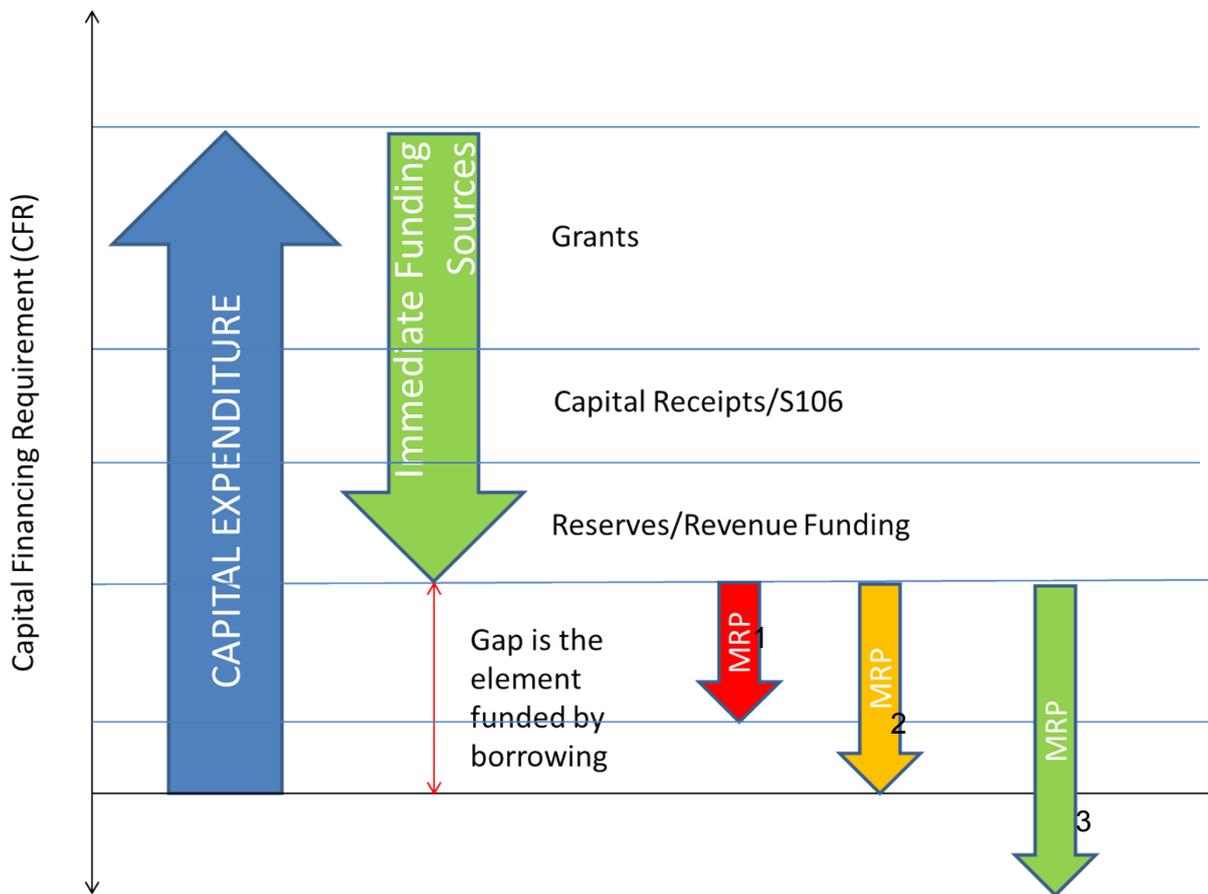
The ability to fund capital expenditure through internal borrowing is no longer applicable due to reserves being utilised, therefore this will need to be externally borrowed. External (or actual) borrowing will have interest rates payable on them which leads to increase in financing costs.

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

- Further details on the revenue implications of capital expenditure are included in the 2020/21 revenue budget report.

Capital Financing Requirement (Our need to borrow)

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



The diagram above shows the following:

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

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

The CFR is expected to increase by £7m during 2020/21. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

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

	31.3.2019 actual	31.3.2020 forecast	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget
TOTAL CFR	280.0	287.0	292.7	298.2	290.6

With the pending introduction of IFRS 16 Leases, the CFR and debt identified as relating to leases is likely to increase during 2020/21 due to the change in the way that finance leases for lessees are treated. There is currently an ongoing project assessing these leases across the Council and an update will be given alongside the in-year 2020-21 treasury monitoring report to Council.

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

- For full details of the Council's capital programme are included in the Capital Additions and Monitoring Report to Cabinet February 2020.

4. LONG-TERM VIEW OF CAPITAL EXPENDITURE

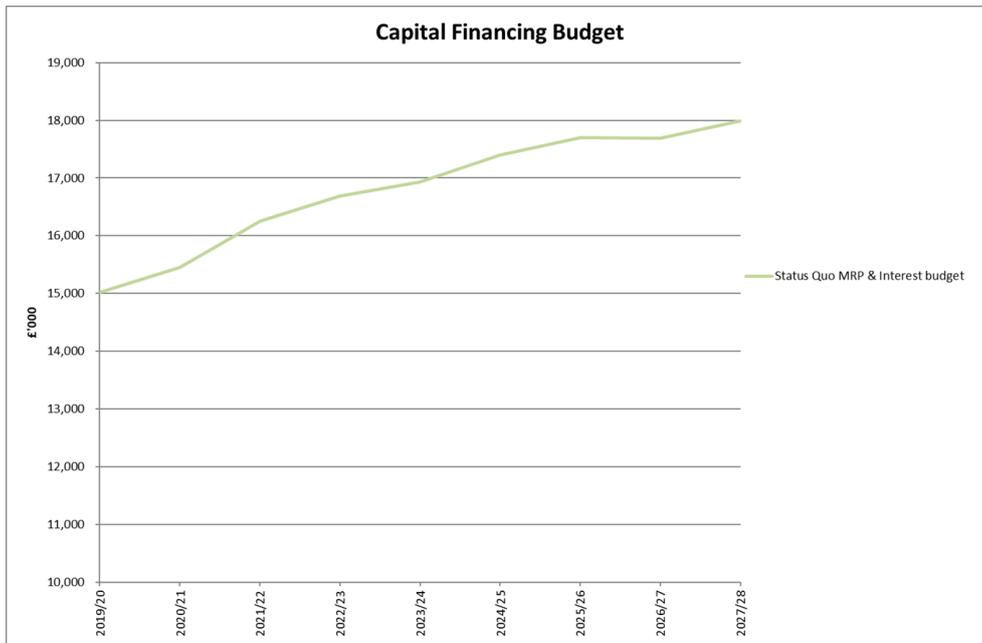
Expenditure on capital assets/projects are often for assets which have a long-term life i.e. buildings may have an asset life of 40 years+. The financing of these assets could also be over a long-term period. Therefore, as well as the Capital Programme highlighted in paragraph 3.1, it is important to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

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

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

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

Chart 1

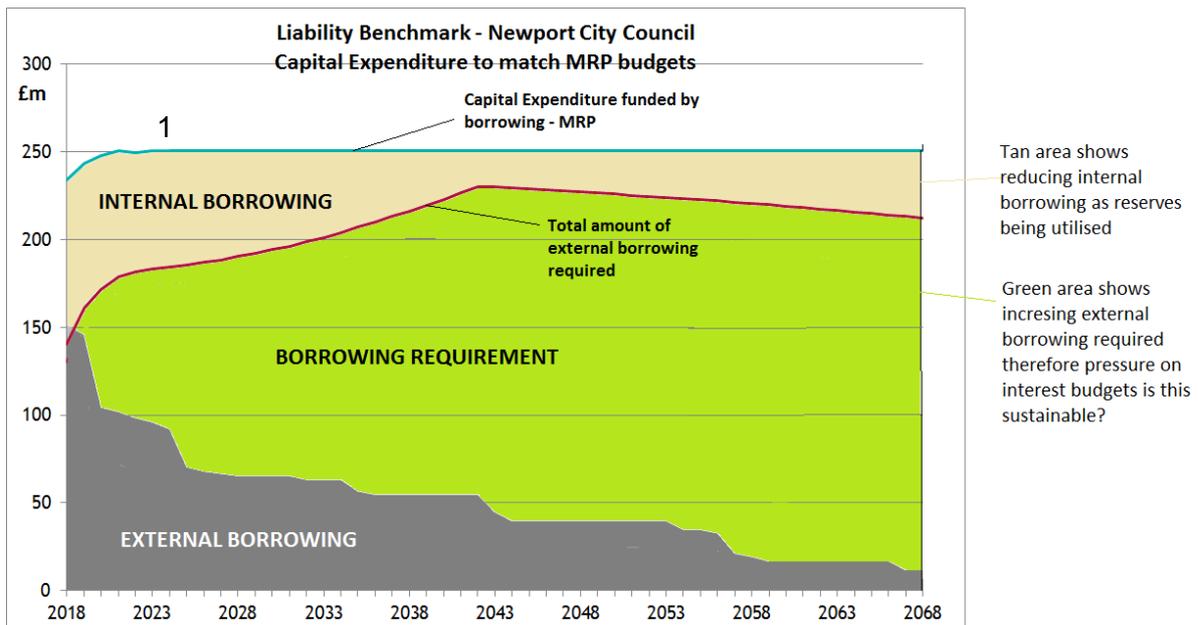


The above will obviously be affected by a number of factors including amount of capital funding from Welsh Government, achievement of capital receipts and use and level of earmarked reserves.

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

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

Chart 2



- The chart above illustrates the following:

- Assumption that capital expenditure funded by borrowing will be at a level equal to the MRP budget (level blue line [1]) – with MRP and interest budgets increasing over time, to remain affordable, capital expenditure funded by borrowing should be no higher than the MRP budget and ideally should be lower to limit the level of external borrowing that is required over time.
 - As earmarked reserves are utilised the amount we are internally borrowed (using our own cash to fund capital expenditure) reduces. We have reached the capacity of internal borrowing, and any further capital expenditure which is not financed at source (i.e. grants, capital receipts, reserves) will require external borrowing.
 - As current external borrowing matures, we will need to re-finance this debt rather than re-pay debt. This is due to the inherent need to borrow over the long-term.
 - The above puts additional pressure on the capital financing budgets through additional interest costs.
 - Therefore, it is vital that the CFR is at a level which is affordable and sustainable.
 - Decisions on future capital programmes and the level of preferred CFR will be made at a time when the next programme is developed.
 - Recent decisions to change the MRP methodology for charging to annuity method for unsupported borrowing and to a 40-year asset life for supported borrowing put future pressures on the revenue budget without any additional capital expenditure (While over the long-term borrowing is still repaid, the charge today is less and increases over future years). The chart in appendix 2b, shows that the MRP charge with current capital expenditure doesn't decrease significantly until 2030. Therefore, we know that any additional expenditure funded by borrowing will put additional pressure on the revenue budgets in the future.
 - Overall this shows a significant challenge for the next capital programme, onwards, and will mean prioritising all forms of capital expenditure in order to keep additional borrowing to a minimum is essential.
 - In the current financial climate, with a continuing MTFP gap, there is the need for future levels of capital expenditure funded from borrowing to come down and therefore bring the CFR over the longer-term.
- Capital Financing costs are discussed further in the Treasury Management section in paragraph 5.

Sustainability

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

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



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

Capital investment in service assets is highly constrained by the funding available and therefore has not been funded at a level required to keep these assets in a steady state condition or to address backlog maintenance needs.

This is especially so in relation to highway assets and school buildings. The annual sum required to not only maintain assets at their current standard but to bring the assets to a standard level is significantly above the level that is available.

The plans highlighted above show the significant challenge facing the Authority in coming years and detail backlog maintenance challenges that face the Authority.

Annual sums included in the capital programme for highways maintenance, relevant specific capital grants and the 21st Century Schools programme will assist in addressing the highest priority backlog issues, focussing on worst condition first and risk. However, estate rationalisation programmes, closure/disposal of assets, asset transfers and other capital projects to refurbish or replace operational properties (i.e. neighbourhood hubs, work on the library, Newport market development) will also be utilised to offset the backlog funding required. This will not address the total backlog, but is a way of targeting the main issues in an affordable manner.

Backlog maintenance has been estimated at the following values:

- Highways assets - £90m
- Schools estate - £50m
- Other Council operational estate - £20m (although a current piece of work is being undertaken by the property advisors Newport Norse to get an updated value of this).

5. TREASURY MANAGEMENT

5.1. TREASURY MANAGEMENT

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council limits the need to take out actual borrowing by using positive cash-flow, largely from reserves, to fund capital expenditure funded by borrowing, known as internal borrowing.

Due to decisions taken in the past, the Council currently has £151m borrowing at a weighted average interest rate of 3.7% and £13m treasury investments at a weighted average rate of 0.7%.

5.2. BORROWING STRATEGY

Whilst the Council has significant long term borrowing requirements, the Council's current strategy of funding capital expenditure is through reducing investments ('internal borrowing') rather than undertaking new borrowing i.e. we defer taking out new long term borrowing and fund capital expenditure from day to day positive cash-flows for as long as we can.

By using this strategy, the Council can also minimise cash holding at a time when counterparty risk remains high. The interest rates achievable on the Council's investments are also significantly lower than the current rates payable on long term borrowing and this remains the main reason for our current 'internally borrowed' strategy.

Whilst the strategy minimises investment counterparty risk, the risk of interest rate exposure is increased as the current low longer term borrowing rates may rise in the future. The market position is being constantly monitored in order to minimise this risk.

The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently around 3.0%).

Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities, leases are shown below, compared with the capital financing requirement (see above).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

	31.3.2019 actual	31.3.2020 forecast	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget
Debt (incl. PFI & leases)	236	215	228	237	234
Capital Financing Requirement	280	287	293	298	291

With the pending introduction of IFRS 16 Leases, the CFR and debt identified as relating to leases is likely to increase during 2020/21 due to the change in the way that finance leases for lessees are

treated. There is currently an ongoing project assessing these leases across the Council and an update will be given alongside the in-year 2020-21 treasury monitoring report to Council.

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this in the medium term.

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

Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2019/20 limit	2020/21 limit	2021/22 limit	2022/23 limit
Authorised limit – borrowing	230	240	250	245
Authorised limit – PFI and leases	44	43	42	41
Authorised limit – total external debt	274	283	292	286
Operational boundary – borrowing	220	230	240	235
Operational boundary – PFI and leases	44	43	42	41
Operational boundary – total external debt	264	273	282	275

➤ Further details on borrowing are in the treasury management strategy

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

- Current external borrowing values and maturing debts that will require refinancing.
- Ability to undertake borrowing for loans to third parties for regeneration purposes (subject to strict due diligence)
- Flexibility to borrow for commercialisation agenda (subject to governance arrangements)

5.3. INVESTMENT STRATEGY

Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

The Council’s strategies in this area of Treasury Management are (i) to be a short term and relatively low value investor and (ii) investment priorities should follow the priorities of security, liquidity and yield, in that order.

Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 8: Treasury management investments in £millions

	31.3.2019 actual	31.3.2020 forecast	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget

Near-term investments	56	10	0	0	0
Longer-term investments	0	0	10	10	10
TOTAL	24	10	10	10	10

➤ Further details on treasury investments are in pages 6 to 9 of the treasury management strategy

Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Head of Finance and staff, who must act in line with the treasury management strategy approved by Council. Half-year and end of year reports on treasury management activity are presented Council. The audit committee is responsible for scrutinising treasury management decisions.

Loans to other organisations

The Council can and does make investments to assist local public services, including making loans to businesses to promote economic growth. The Council will assess these opportunities and will only plan that such investments at least break even after all costs. Loans to such organisations will be approved following a due diligence process and formal governance arrangements.

The Council will also use other methods of assisting businesses to promote economic regeneration by providing grants or by allowing rent free periods where the Council is the freehold, such as the case at Chartist Tower.

Decisions on service investments are made by the relevant service manager in consultation with the Head of Finance and monitoring officer and must meet the criteria and limits laid down in the investment strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

6. COMMERCIAL ACTIVITIES

6.1. COMMERCIALISATION

In order to help meet the financial challenges faced by the authority Cabinet have approved an initial commercialisation strategy. A link to the report can be found [here](#).

The proposed strategic objectives of the strategy are set out below:

1. We will target activity to promote social value
2. We will prioritise activities to generate a net profit, which can be used to support core services.
3. Our income generating activities should stimulate economic growth by creating employment.
4. Where appropriate, we will modify methods of service delivery to reduce costs to ensure we take a more commercial approach.
5. We will develop new skills in the organisation to create a modern council

Within these objectives three strands of activity have been identified:

- 1) Current services we could provide on a more commercial basis e.g Trade Waste
- 2) New services we could look to provide e.g energy services
- 3) Property investment – commercial and residential

Establishment of a trading company

A feasibility study will be undertaken on the setting up a trading company through which the commercial activities are managed. This will ultimately seek to support the delivery the first two activities.

Property Investment

In regards to the property investment, an investment board will be created to oversee the delivery of this activity. The investment board will be responsible for the following:

- Ensuring that investment opportunities are thoroughly evaluated, that there is an appropriate balance between risk and reward and that the acquisition contributes to the overall aims of the strategy.
- Approving property investment acquisitions, property management expenditure, property investment disposals and the provision of finance to enable the council to purchase assets.
- Monitoring the progress made in respect of achieving an appropriately balanced and diversified portfolio of assets and its performance.

The Investment Board should prioritise property acquisitions within the Newport City Council municipal boundary but will have authority to invest outside Newport as well. Detailed terms of reference and investment parameters will need to be established for the Board to operate under. These will need developing and approval by Cabinet.

The Investment Board will be a sub set of cabinet and function as a public committee with all the associated governance. The recommended membership is as follows:

Members: Leader
 Deputy Leader
 Cabinet Members x3

Advisors: Chief Executive
 Strategic Director (Place)
 Head of Regeneration, Investment & Housing
 Head of Law & Regulation (Monitoring Officer)
 Head of Finance (Section 151 Officer)
 Supported by NORSE as specialist professional advisors

While the parameters are yet to be established. The decision making on this would be based on a number of factors which would take into account potential for returns and risk into account other costs such as interest and Minimum Revenue Provision if financed through borrowing. The priorities for the Council when acquiring property interests for investment purposes are (in order of importance):

- **Covenant Strength**
- **Lease Length**
- **Rate of Return**
- **Risk**
- **Lease Terms**

- **Growth**
- **Location**
- **Sector**
- **Building Age and Specification**

An investment fund of £50m is to be established for the delivery of this activity. This requires the borrowing limits approved by Council to be increased by this value for the purpose of the investment fund. While it is unlikely the full £50m will be required in 20/21, the borrowing limits have included the full £50m in each financial year to allow for the flexibility if required. This is shown in the prudential indicator in table 7 of this report.

A recent increase in the Public Works Loan Board (PWLB) interest rates by 1% has resulted in the margins achievable from investments in property being squeezed significantly. This may make this type of investment more unlikely to achieve the margins that are set out in the commercial strategy. Although the Council has not currently entered into any new property investments, the increase in rates means that the Council may apply a different policy when setting margins i.e. ensuring that borrowing is either taken at fixed rates over period of investment or where interest can be charged it tracks any increases.

Alongside this recent guidance from CIPFA on 'Prudential Property Investment' has been published, it expresses three main areas of concern:

- whether legal powers exist that permit local authorities to borrow to invest in property,
- whether the risks of incurring certain borrowing costs in exchange for uncertain investment returns are fully understood, and
- that ever increasing purchases of commercial property funded by borrowing places a strain on the credibility of the prudential framework that could lead to statutory intervention.

While the guidance has no statutory basis, and as such there is no legal duty for local authorities to have regard to it. However, having regard to the guidance may assist in demonstrating that a local authority has acted reasonably.

Given the above the Head of Finance, alongside the Senior Leadership Team and Cabinet Members will discuss the future viability of the investment fund.

Council Assets

The Council also need to continuously assess all of the Council assets to understand what of the Council's assets can and should be making a financial return and maximising those and stop or dispose of them where they are not and is best way forward. To maximise on the Council's financial strength and covenant, and skill is within its workforce and partners where appropriate.

- We will look to use our existing infrastructure for commercial gain and use our land and buildings where we can to deliver housing and growth in such a way as to maximise benefits to the Council
- We will look to share and collaborate with our partners in use of buildings and other assets and generate capital receipts and reduce costs
- We will, through the Councils Treasury Strategy, consider changing our risk appetite for investing in higher return / less liquid assets and recalibrate the cost/benefit of the Councils current practices.

- Implementing this strategy will require, in some areas, financial resources and this will need to be made available via the Councils Invest to Save reserve and where appropriate, prudential borrowing. This will need to be approved via the governance framework upon business cases meeting assessment criteria, in particular payback period and levels of return.

The Council has an existing investment portfolio, which is 100% based within the city including retail, industrial and office. The Council are currently undertaking a project alongside our property advisors, Norse Newport Ltd, assessing the performance of our Commercial & Industrial portfolio and potential for maximising returns on those assets (which may require up-front investment).

Risk and long-term commitment

Interest rates

- The margins that could be achieved through investing in commercial properties could be relatively low. Due to current low interest rates, it is likely that long-term debt would be the preferred option as the risk of re-financing at a higher rate in the future may take out most, if not, all of any margin. This does however; lock the Council into the commitment of long-term borrowing. This issue would need to be reviewed on a case-by-case basis.

Income generation

- Potential uncertainty in the income generated. These are long-term investments and therefore, the property market will change over that period which could introduce risk to the income being generated and/or value of the investment held. For example, whilst investment could have long term leases associated with them, over the long term, tenants could cease trading or enter into company voluntary arrangements to re-negotiate terms. On the other hand, there is the opportunity that the value of properties and rentals could rise over time also.

Liquidity (How quickly we could sell the property)

- With this type of asset, there is poor liquidity compared to other types of investments, i.e. a relatively long timeframe to sell or change the investment. Therefore if income generation were to fall or the Council wanted to change its direction on investing in commercial properties, it may take a relatively long period to sell the asset, during which the cost of financing the borrowing would continue.

Long-term and fixed cost commitment

- Undertaking investment in commercial properties would significantly increase the Council's long-term debt, therefore any income generated would need to be sufficient to cover the 'capital financing costs' that have been incurred over the long-term i.e. the income has to be sustained over the long-term. If income were to drop, then these costs would still need to be covered.

Asset disposals

As part of the commercial activity, we will look at decisions about our Council assets and this could include disposal. When a capital asset is no longer needed or is not used as an investment opportunity, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Council forecasts to receive £0.6m of capital receipts in the coming financial year as follows:

Table 9: Capital receipts in £ millions

	2018/19 actual	2019/20 forecast	2020/21 budget	2020/21 budget	2021/22 budget
Asset sales	2.5	0.6	0	0	0

7. OTHER LONG-TERM LIABILITIES

In addition to debt of £151m detailed above, the Council has a number of other long-term liabilities (potential call on future Council resources) as follows:

Private Finance Initiative (PFI)

The Council has two PFI arrangements for the provision of the Southern Distributor Road (24 years remaining) and for Glan Usk Primary School (15 years remaining). As at 31 March 2019 the value of the liability was £43.1m. The Council holds an earmarked reserve which covers the future costs of the PFI.

Pension Liability

The Council is committed to making future payments to cover its pension fund deficit (valued at £400.8m).

Provisions and Guarantees

The Council has set aside provisions and reserves for risks in relation to outstanding insurance claims and guaranteed subsidies in relation to Friars Walk. The Council has also entered into a number of financial guarantees where the Council has entered into agreements to act as a guarantor in particular safeguarding of former employee pension rights when their employment is transferred to third party organisations.

8. KNOWLEDGE AND SKILLS

IN-HOUSE EXPERTISE

The overall Capital Programme and Treasury Management Strategy are overviewed by the Head of Finance and Assistant Head of Finance, who are both professionally qualified accountants with extensive Local Government finance experience between them. There is a Capital Accounting team consisting of qualified and part-qualified accountants who follow Continuous Professional Development Plan (CPD) / attend courses on an ongoing basis to keep abreast of new developments and skills. There is a small Treasury Management team who manage the day-to-day cash-flow activities and banking arrangements of the authority, these again attend the necessary courses and training and have a vast amount of experience.

EXTERNAL EXPERTISE

All the Council's commercial projects have project teams from all the professional disciplines from across the Council and when required external professional advice is taken from the property advisors, Newport Norse, or other professional advice if required.

MEMBERS

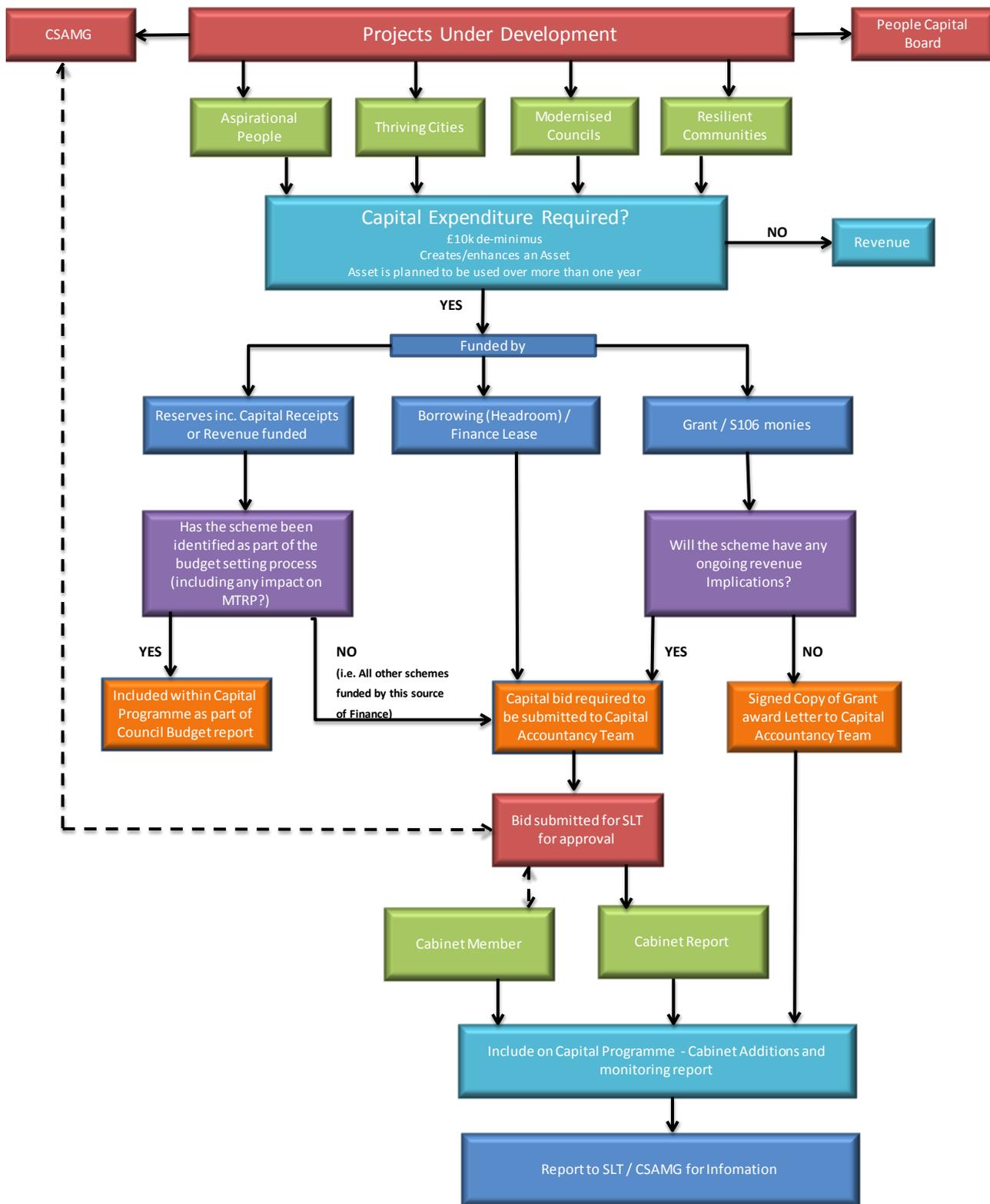
Training is offered to members to ensure they have up to date skills to make capital and treasury decisions. A register is also kept on member attendance. The Council also involves members at a very early stage of a projects life cycle.

9. SUMMARY

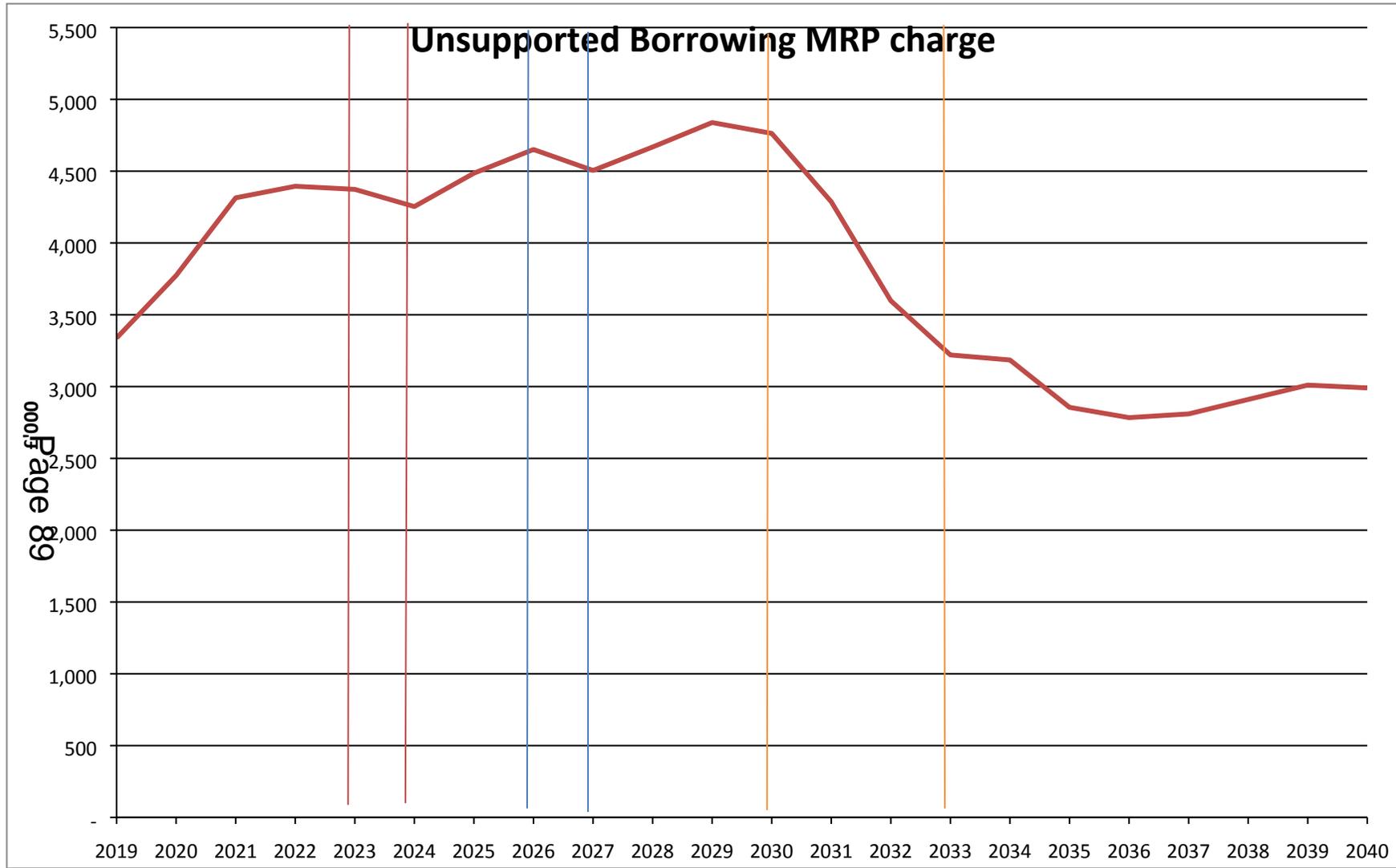
- Capital expenditure plans for the Council need to be affordable, prudent and sustainable.
- The MTFP includes the current revenue costs for the capital programme, which includes level of headroom for additional capital projects to be added without impacting further on the revenue budget.
- As per the agreed framework the current programme needs to be maintained within the affordability headroom, therefore not putting additional pressure on the MRP budget.
- There are a number of demands on the capital programme, there is the need to link the capital strategy with a number of strategic plans across the organisation to ensure the pressures on the capital programme are known and the risks are assessed and prioritised within an affordable framework. This will include clear visibility and assessment of demand for schools, highways and other operational assets.
- Decisions on funding capital expenditure through borrowing locks the Council into committing revenue funding over a very long period (as long as 40 years +). With the MRP budget increasing over the long-term as shown in chart 1, the Council will need to make some difficult decisions going into the next programme to ensure the capital plans remain affordable and sustainable.

APPENDIX 2a – Capital Additions Process Map

NO CABINET MEMBER/CABINET REPORT SHOULD BE SUBMITTED UNTIL THIS PROCESS IS COMPLETE



Appendix 2b



Treasury Management Strategy Statement 2020/21

Introduction

Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.

Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. In addition, the Welsh Government (WG) issued revised Guidance on Local Authority Investments in November 2019 that requires the Authority to approve an investment strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the WG Guidance.

Revised strategy: In accordance with the WG Guidance, the Authority will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, in the Authority's capital programme or in the level of its investment balance, or a material loss in the fair value of a non-financial investment identified as part of the year end accounts preparation and audit process.

External Context

Economic background: The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Authority's treasury management strategy for 2020/21.

UK Consumer Price Inflation (CPI) for September registered 1.7% year on year, unchanged from the previous month. Core inflation, which excludes the more volatile components, rose to 1.7% from 1.5% in August. The most recent labour market data for the three months to August 2019 showed the unemployment rate ticked back up to 3.9% while the employment rate was 75.9%, just below recent record-breaking highs. The headline 3-month average annual growth rate for pay was 3.8% in August as wages continue to rise steadily. In real terms, after adjusting for inflation, pay growth increased 1.9%.

GDP growth rose by 0.3% in the third quarter of 2019 from -0.2% in the previous three months with the annual rate falling further below its trend rate to 1.0% from 1.2%. Services and construction added positively to growth, by 0.6% and 0.4% respectively, while production was flat and agriculture recorded a fall of 0.2%. Looking ahead, the Bank of England's Monetary Policy Report (formerly the Quarterly Inflation Report) forecasts economic growth to pick up during 2020 as Brexit-related uncertainties dissipate and provide a boost to business investment helping GDP reach 1.6% in Q4 2020, 1.8% in Q4 2021 and 2.1% in Q4 2022.

The Bank of England maintained Bank Rate to 0.75% in November following a 7-2 vote by the Monetary Policy Committee. Despite keeping rates on hold, MPC members did confirm that if Brexit uncertainty drags on or global growth fails to recover, they are prepared to cut interest rates as required. Moreover, the downward revisions to some of the growth projections in the Monetary Policy Report suggest the Committee may now be less convinced of the need to increase rates even if there is a Brexit deal.

Growth in Europe remains soft, driven by a weakening German economy which saw GDP fall -0.1% in Q2 and is expected to slip into a technical recession in Q3. Euro zone inflation was 0.8% year on year in September, well below the European Central Bank's target of 'below, but close to 2%' and leading to the central bank holding its main interest rate at 0% while cutting the deposit facility rate to -0.5%. In addition to maintaining interest rates at ultra-low levels, the ECB announced it would recommence its quantitative easing programme from November. In the US, the Federal Reserve began easing monetary policy again in 2019 as a pre-emptive strike against slowing global and US economic growth on the back on of the ongoing trade war with China. At its last meeting

the Fed cut rates to the range of 1.50-1.75% and financial markets expect further loosening of monetary policy in 2020. US GDP growth slowed to 1.9% annualised in Q3 from 2.0% in Q2.

Credit outlook: Credit conditions for larger UK banks have remained relatively benign over the past year. The UK's departure from the European Union was delayed three times in 2019 and while there remains some concern over a global economic slowdown, this has yet to manifest in any credit issues for banks. Meanwhile, the post financial crisis banking reform is now largely complete, with the new ringfenced banks embedded in the market. Challenger banks hit the news headlines in 2019 with Metro Bank and TSB Bank both suffering adverse publicity and falling customer numbers.

Looking forward, the potential for a "no-deal" Brexit and/or a global recession remain the major risks facing banks and building societies in 2020/21 and a cautious approach to bank deposits remains advisable.

Interest rate forecast: The Authority's treasury management adviser Arlingclose is forecasting that Bank Rate will remain at 0.75% until the end of 2022. The risks to this forecast are deemed to be significantly weighted to the downside, particularly given the upcoming general election, the need for greater clarity on Brexit and the continuing global economic slowdown. The Bank of England, having previously indicated interest rates may need to rise if a Brexit agreement was reached, stated in its November Monetary Policy Report and its Bank Rate decision (7-2 vote to hold rates) that the MPC now believe this is less likely even in the event of a deal.

Gilt yields have risen but remain at low levels and only some very modest upward movement from current levels are expected based on Arlingclose's interest rate projections. The central case is for 10-year and 20-year gilt yields to rise to around 1.00% and 1.40% respectively over the time horizon, with broadly balanced risks to both the upside and downside. However, short-term volatility arising from both economic and political events over the period is a near certainty.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix 3a.

For the purpose of setting the budget, it has been assumed that new treasury management investments will be made at an average rate of 2.5%, and that new long-term loans will be borrowed at an average rate of 3%.

Local Context

On 31st December 2019, the Authority held £150.8m of borrowing and £13.4m of treasury investments. This is set out in further detail at **Appendix 3b**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.19 Actual £m	31.3.20 Estimate £m	31.3.21 Forecast £m	31.3.22 Forecast £m	31.3.23 Forecast £m
General Fund CFR	280.0	287.0	292.7	298.2	290.6
Less: Other debt liabilities *	(43.1)	(42.6)	(41.5)	(40.8)	(38.4)
Loans CFR	236.9	244.4	251.2	257.4	252.2
Less: External borrowing **	(192.8)	(149.4)	(145.6)	(138.7)	(134.7)
Less: Usable reserves	(102.9)	(85.1)	(77.4)	(73.7)	(69.3)
Less: Working capital	2.6	2.6	2.6	2.6	2.6
Preferred Investment position		10.0	10.0	10.0	10.0
Treasury Investments or (New borrowing)	56.2	(22.5)	(40.8)	(57.6)	(60.8)

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

** shows only loans to which the Authority is committed and excludes optional refinancing. The value at 31.3.2019 is netted off by the temporary investment value of £40m which was used to re-finance maturing borrowing in April 2019.

With the pending introduction of IFRS 16 Leases, the CFR is likely to increase during 2020/21 due to the change in the way that finance leases for lessees are treated. There is currently an ongoing project assessing these leases across the Council and an update will be given alongside the in-year 2020-21 treasury monitoring report to Council.

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. The Authority has an increasing CFR due to the capital programme, but minimal investments and will therefore be required to borrow up to £60.8m over the forecast period, this is broken down into £18.1m refinancing of maturing existing borrowing and £42.7m additional (£152.8m to £195.5m) external borrowing, while internal borrowing and investments are forecast to reduce by £33.6m and £6.2m respectively as shown in table 2 below.

Table 2: Year on year change in internal and external borrowing

	31.3.19 Actual £m	31.3.20 Estimate £m	31.3.21 Forecast £m	31.3.22 Forecast £m	31.3.23 Forecast £m
Loans CFR (as per table 1)	236.9	244.4	251.2	257.4	252.2
- Internal Borrowing	100.3	82.5	74.8	71.1	66.7
- Investments	(16.2)	(10.0)	(10.0)	(10.0)	(10.0)
- External Borrowing	152.8	171.9	186.4	196.3	195.5
Increase in External Borrowing		19.1	14.5	9.9	(0.8)
<i>Represented by:</i>					
Change in loan CFR (Cap Exp funded by debt less MRP)		7.5	6.8	6.2	(5.2)
Reduction in reserves		17.8	7.7	3.7	4.4
Reduction in investments		(6.2)	0	0	0
Increase in External Borrowing		19.1	14.5	9.9	(0.8)

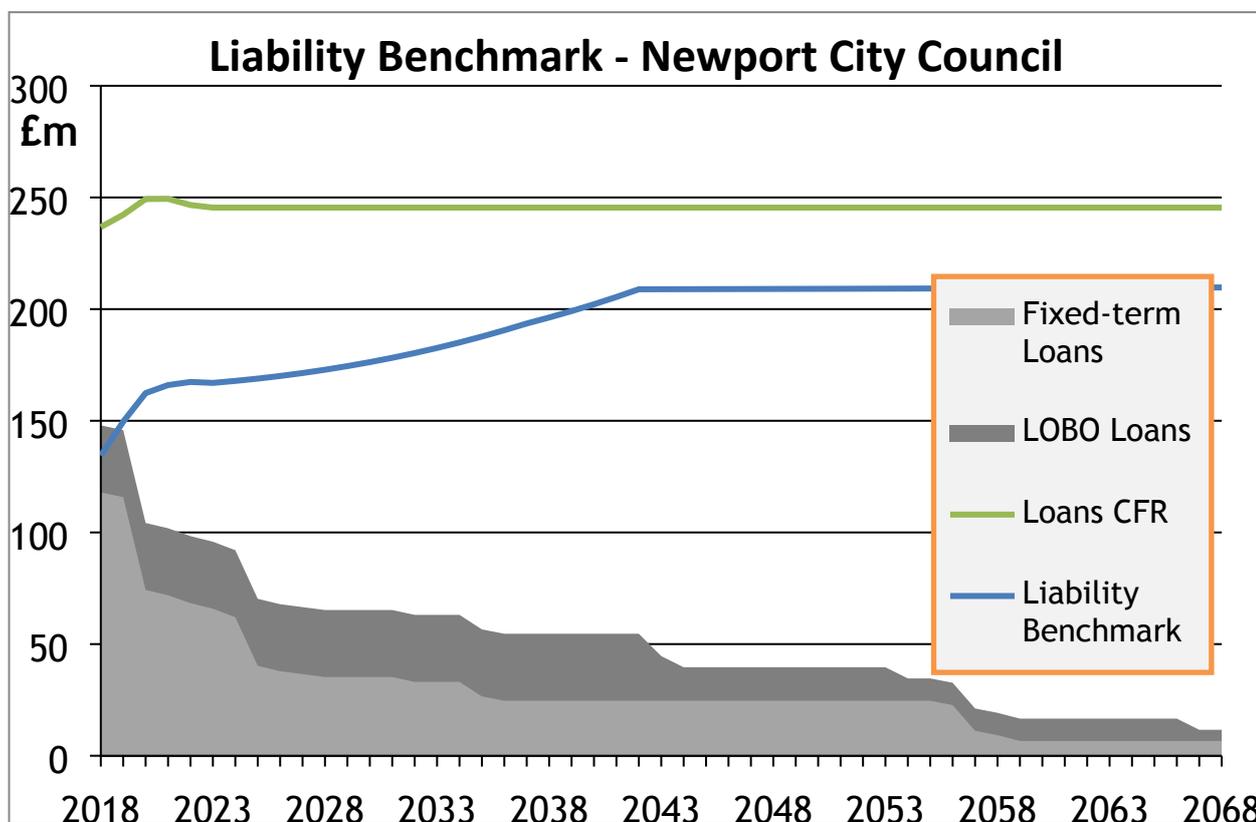
CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2020/21.

Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.

Table 3: Liability benchmark

	31.3.19 Actual £m	31.3.20 Estimate £m	31.3.21 Forecast £m	31.3.22 Forecast £m	31.3.23 Forecast £m
Loans CFR	237	244	251	257	252
Less: Usable reserves	(103)	(85)	(77)	(74)	(69)
Less: Working capital	3	3	3	3	3
Plus: Minimum investments	16	10	10	10	10
Liability Benchmark	153	172	186	196	196

Following on from the medium-term forecasts in table 3 above, the long-term liability benchmark assumes capital expenditure funded by borrowing at the same level as the minimum revenue provision therefore not increasing the CFR, and reserves in regards to the Private Finance Initiative (PFI) reserves being utilised over the life of the PFI contract. This is shown in the chart below:



The chart above shows actual borrowing maturing over time (grey area reducing), however our need to borrow (the green CFR line), over the long-term, remains at a consistent level due to the assumption that capital expenditure funded from borrowing will be at a level the same as the MRP charge. The Council need to borrow up to the liability benchmark (blue line) with the remaining amount being covered by internal borrowing as previously discussed. Therefore, the chart is showing the following important points/assumptions:

- The capital financing requirement is assumed to remain at a consistent level over the long-term.
- The ability to use further internal borrowing has diminished, with internal borrowing reducing over time as reserves are utilised.
- As existing borrowing matures (grey area reducing) there will be the need to refinance this debt over the long-term.
- The liability benchmark is increasing over time, meaning that the Council will be required to undertake new borrowing over time, therefore putting pressure on the revenue budget through increased interest payments.
- The only way to reduce this need to borrow is to reduce the level of capital expenditure funded by borrowing.

Borrowing Strategy

The Authority currently holds £150.8 million of loans, a decrease of £42 million on the previous year, as part of its strategy for funding previous years' capital programmes, there was a significant amount of temporary borrowing at year end to re-finance £40 million borrowing that was maturing in April 2020, this has now been carried out leading to this significant decrease in borrowing. The balance sheet forecast in table 1 shows that the Authority expects to borrow up to £40.8 million in 2020/21. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £290 million.

Objectives: The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

Strategy: Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2019/20 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Authority has previously raised the majority of its long-term borrowing from PWLB but the government increased PWLB rates in October 2019 making it now a relatively expensive option. The Authority will now look to borrow any long-term loans from other sources including, banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over reliance on one source of funding in line with the CIPFA Code.

Alternatively, the Authority may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Authority may borrow short-term loans to cover unplanned cash flow shortages.

Sources of borrowing: The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except the Greater Gwent Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency and other special purpose companies created to enable local authority bond issues

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- Sale and leaseback

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

LOBOs: The Authority holds £30m of LOBO (Lender’s Option Borrower’s Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. £25m of these LOBOs have options during 2019/20, and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so. Total borrowing via LOBO loans will be limited to £30m.

Short-term and variable rate loans: These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.

Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Treasury Investment Strategy

The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority’s treasury investment balance has ranged between £14.5 million and £69.0 million, levels of c. £10 to £20 million are expected in the forthcoming year.

Loans to organisations providing local public services i.e. regeneration and purchases of investment property are not normally considered to be treasury investments, and these are therefore covered separately in Appendix C.

Objectives: Both the CIPFA Code and the WG Guidance require the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

Negative interest rates: If the UK enters into a recession in 2020/21, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy: Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to diversify into more secure and/or higher yielding asset classes during 2020/21. This is especially the case for the estimated £10 million that is available for longer-term investment. All of the Authority’s surplus cash is currently invested in short-term unsecured bank deposits and local authorities. This diversification will represent a change in strategy over the coming year.

Business models: Under the new IFRS 9 standard, the accounting for certain investments depends on the Authority’s “business model” for managing them. The Authority aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Approved counterparties: The Authority may invest its surplus funds with any of the counterparty types in table 4 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 4: Approved investment counterparties and limits

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
---------------	-----------------	---------------	------------	------------	----------------------

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

This table must be read in conjunction with the notes below

Credit rating: Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

Banks unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Banks secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent.

Registered providers: Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Pooled funds: Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term

Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties. Investments in REIT shares cannot be withdrawn but can be sold on to the stock market to another investor.

Operational bank accounts: The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments: The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Investment limits: The Authority's revenue reserves available to cover investment losses are forecast to be £75 million on 31st March 2020. In order that no more than 15% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £10 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign

countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Investment limits

	Cash limit
Any single organisation, except the UK Central Government	£10m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£10m per group
Any group of pooled funds under the same management	£10m per manager
Negotiable instruments held in a broker's nominee account	£5m per broker
Foreign countries	£2m per country
Registered providers and registered social landlords	£5m in total
Unsecured investments with building societies	£5m in total
Money market funds	£10m in total
Real estate investment trusts	£10m in total

Liquidity management: The Authority uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.

Treasury Management Indicators

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

Interest rate exposures: This indicator is set to control the Authority's exposure to interest rate risk. The upper-limit on the one-year revenue impact of a 1% rise or fall of interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of 1% <u>rise</u> in interest rates	£200,000
Upper limit on one-year revenue impact of 1% <u>fall</u> in interest rates	£100,000

Maturity structure of borrowing: This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper	Lower
Under 12 months	60%	0%
12 months and within 24 months	40%	0%
24 months and within 5 years	40%	0%
5 years and within 10 years	40%	0%
10 years and within 20 years	30%	0%
20 years and within 30 years	20%	0%
30 years and within 40 years	20%	0%
40 years and within 50 years	20%	0%
50 years and above	20%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal sums invested for periods longer than a year: The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2020/21	2021/22	2022/23
Limit on principal invested beyond year end	£10m	£10m	£10m

Related Matters

The CIPFA Code requires the Authority to include the following in its treasury management strategy.

Financial Derivatives: In the absence of any explicit legal power to do so, the Authority will not use standalone financial derivatives (such as swaps, forwards, futures and options). Derivatives embedded into loans and investments, including pooled funds and forward starting transactions, may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.

Markets in Financial Instruments Directive: The Authority has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Head of Finance believes this to be the most appropriate status.

Government Guidance: Further matters required by the WG Guidance are included in Appendix 3c

Financial Implications

The budget for investment income in 2020/21 is £0.3 million, based on an average investment portfolio of £10 million at an interest rate of 3%. The budget for debt interest paid in 2020/21 is £7.2 million, based on an average debt portfolio of £2.7 million at an average interest rate of 4.0%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

Other Options Considered

The WG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Head of Finance believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain

Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Appendix 3a - Arlingclose Economic & Interest Rate Forecast November 2019

Underlying assumptions:

- The global economy is entering a period of slower growth in response to political issues, primarily the trade policy stance of the US. The UK economy has displayed a marked slowdown in growth due to both Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations have eased.
- Some positivity on the trade negotiations between China and the US has prompted worst case economic scenarios to be pared back. However, information is limited, and upbeat expectations have been wrong before.
- Brexit has been delayed until 31 January 2020. While the General Election has maintained economic and political uncertainty, the opinion polls suggest the Conservative position in parliament may be strengthened, which reduces the chance of Brexit being further frustrated. A key concern is the limited transitional period following a January 2020 exit date, which will maintain and create additional uncertainty over the next few years.
- UK economic growth has stalled despite Q3 2019 GDP of 0.3%. Monthly figures indicate growth waned as the quarter progressed and survey data suggest falling household and business confidence. Both main political parties have promised substantial fiscal easing, which should help support growth.
- While the potential for divergent paths for UK monetary policy remain in the event of the General Election result, the weaker external environment severely limits potential upside movement in Bank Rate, while the slowing UK economy will place pressure on the MPC to loosen monetary policy. Indeed, two MPC members voted for an immediate cut in November 2019.
- Inflation is running below target at 1.7%. While the tight labour market risks medium-term domestically-driven inflationary pressure, slower global growth should reduce the prospect of externally driven pressure, although political turmoil could push up oil prices.
- Central bank actions and geopolitical risks will continue to produce significant volatility in financial markets, including bond markets.

Forecast:

- Although we have maintained our Bank Rate forecast at 0.75% for the foreseeable future, there are substantial risks to this forecast, dependant on General Election outcomes and the evolution of the global economy.
- Arlingclose judges that the risks are weighted to the downside.
- Gilt yields have risen but remain low due to the soft UK and global economic outlooks. US monetary policy and UK government spending will be key influences alongside UK monetary policy.
- We expect gilt yields to remain at relatively low levels for the foreseeable future and judge the risks to be broadly balanced.

	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.21
Arlingclose Central Case	0.75													
Downside risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
3-month money market rate														
Upside risk	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.25
Arlingclose Central Case	0.75													
Downside risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
1yr money market rate														
Upside risk	0.10	0.20	0.20	0.20	0.20	0.20	0.20	0.25	0.30	0.30	0.30	0.30	0.30	0.23
Arlingclose Central Case	0.85													
Downside risk	-0.30	-0.50	-0.55	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.60
5yr gilt yield														
Upside risk	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.45	0.45	0.45	0.37
Arlingclose Central Case	0.50	0.50	0.50	0.55	0.60	0.57								
Downside risk	-0.35	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.56
10yr gilt yield														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	0.75	0.75	0.80	0.80	0.85	0.85	0.90	0.90	0.95	0.95	1.00	1.00	1.00	0.88
Downside risk	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.45
20yr gilt yield														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	1.20	1.20	1.25	1.25	1.25	1.30	1.30	1.30	1.35	1.35	1.35	1.40	1.40	1.30
Downside risk	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.45
50yr gilt yield														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	1.20	1.20	1.25	1.25	1.25	1.30	1.30	1.30	1.35	1.35	1.35	1.40	1.40	1.30
Downside risk	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.45

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 1.80%

PWLB Local Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Appendix 3b - Existing Investment & Debt Portfolio Position

	31/12/2019 Actual Portfolio £m	31/12/2019 Average Rate %
External borrowing:		
Public Works Loan Board	107.1	3.7
Local authorities	0	-
LOBO loans from banks	30.0	4.4
Other loans	13.6	3.8
Total external borrowing	150.8	3.7
Other long-term liabilities:		
Private Finance Initiative	43.0	
Finance Leases	0.1	
Total other long-term liabilities	43.1	
Total gross external debt	193.9	
Treasury investments:		
Banks & building societies (unsecured)	3.4	0.5
Government (incl. local authorities)	10	0.7
Total treasury investments	13.4	0.82
Net debt	180.4	

Appendix 3c - Additional requirements of Welsh Government Guidance

The Welsh Government (WG) published revised Investment Guidance in November 2019 which places additional reporting requirements upon local authorities that are not integral to this Authority's treasury management processes. The guidance also covers investments that are not part of treasury management, for example investment property and loans to local organisations.

Contribution: The Authority's investments contribute to its service delivery objectives and/or to promote wellbeing as follows:

- treasury management investments support effective treasury management activities,
- loans to local organisations provide financial support to those organisations to enable them to deliver local public services that would otherwise be provided directly by the Authority, and
- investment property provides a net financial surplus that is reinvested into local public services.

Climate change: The Authority's investment decisions consider long-term climate risks to support a low carbon economy to the extent that the Council have invested in our capital programme a number of energy efficiency related schemes, including LED projects and Solar PV.

Specified investments: The WG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement unless the counterparty is a local authority,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of "high credit quality".

The Authority defines "high credit quality" organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of A- or higher.

Loans: The WG Guidance defines a loan as a written or oral agreement where the authority temporarily transfers cash to a third party, joint venture, subsidiary or associate who agrees a return according to the terms and conditions of receiving the loan, except where the third party is another local authority.

The Authority uses an allowed 'expected credit loss' model for loans and receivables as set out in *International Financial Reporting Standard 9 Financial Instruments* as adopted by proper practices to measure the credit risk of its loan portfolio. Appropriate consideration is given to state aid rules and competition law. The Authority has appropriate credit control arrangements to recover overdue repayments in place.

Non-specified investments: Any financial investment not meeting the definition of a specified investment or a loan is classed as non-specified. Given the wide definition of a loan, this category only applies to units in pooled funds and shares in companies. Limits on non-specified investments are shown in table C2; the Authority confirms that its current non-specified investments remain within these limits.

Table C2: Non-specified investment limits

	Cash limit
Units in pooled funds without credit ratings or rated below [A-]	£10m
Shares in real estate investment trusts	£10m
Total non-specified investments	£10m

Non-financial investments: This category covers non-financial assets held primarily or partially to generate a profit, primarily investment property. The Council holds investment properties to the fair value of £7.8m on, these give an annual rental income of £1.2m. These are historic investment properties, namely Kingsway

shopping centre and Chartist Tower and the Council has not recently undertaken purchase of non-financial investments.

Investment advisers: The Authority has appointed Arlingclose Limited as treasury management advisers and Newport Norse as property investment advisers. The quality of these services is controlled by regular review of the services provided by both advisers and regular strategy meeting with them.

Appendix 3d - Minimum Revenue Provision Policy

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Welsh Government's *Guidance on Minimum Revenue Provision* (the WG Guidance) most recently issued in 2010.

The broad aim of the WG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The WG Guidance requires the Authority to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance.

For supported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments, this is currently deemed to be an average of 40 years.

For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in on an annuity basis with an annual interest rate equal to the average relevant PWLB rate for the year of expenditure, starting in the year after the asset becomes operational.

For capital expenditure loans to third parties that are repaid over a short time period or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead.

Capital expenditure incurred during 2020/21 will not be subject to a MRP charge until 2021/22.

Based on the Authority's latest estimate of its Capital Financing Requirement on 31st March 2020, the budget for MRP has been set as follows:

	31.03.2020 Estimated CFR £m	2020/2021 Estimated MRP £m
Supported capital expenditure	163	4
Unsupported capital expenditure	81	4
Finance leases* and Private Finance Initiative	43	1
Total General Fund	287	10

*With the pending introduction of IFRS 16 Leases, the CFR and debt identified as relating to leases is likely to increase during 2020/21 due to the change in the way that finance leases for lessees are treated. There is currently an ongoing project assessing these leases across the Council and an update will be given alongside the in-year 2020-21 treasury monitoring report to Council.



Report

Council

Part 1

Date: 27 February 2020

Subject National Non-Domestic Rates: Discretionary Relief: High Street Relief Scheme 2020-21

Purpose The purpose is for Council to resolve to adopt the Welsh Government's High Street Relief Scheme for 2020-21.

Author Head of Finance

Ward All

Summary The Welsh Government has again made available grant funding for billing authorities to deliver in 2020-21, the High Street Rate Relief Scheme to reduce the rate burden on qualifying high street retail properties. The Welsh Government has agreed to reimburse the Council in full for any awards made under the scheme and it is envisaged that around 400 businesses will again benefit from reduced rates by way of this relief.

The scheme is identical to the retail rate relief schemes that have operated in previous years, and will deliver:

1. Reduced rates to qualifying properties which are broadly retail in nature.
2. Rate relief of up to £2,500 for each qualifying property.

Proposal It is proposed that the Council resolves to adopt the Welsh Government's Wales High Street and Retail Relief Scheme for 2020-21 by making the appropriate determination and decision, as required by Sections 47(1)(a) and 47(3) respectively of the Local Government Finance Act 1988, and set out in the Appendix to this report

Action by Head of Finance to implement the Scheme and make discretionary awards using delegated powers.

Timetable Effective from 1 April 2020

This report was prepared after consultation with:

- Head of Law & Regulation
- Head of People & Business Change
- Head of Regeneration, investment & Housing

Signed

Background

The Welsh Government has made available funding for billing authorities to deliver in 2020-21, the High Street and Retail Rate Relief Scheme.

The Scheme is fully funded by Welsh Government and is the same as the scheme that operated in 2019-20 and again, sets out the various categories of retail premises that will benefit from relief. These are detailed in the Appendix, but broadly, the premises included are those that have a rateable value of £50,000 or less; are occupied; and are wholly or mainly used as shops, restaurants, cafes and drinking establishments. (These categories are intended to cover premises that are being used for the sale of goods and/or services, or food and/or drink, to visiting members of the public).

The scheme will again enable the rates of qualifying properties to be reduced and will deliver a reduction of up to £2500 for each qualifying property. This reduction will be applied directly to the rate account and will reduce the annual amount payable.

The means of making the awards of High Street Rate relief is the Council's discretionary powers under section 47 of the Local Government Finance Act 1988. The Council is required to make a formal determination (Section 47(1)(a)) and decision (Section 47(3)) to adopt the scheme so that this discretionary power may be exercised by the Head of Finance under delegated powers. The Council is reimbursed for the rates income foregone as a result of the Scheme when calculating monies to be paid over to the Welsh Government 'pool'.

The Wales High Street Rate Relief Scheme forms part of a package of Welsh Government measures available to support business. The High Street relief scheme for 2020-21 sits alongside the Small Business Rates Relief Scheme that reduce the financial burden of rates for qualifying businesses.

The application process for ratepayers is straightforward and in many cases can be awarded automatically. Due to the fact that details of the High Street and Retail Relief Scheme has been received earlier than in previous years and provided the scheme is adopted by Council at this meeting, it will be possible to show the relief on the 2020-21 rate bills when they are issued, simplifying the process for businesses.

If Council resolves to adopt the scheme, around 300 businesses will benefit from reduced amounts to pay and the adjustment will be shown on their 2020-21 rates bill. The remaining 100 estimated qualifiers will be issued with an application form so that a determination on whether they meet the criteria of the scheme can be made and adjustment notices sent as soon as practicable thereafter.

Financial Summary

There are no direct financial implications to the Council in adopting the scheme. The full value of discretionary awards is reimbursed by the Welsh Government, along with a small administration grant to cover expenses such as printing and postages for the application and billing procedures. Staff resources will be prioritised appropriately within the revenues team to meet the administration requirements of the scheme.

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Failure to implement the scheme will result in Newport ratepayers being financially disadvantaged	H	L	Adoption of the scheme will allow relief awards to be made and rate bills reduced.	Head of Finance

Links to Council Policies and Priorities

The adoption of the schemes fits with the Council's aims to improve the local economy, and the well-being of its citizens

Options Available and considered

- Adopt the Wales High Street Relief Scheme
- Decide not to adopt the Scheme

Preferred Option and Why

Adopt the Scheme so that as many retailers as possible may benefit from reduced Rates bills.

Comments of Chief Financial Officer

The High Street and Retail Rate Relief Scheme is a significant financial benefit to local retailers across the city which are valued by residents. It compliments and in appropriate cases, augments the Small Business Rates Relief Scheme.

The scheme is fully funded by the Welsh Government

Comments of Monitoring Officer

The proposed scheme is in accordance with the Council's statutory powers to grant discretionary rate relief under section 47 of the Local Government Finance Act 1988 ("the 1988 Act"). In order to adopt the scheme, full Council is required to make a formal determination under Section 47(1) (a) of the 1988 Act and formal decision under Section 47(3). The power to award discretionary rate relief in accordance with the scheme is then delegated to the Head of Finance under the officer scheme of delegation. The proposed scheme for 20/21 is the same as the current one, both in terms of the types of retail premises that are eligible for relief and the maximum amount of £2,500 that can be awarded for each qualifying property. The Council is reimbursed by Welsh Government for the total amount of business rates income foregone as a result of the discretionary rate relief awarded under the scheme, through the calculation of the pooled NNDR income

Comments of Head of People and Business Change

There are no direct HR implications arising from this report.

The report notes that the Wales High Street Rate Relief Scheme forms part of a package of Welsh Government to support businesses and that, if the Council resolves to adopt the scheme, around 300 businesses will benefit from reduced amounts to pay, with further businesses potentially qualifying. This would contribute towards the Council's Well-being Objective to "Promote economic growth and regeneration whilst protecting the environment". By supporting a vibrant city centre economy, the initiative would also align with Newport Offer work within the city's Well-being Plan, which seeks to promote Newport as a place to live, work and visit.

Comments of Cabinet Member

The Cabinet Member confirms they have approved this report and supports this valuable benefit to qualifying retailers / businesses

Local issues

None

Scrutiny Committees

N/A

Equalities Impact Assessment and the Equalities Act 2010

Once adopted, the Council is obliged to comply with the Welsh Government's rules in applying the Scheme. These are detailed in the Appendix.

Children and Families (Wales) Measure

N/A

Wellbeing of Future Generations (Wales) Act 2015

When developing the High Street and Retail Relief scheme, consideration was given to the wellbeing duty contained in section 3 of the Well-being of Future Generations (Wales) Act 2015. This included consideration of how the policy would contribute to supporting the wellbeing goals under section 4 of that Act, and the wellbeing objectives set by the Welsh Ministers, whilst acting in accordance with the sustainable development principle. Providing this scheme will assist ratepayers and, as such, it will help to contribute to the achievement of the wellbeing goals of a prosperous Wales and a more equal Wales.

Crime and Disorder Act 1998

N/A

Consultation

N/A

Background Papers

The Welsh Government's Guidance on the 2019-20 Scheme is available here:



Non-Domestic
Rates - High Street &

APPENDIX

Resolution

(a) The Council determines that, unless hereditaments are excepted under (b) below, Section 47(1)(a) (discretionary relief) of the Local Government Finance Act 1988 will apply as regards the hereditaments described in 'The Scheme' in accordance with the rules described in relation to those hereditaments.

It is reasonable for the Council to make this decision having regard to the interests of persons liable to pay council tax set by the Council.

(b) Relief is not available under this resolution in respect of any hereditament which is occupied by -

- the Welsh Ministers, a Minister of the Crown or government department,
- any public authority (including any local authority),
- the holder of any public office, or
- the Crown

(c) The Council decides, under Section 47(3) of the Local Government Finance Act 1988, that during the billing year 2018-19 'The Scheme' shall apply to the hereditaments described, and that the Head of Finance use his delegated powers to apply the relief.

The Scheme to be Adopted

Introduction

The relief is intended to be a temporary measure for 2020-21 only, aimed at retailers in Wales, for example shops, pubs, restaurants and cafes – including those retailers which have seen their rates increase as a result of the 2017 revaluation undertaken by the Valuation Office Agency.

The Welsh Government will provide relief, of up to £2,500 to eligible retailers occupying premises with a rateable value of £50,000 or less in the financial year 2020-21, subject to State Aid limits.

Properties that will benefit from this relief will be occupied retail properties such as shops, restaurants, cafes and drinking establishments, with a rateable value of £50,000 or less on 1 April 2019.

Level of Support

Eligible ratepayers will be occupying retail premises and have a rateable value of between £6,001 and £50,000 for the financial year 2020-21 and who meet the following criteria:

It is intended that, for the purposes of this scheme, retail properties such as, "shops, restaurants, cafes and drinking establishments" will mean the following (subject to the other criteria in this guidance).

i. Premises that are being used for the sale of goods to visiting members of the public

Shops (such as florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off-licences, newsagents, hardware stores, supermarkets, etc)

Opticians

Pharmacies

Post offices

Furnishing shops or display rooms (such as carpet shops, double glazing, garage doors)

Car or caravan showrooms

Second hand car lots

Markets

Petrol stations
Garden centres
Art galleries (where art is for sale or hire)

ii. **Premises that are being used for the provision of the following services to visiting members of the public**

Hair and beauty services
Shoe repairs or key cutting
Travel agents
Ticket offices, eg. for theatre
Dry cleaners
Launderettes
PC, TV or domestic appliance repair
Funeral directors
Photo processing
DVD or video rentals
Tool hire
Car hire
Cinemas
Estate and letting agents

iii. **Premises that are being used for the sale of food and / or drink to visiting members of the public**

Restaurants
Drive-through or drive-in restaurants
Takeaways
Sandwich shops
Cafés
Coffee shops
Pubs
Wine Bars

To qualify for the relief a hereditament listed in (i) to (iii) should be wholly or mainly used as a shop, restaurant, café or drinking establishment. This is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

The list set out above is not intended to be exhaustive as it would be impossible to list all the many and varied high street retail uses that exist. There will also be mixed uses. However, it is intended to be a guide as to the types of uses that the Welsh Government considers should qualify for the High Street Rate Relief Scheme. Determinations will be required as to whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them eligible for the relief. Conversely, properties that are not broadly similar in nature to those listed above should not be eligible for the relief.

As the grant of the relief is discretionary, local authorities may choose not to grant the relief if they consider that to be appropriate, however it is highly unlikely that the Council would not wish an eligible business to benefit from the reduction in rates that the scheme affords.

There are certain business types that Welsh Government has specifically excluded from the scheme namely:

i. Premises that are being used for the provision of the following services:

Financial services (eg. banks, building societies, cash points, ATMs, bureaux de change, payday lenders, betting shops, pawn brokers)

Medical services (eg. vets, dentists, doctors, osteopaths, chiropractors)

Professional services (eg. solicitors, accountants, insurance agents, financial advisers, tutors)

Post office sorting office

Tourism accommodation, eg. B&Bs, hotel accommodation and caravan parks

Sports clubs

Children's play centres

Day nurseries

Outdoor activity centres

Gyms

Kennels and catteries

Show homes and marketing suites

Employment agencies

There are a number of further types of hereditaments which the Welsh Government believes should not be eligible for the high street relief scheme:

ii. Premises with a rateable value of more than £50,000

Whilst it is recognised there are some high street retail businesses with rateable value above the £50,000 relief threshold who are also experiencing increases in their rateable values as a result of the 2017 Revaluation, these properties will not be eligible for this relief.

iii. Premises that are not reasonably accessible to visiting members of the public

If a business is not reasonably accessible to visiting members of the public, it will be ineligible for relief under the scheme.

v. Premises that are not occupied

Properties that are not occupied on 1 April 2019 should be excluded from this relief. There are other statutory rate reliefs that provide reductions under certain circumstances for empty properties.

vi. Premises that are in receipt of mandatory charitable rates relief

Retail premises that already receive mandatory rate relief such as charity shops are excluded from receiving additional relief under the High Street Relief Scheme.

Other Considerations

Ratepayers that occupy more than one property will be entitled to High Street Rates Relief for each of their eligible properties, subject to State Aid de minimis limits.

Eligibility for the relief will be calculated based on the circumstances of the property and ratepayer as at 1 April 2019. Changes to properties which occur after this date will have no impact on eligibility for this relief.

Empty properties becoming occupied after 1 April 2018 will not qualify for this relief.

If there is a change in occupier part way through the financial year, after relief has already been provided to the hereditament, the amount of relief will be amended pro rata with the new occupier also qualifying for a proportion of the rate relief.

State Aid

Awards made under the High Street Rate Relief Scheme will in most instances count as state aid and the European Union regulates state funded support to businesses.

The De Minimis Regulation allows an undertaking to receive up to €200,000 of De Minimis aid in a three-year period (consisting of the current financial year and the two previous financial years).

To administer the scheme and comply with the De Minimis regulations it is necessary for the council to establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid. The threshold only relates to aid provided under the De Minimis Regulations (aid under other exemptions or outside the scope of State Aid is not relevant to the De Minimis calculation).

To comply with the state aid rules all ratepayers will be required to declare if they consider that they have exceeded the de minimis limits and will be sent a form for this purpose.

Further information on the state aid and de Minimis rules can be found at:

<http://gov.wales/funding/state-aid/de-minimis-aid/?lang=en>

http://ec.europa.eu/competition/state_aid/legislation/de_minimis_regulation_en.pdf



Minutes

Democratic Services Committee

Date: 24 October 2019

Time: 5.00 pm

Present: Councillors D Fouweather (Chair), M Evans, R Hayat, L Lacey, K Thomas, T Watkins and H Thomas

Lisa Davies (Governance Officer)

In Attendance:

Apologies: Councillors C Evans and Y Forsey

1 **Declarations of Interest**

None

2 **Minutes of the Last Meeting**

Minutes of the meeting held on the 14th February 2019 were accepted as a true and accurate record

In relation to the minutes from the previous meeting, a Member questioned the sentence 'A Member asked whether the change was due to Councillors having failed previously?' on page 8 of the minutes. They stated that they felt that the grammar was incorrect

The minutes of the meeting held on 25th July 2019 were approved as a true and accurate record.

3 **Annual Report by the Head of Democratic Services**

The Head of Law and Regulation gave an update on the Annual Report of the Head of Democratic Services

Under the Local Government (Wales) Measure 2011, the Democratic Services Committee is required to keep under review the provision of staff, accommodation and other resources made available to the Head of Democratic Services, to ensure that adequate resources were provided for the responsibilities of the post.

The annual report provided an outline of the resources made available in support of these functions, so that the Committee could fulfil its responsibilities under the Measure.

Agreed:

That the Committee endorsed the annual report of the Head of Democratic Services and the proposals as outlined within the report.

4 Annual Report of the Democratic Services Committee

The Head of Law and Regulation gave an update on the Annual Report of the Democratic Services Committee.

The Local Government (Wales) Measure 2011 required each council to establish a Democratic Services Committee. The Measure prescribes the functions of the committee and requires the committee to make a report at least annually to the Council.

This report proposed the content of the Democratic Services Committee's annual report for 2018-19. It also provided evidence that the committee had carried out its required function by reviewing the adequacy of staff to support members.

Agreed:

That the Committee endorsed the annual report of Democratic Services Committee and the proposals as outlined within the report, asking for the clarification of the recommendation of Residential Homes rota visits.

5 Independent Remuneration Panel For Wales Draft Annual Report 2020

The Head of Law and Regulation gave an update on the Annual Report 2020.

In 2017 the Panel visited each of the 22 principal councils and met with many members and officers. Since then we have met with all Fire and Rescue and National Park Authorities and continued with the programme of meetings with Community and Town Councillors and Clerks. In this draft Annual Report we continue to reflect some of the issues that have arisen during our visits. We have previously indicated that payments to councillors have not kept pace with the original comparator the Panel used to establish an appropriate level of remuneration because of pressures on public expenditure. The effect of this can be seen in the tables and graphs in section 3. A more detailed paper will be available on our website.

We propose an increase in the basic salary of elected members of principal councils and members of both Fire and Rescue Authorities and National Park Authorities to take account of the current rate of inflation which will help prevent further erosion.

We acknowledge that there may be some concerns about the financial impact of this increase when local government in Wales continues to be financially stretched. However, we have to balance the issue of affordability with fairness to members of local councils and recognise that the current level of payments means that many of them struggle financially. As we have consistently indicated, representative democracy does not come without a cost. In the current circumstances we consider our determinations set out in this Report achieve this balance.

The Committee agreed in principle with the report and had no further comments.

Agreed:

That the draft annual report was noted by the Committee.

6 Chair of Council

The Head of Law and Regulation gave an update on the Chair of Council/Presiding Officer;

The Local Government (Democracy) Wales Act 2013 gave local authorities the power to appoint a Presiding Member (and Deputy Presiding Member) to act as Chair of Council and discharge any other non-executive functions, as determined by the Council. The purpose of having a stand-alone Chair of Council was to reflect the specific role of presiding over Council meetings and the skills required to manage Council business in a fair and efficient manner. These roles and responsibilities are quite distinct and different from the other civic, ambassadorial and ceremonial roles discharged by the Mayor (and Deputy Mayor) as the first Citizen of the City. Many councils in Wales have now gone down this route and have appointed a specialist Presiding Member to chair council meetings.

A Member of the Executive may not be elected as Presiding Member/Chair of Council, but can be elected as a stand-alone Mayor. If remunerated, a Presiding Member is entitled to a Band 3 Senior Salary of (currently) £22,568 and the post would count towards the Senior Salary cap for the Council of 18 posts.

Where a Presiding Member is appointed, the Council must appoint a Deputy Presiding Member. A Deputy Presiding Member cannot be a member of the Executive and is not entitled to be remunerated.

Consequential amendments would be required to the Council's Constitution to reflect the separation of the Chair of Council and Mayoral roles.

The Committee made the following recommendations;

- The main recommendation was that the Council should not appoint a Chair of Council/Presiding Member.
- If full Council decided to appoint a Presiding Member, then it was recommended that there should be a rule prohibiting any serving Cabinet Member from being appointed as the Mayor and carrying out a dual role.

7 Draft Work Programme

The Head of Law and Regulation gave an update to the Committee on the Draft Work Programme.

The purpose of a work programme is to enable the Committee to plan, organise and prioritise its workload. Previously, reports have been brought to the Committee on an ad hoc basis, as and when work was referred. By adopting the suggested work programme in this report, the Committee will be able to plan out its projects and meetings, be clear on its aims and objectives, and properly assess at the end of the year the extent to which its aims have been achieved.

Agreed:

That the Committee endorsed the Draft Work Programme and the proposals as outlined within the report.

8 **Date of next Meeting**

20 February 2020

The meeting terminated at Time Not Specified

Draft Minutes



Democratic Services Committee

Date: 20 February 2020

Time: 10am

Present: Councillors D Fouweather (Chair), M Evans, C Evans, J Clarke, and M Whitcutt

In Attendance: G Price (Head of Law and Regulation), A Jenkins (Governance Team Leader), F Collins (Governance Officer)

Apologies: Councillors T Watkins, J Hughes, K Thomas and G Berry

1 **Declarations of Interest**

None.

2 **Minutes of the Last Meeting**

Minutes of the meeting held on the 24 October 2019 were submitted.

Item 6: Chair of Council

It was felt that the minutes did not reflect the lengthy debate that took place regarding this subject. It was important to note that the additional costs of paying another senior salary was a significant factor and the point of principle on the separation of roles was also of general concern. Therefore, a unanimous decision was taken by the Committee not to recommend to Council the appointment of a Chair of Council/Presiding Member

Item 5: IRP for Wales Draft Annual Report 2020

It was noted by the committee that under matters arising, the final IRP report was received earlier in the week and would be added to the Council Work Programme for April 2020. There were no changes to the draft Report and there would be an inflationary increase of £350 to the basic salary for all Councillors.

3 **Review of the Constitution Revised Officer Scheme of Delegation**

As part of the forward work programme and the terms of reference for Democratic Services Committee, the Committee was required to keep under review the Council's constitutional governance arrangements.

In accordance with the Council's approved scheme of delegation, set out in Part 3 Appendix 3 of the Council's Constitution, a number of statutory functions were delegated to those Heads of Service who were authorised to discharge these duties on behalf of the Council. The Officer Scheme of Delegation was last reviewed and updated in October 2017 and since that time; there had been a few legislative changes and amendments to Council procedures. These changes and amendments needed to be incorporated into a revised and updated scheme of delegation for adoption by full Council.

For the most part, the previous officer scheme of delegation did not require substantive revision. However, since the last review, new legislation was introduced to deal with sustainable drainage systems (“SuDS”) for new developments and additional delegated powers needed to grant the Head of City Services to enable him to determine applications and all other related functions under Schedule 3 of the Flood and Water Management Act 2010 on behalf of the Council as the SuDs Approving Body (“SAB”).

In addition to this, the Committee were informed that amendments had been made to the existing scheme of delegation to Council granting full delegation to the Head of Regeneration Housing and Investment to determine minor property transactions, as previously recommended by Democratic Services Committee at their meeting in November 2018.

Comments from the Committee:

- The Committee asked if there was accountability under this new arrangement and whether members could question delegated decisions. It was advised that as this was now allocated to the Head of Streetscene and City Services, any decisions would be taken by the responsible officer due to the technical complexities of these matters. This was similar to decisions taken by Building Control where a qualified officer would be better placed to take these decisions. There was no system for calling-in these decisions, unlike delegated planning decisions, but the Head of Service would be responsible and accountable for the decisions taken.
- The Committee referred to the Gambling Act and if Newport had powers to allow casinos to operate within the city. This was a matter of policy and there were different types of licenses, some with an element of local discretion. Any policy decision on casino licences would be a matter for full Council. .
- The committee also referred in general to the Scheme of Delegation appointing the Chief Executive as the Council’s Returning Officer. The Committee was informed that the Chief Executive was not currently required be the Returning Officer and in some council’s such as Cardiff, the Head of Finance took on this duty. Newport City Council chose to designate the Chief Executive. New legislation enforced by Welsh Government however, meant that the title of Returning Officer would in future be attached to all Chief Executives within Wales with no extra financial payment for local election fees. A brief discussion ensued regarding the fees and responsibilities of the Returning Officer.

Recommended :

The Committee agreed to the proposed amendments to the Scheme of Delegation to Officers and recommended that it be adopted as Part 3 Appendix 3 of the Constitution at Council on 27 February 2020.

4 Independent Remuneration Panel Supplementary Report

It was felt that members were not taking advantage of the financial support made available to those with primary caring responsibilities for a child or adult and/or personal support needs where these were not covered by statutory benefit or other provision.

The Ombudsman therefore wanted to remind councillors of this benefit through this supplementary report by way of raising awareness through the Democratic Services Committee. It was felt that due to the publishing of allowances and payments, councillors might also be embarrassed to declare the reimbursement claim however any claim for care would published as an anonymous list.

Comments from Councillors:

- The Chair agreed that most members were very mindful about what allowances they claimed in particular general attendance expenses, as they felt they were under public scrutiny.
- The Committee were informed that this was also available to senior salary holders such as Cabinet Members and for those members attending meetings.
- The Committee agreed that members should be made aware of this additional reimbursement of costs and that the monetary support would be a reassurance to those with children or adults that needed extra care.

Agreed:

The committee agreed that a summary of the supplementary report be circulated to all members for their information by the Governance Team Leader.

5 Support for Councillors in their Ward Work

It was previously agreed that the Democratic Services Committee review support for Councillors in their ward work as part of the work programme for 2018-19. The Committee agreed the scope of a further review of the support and engagement arrangements in July 2018. The previous research had focused predominantly on the engagement methods themselves, and Neighbourhood Committees / ward meetings in particular. The focus therefore of this additional review was specifically in relation to the practical support that Councillors needed to undertake their ward work effectively, through all the different methods available to them.

The Committee received interim presentations on upgrades to Members IT and the development of an on-line members Took-Kit to assist and support Councillors in carrying out their representational roles within their local communities. Due to changes however, in key personnel and membership of the Committee, the outcome of the review was never formally concluded and signed-off. In particular, no final conclusions were drawn on whether the Neighbourhood Committees/ward meeting should continue in their current format in the light of the significant developments in other methods of engaging with local communities within individual wards.

This report therefore summarised the outcome of the review of support for Councillors in their Ward work and invited the Committee to consider the options regarding Neighbourhood Committees/Ward Meetings.

Comments from Committee:

The Committee understood that there was not a consistent approach to ward meetings. It was also noted that not all ward members were able to voice their opinion at this meeting.

- Rogerstone ward members were passionate advocates of ward meetings, which were non-political and helpful for residents from an information perspective. They were also important for constituents raising individual issues with ward members and well attended.
- Some residents that were not using social media found ward meetings helpful, and it was felt that if ward meetings were lost, that councillors would lose their community.
- Ad hoc or side arrangements in place for some wards was still effective, such as holding meetings to discuss the budget or other strategic matters that would affect residents city wide.
- Some ward members did not run ward surgeries however, if constituents had concerns, they would meet with them on a one to one basis, such as Allt-yr-yn.

- It was therefore felt that each ward had an individual way of running their ward meetings and there was an argument for and against, this however should be left for the individual discretion of each ward member.
- Whilst from an officer perspective, it was difficult drawing the line between political support and single ward issues, ward members mentioned that parochial issues would be raised whether they were at ward meetings or surgeries. With an officer in attendance, residents could receive immediate feedback. There was also an audit trail
- There was limited financial resources available but ward meetings would require officer support and attendance.

Recommended:

Regarding the review of support for Councillors in their Ward work, it was agreed to recommend to Council that the current arrangements in relation to ward meetings should continue.

6 **Boundary Commission Review of Electoral Arrangements – Draft Proposals**

The Local Democracy and Boundary Commission for Wales was reviewing the electoral arrangements for the City of Newport with a view to considering and formulating proposals for future arrangements. This was part of the Commission's programme to review all principal councils in Wales, in time for new arrangements to be introduced for the next local government elections in 2022. Newport was the 17th council to be reviewed.

The Commission published initial consultation documents on 30th January 2019, showing the current elector to Councillor ratios in the City and how these compared to their Council Size Policy and ideal ratios. A cross-party working group was set up to review the evidence and options for future electoral arrangements in Newport, and formulate a draft response to the Commission's initial consultation process. The group's final report was presented to full Council on 30th April 2019, when the recommendations were approved and adopted. The Council's proposals and preferred options were then submitted to the Commission for consideration.

The Commission's Draft Proposals were finalised in October 2019 but not published until January 2020. The Council has until 8 April 2020 to formulate and submit any response to the draft proposals. The Commission would then consider any consultation responses before finalising their proposals, which would be submitted to the Welsh Government Ministers for approval, with or without modification. The necessary Order would then be made to implement the new electoral arrangements prior to the next local government elections in May 2022.

In summary the draft proposals would establish a Council of 49 Members and 22 Wards, compared to the current 50 Members and 20 Wards.

The Communities of Wentlooge and Coedkernew would be moved from the current Marshfield Ward and merged with the existing Tredegar Park Ward to form a new Tredegar Park and Marshfield East Ward. The new Ward would have two Members, while the remainder of Marshfield would have one.

Part of the existing community of Graig would be merged with the Community of Rogerstone. The existing Rogerstone Ward would be divided into three new Wards with four members between them.

Part of the existing community of Pillgwenlly would be transferred to Stow Hill, both Wards retaining two Members each.

The Community of Bishton would transfer from Llanwern to Langstone. The Community of Nash would transfer from Liswerry to Llanwern with representation unchanged.

The wards of Bettws and Beechwood would remain unchanged but membership would be reduced from three members to two in each ward.

Comments from the committee:

Lengthy and meaningful discussion ensued regarding recommendations to Council for a corporate response to the draft proposals and after careful consideration the the following points were noted.

- Chair expressed the opinion that an extraordinary council meeting could be held to discuss the proposals and recommendations to take forward to the Boundary Commission.
- The Committee considered that an agreed response at full council would be unachievable, as the political groups would wish to submit their own different views.

The Monitoring Officer advised that the committee could make some general recommendations to Council, about which there was consensus, as a corporate response to the draft proposals. Any points of disagreement on the detailed changes could be left to the political parties. It was an opportunity to express the Council's broad agreement in terms of the general proposals and the revised electoral arrangements, because the changes could have been far more radical.

- Members were asked to consider the proposed reduction of councillors in Bettws and Beechwood wards put forward by the Boundary Commission. If the Committee were to agree at Council that the numbers be retained rather than reduced, this would see an extra two councillors in place, as opposed to the proposed 49 councillors. Single member wards might be something that councillors might agree on and this could be a consistent approach by council in agreeing to this. The overall outcome was not too disappointing and any extra councillors would be within the margins set by the Boundary Commission, allowing the Council to increase by one or two. 51 Councillors would therefore still be acceptable in terms of council size and would leave the door open for additional representation in Llanwern at the next review.
- The Committee generally agreed that Newport was growing and that three members was a viable number. The increase in numbers to four Rogerstone Ward members were also considered a realistic number, although there were differing opinions about whether it should be divided into four separate wards. Bettws and Beechwood wards should be about the same numbers therefore three members per ward should be retained.
- The Committee advised that the individual ward's work load, geography, community, cohesion, trend, growth, etc should be considered, with this in mind Bettws and Beechwood should remain the same and although there was significant variation they were both coherent and large communities. The general consensus therefore was that the Boundary Commission should not take a statistical approach.
- The Boundary Commission were very forthcoming when contacted, this was pointed out in relation to Rogerstone ward. Rogerstone ward members welcomed an extra ward member but did not agree with dividing Rogerstone. From a ratio point of view the Boundary Commission's work was based on people registered to vote. Ward members did however deal with casework of constituents not registered to vote and they felt the logic used by the Boundary Commission was flawed. The Boundary Commission stated that they did not like multi member wards and preferred one member per ward but did not say why. Whilst the Boundary Commission did only record registered voters, they had taken into account the socio-economic factors. After lengthy discussion it was

concluded by that in terms of numbers, Newport came out quite well, and their methodology could not be questioned at this stage..

The Chair also referred to 16 year olds being able to vote. This was also factored in to the figures but did not make any difference to the percentages.

- The Committee was concerned that the situation for Bettws ward in particular, would put strain on two members as they worked extremely hard and reducing the councillors would put more onus on them workwise and the residents would not get the service they deserved.

Recommended:

- After very careful discussion and consideration the Committee recommended that Council on 27 February 2020, should submit a response to the Boundary Commission to the effect that the draft proposals were broadly accepted but Bettws and Beechwood should continue to be three member wards because of the particular social and economic issues in those areas and the amount of work generated for their ward Councillors.

8 Date of next Meeting

Committee Room 1 at 5pm on 21 May 2020.

Constitution

Part 3: Responsibility for Functions

Appendix 3: Scheme of Delegation to Officers

Section A: GENERAL SCHEME OF DELEGATION APPLYING TO ALL HEADS OF SERVICE

1 General Delegations to all Chief Officers

NB: This section relates to those matters delegated to all Chief Officers. To see the scheme of delegation to individual Chief Officers, please see Section 2 below.

1.1 Human Resources Matters

- (i) To determine operational issues relating to the service area based on the needs of the council; its customers and the service.

All decisions must be within agreed Council policies and within the budget allocation for the service area.

As set out in (ii) below, certain decisions will be subject to consultation with the Monitoring Officer, Head of Finance and Head of People and Business Change. Any dispute will be determined by a Strategic Director.

- (ii) To determine the following subject to consultation with the Monitoring Officer, Head of Finance and Head of People and Business Change.
- the grading of posts within the area;
 - the movement of posts within the service area and between service areas;
 - the creation of new permanent posts or the deletion of posts within the structure of a service area;
 - re-grading / grading
 - salary protection
 - early release of pension
 - market supplements
 - job descriptions and person specifications for all posts within the service area
 - the creation of any new post or the deletion of any new post
 - Individual grading within the service area, including regrading applications.
- (iii) To determine all operational Human Resource matters for the service area. All decisions must be within agreed Council policies and within the budget allocation for the service area. Operational matters include:
- To make appointments other than those reserved to Council.
 - To determine Temporary/Fixed term posts

- To determine any application for secondary employment for employees working a 37 hour week or where the combined hours of the jobs equate to more than 37 hours.
- To determine any change to hours of any post
- To determine any job share arrangement or any scheme of reduced hours of work
- To vary the pattern of the working week
- To determine any secondment arrangements.
- To determine the employment of agency employees and any contract arrangements with agencies or contractors, in line with agreed contract arrangements.
- To determine any Honorarium payments within agreed criteria.
- To determine planned overtime payments.
- To determine salary protection to be applied under the Council's job security policy.
- To determine any progression through grades within any agreed schemes.
- To determine any application for payment of professional fees within the Council's policy
- To work with colleagues to secure redeployment opportunities or development opportunities for unplaced employees and as a last resort, to serve redundancy notices, where there is no suitable alternative employment available with the authority.
- To determine any application for time off for trade union activity in line with agreed policy
- To determine paid or unpaid leave of absence in accordance with Council policy
- To determine whether to allow 'carry over' of leave beyond the requirements of the European Working Time Directive
- To determine Health and Safety arrangements within a service area.
- To authorise attendance at training events or conferences, subject to budget provision being available.
- To determine any disciplinary action in accordance with the Council's disciplinary procedures.
- To determine any application for legal assistance relating to any private prosecution relating to violence at work.

1.2 Tenders

In accordance with the Council's Procurement Strategy Standing Orders and/or Financial Regulations:

- To accept the most economic advantageous tender for work goods or services. Heads of Service will record acceptance of tenders in a register and act in compliance with the Council's agreed procurement strategy and Contract Standing Orders. Records must show when the most economically advantageous tender is not financially the lowest tender received.
- To agree the issuing of orders for work goods and services.
- To submit tenders and make arrangements for carrying out work.

1.3 Finance

- (i) To exercise powers of virement from within own budgets within overall corporate guidelines and agreed limits.
- (ii) To control service budgets within overall agreed limits subject to the strategies, policies, objectives and targets agreed by the Council.
- (iii) To determine grants in accordance with within agreed criteria and Financial regulations
- (iv) To determine applications for financial or other assistance from staff in accordance with any schemes approved by the Council.

1.4 Land and Buildings/Planning

- (i) To authorise an application for planning permission to the Planning Committee in respect of any development of land and/or buildings within the relevant portfolio or service area.

- (ii) On receipt of permission from the Planning Committee or, where appropriate, the Council, to authorise carrying out of such development.
- (iii) To determine operational issues relating to the use of buildings within the portfolio , including adjustments to opening times

Section B: SCHEMES OF DELEGATION TO INDIVIDUAL CHIEF OFFICERS

2 Chief Executive

2.1 As Head of Paid Service

- (i) The Head of Paid Service is a statutory appointment pursuant to Section 4 of the Local Government and Housing Act 1989. As such he holds all Chief Officers to account for their decisions and the performance of their services
- (ii) Under the provisions of the Local Government and Housing Act 1989, to determine when it is appropriate to prepare a report to the Authority setting out proposals in relation to:
 - the manner in which the discharge by the Authority of its different functions is coordinated;
 - the number and grades of staff required by the Authority for the discharge of its functions;
 - the organisation of the Authority's staff; and
 - the appointment and proper management of the Authority's staff.

2.2 As Chief Executive

- (i) To determine the activities of the Council's Management Team and to coordinate the team's activities.
- (ii) To determine cross-cutting operational issues that cover a range of services
- (iii) To determine necessary actions appropriate for the proper emergency planning of the Council area and, where appropriate adjacent areas, including liaison with other authorities and bodies.
- (iv) To determine necessary action to be taken on behalf of the council in emergencies in consultation with the Leader of the Council, or in the absence of the Leader another member of the Cabinet.
- (v) To determine methods of monitoring and activities in relation to performance management of the Council's staff.
- (vi) To determine the framework for Service Plans by each Service Head.
- (vii) To have overriding authority for all delegated matters of staffing and operations to ensure appropriate allocation of resources to deliver agreed outcomes.

2.3 As Returning Officer

To effectively fulfil the statutory roll of Returning Officer at all Local Government Elections and to discharge the roll of promoting participation in those elections.

3 Strategic Director - People

3.1 As Director of Social Services

- (i) To exercise the statutory responsibilities of the role of Director of Social Services and undertake such delegated responsibilities consistent with the discharge of that statutory role as set out in the statutory guidance on the role and accountabilities of the Director of Social Services issued under Part 8 of the Social Services and Wellbeing (Wales) Act 2014 and any other relevant legislation.
- (ii) To determine the responsibilities of the Head of Adult and Community Services and Head of Children and Young People Services for the management and delivery of operational services within social services and the exercise of specific statutory functions on behalf of the Director of Social Services (as set out in the scheme of delegation to Heads of Service), ensuring that systems are in place to monitor the quality and effectiveness of services.
- (iii) To meet the core responsibilities and functions of a Director of Social Services as set out in the Welsh Assembly Government's Code of Practice on the Role of the Director of Social Services (2016) as follows:
- Providing clear professional and strategic leadership to effectively deliver care and support services which discharge the Council's social services functions and meet the Council's well-being objectives.
 - Having direct access to and advising the Chief Executive and councillors on social services matters and on the direction the council should take in fulfilling its social services responsibilities and ensuring that the Head of Paid Service, Cabinet and councillors have access to the best, up-to-date professional advice and information on all aspects of care and support services.
 - Identifying and advising councillors on priorities, challenges and risks across all aspects of social services, including areas of co-dependency between agencies and circumstances where staffing issues affect the Council's ability to discharge its statutory responsibilities.
 - Ensuring that strong performance management arrangements are in place across social services, and reporting at a corporate level and to members on the authority's performance in respect of these.
 - Ensuring that the authority has proper safeguards to protect vulnerable children and young people, adults and older people, reporting at a corporate level and to members on their effectiveness and briefing the Head of Paid Service and councillors on high-profile cases and other matters likely to cause public concern.
 - Fulfilling overall responsibility for social services workforce planning, training and professional development.
 - Advising councillors on strategies for improving methods of intervention, service provision, practice and use of resources.
 - Ensuring that there are adequate arrangements in place to work effectively with others, both within and outside the authority, in fulfilling its social services functions and in contributing to the achievement of wider policy objectives.
 - Fostering effective joint working relationships both within and outside the local authority, including formal integrated arrangements with health boards.
- (iv) To provide clear professional leadership for Social Services

- (v) To provide advice to the Head of Paid Service and Councillors on the strategic direction and social service responsibilities.
- (vi) To determine and provide strong management of performance and transparent arrangements for planning and delivering improvements in social services
- (vii) To determine and provide arrangements to ensure the safeguarding of children, young people and adults and to report to members on the operation, monitoring and improvement of those safeguarding systems
- (viii) To work with further and Higher Education and the CSSIW to enhance workforce planning and professional development for all staff across the sector.
- (ix) To determine arrangements for governance, strategic direction and operational management
- (x) To report annually to the Council on the delivery, performance risks and plans for improvement on the full range of social services functions.
- (xi) To advise Scrutiny Committees on children's and adult's social services.
- (xii) To determine any guardianship application and to make an order for the discharge of patients subject to guardianship under the Mental Health Act 1983.
- (xiii) To approve the institution of adoption proceedings by a foster parent
- (xiv) To set up an adoption panel in accordance with the Adoption Agencies (Wales) Regulations 2005 and to make such decisions and notifications as to the adoption of children as specified in those regulations.
- (xv) To approve the payment of the legal expense of prospective adoptive parents for children whom the Council as an Adoption Agency is placing for adoption.
- (xvi) To grant allowances to persons who have adopted children in accordance with the Adoption and Children Act 2002 and regulations that may be issued by the Secretary of State.
- (xvii) To determine provision for the accommodation of children in secure accommodation in accordance with Section 119 Social Services and Wellbeing (Wales) Act 2014.
- (xviii) To act as nearest relative, appointee or receiver in all matters in which it is appropriate for an officer of the Council to act.
- (xix) To appoint officers to act as approved mental health professionals under Mental Health Act legislation.
- (xx) To act as the lead director for children and young people's services under Section 27 of the Children Act 2004 to co-ordinate and oversee arrangements to improve the well-being of children in the local authority area.

3.2 General

To determine matters relating to Human Resources, tenders, finance, land and buildings, operational plans and legal agreements relating to social services functions in accordance with the general delegation of powers to all Heads of Service set out in this constitution (except insofar as they have been delegated to the Head of Adult and Community Services and Head of Children and Young People Services).

4 Strategic Director – Place

To determine matters relating to Human Resources, tenders, finance, land and buildings, operational plans and legal agreements relating to the relevant service areas in accordance with the general delegation of powers to all Heads of Service set out in this constitution (except insofar as they have been delegated to the relevant Heads of Service).

5 Head of Law and Regulation

5.1 As Head of Service:

- (i) To determine all operational issues relating to:
 - Legal Services
 - Democratic Services, including Scrutiny and Mayoralty
 - Registration Services
 - Electoral registration
 - Public protection, including community safety; environmental health; licensing; trading standards.
 - Marketing and Communications
- (ii) Procedural Issues
 - To determine any guidelines to be issued to officers and / or members on legal, procedural and proprietary issues.
 - To affix the Common Seal of the Council to any Deed or other document required to be executed under Seal and to subscribe his name thereto as attesting such sealing.
 - To determine the content of any binding contract or any other such documentation between the Council and any third party.
 - To sign contracts or other formal documents on behalf of the Council (which do not have to be executed as a deed) in accordance with Contract Standing Orders.

5.2 As Monitoring Officer

- (i) To determine any action to be taken and to exercise the powers and responsibilities of the Monitoring Officer for the purpose of Section 5 of the Local Government and Housing Act 1989, part 3 of the Local Government Act 2000 and any other or subsequent relevant legislation.
- (ii) To determine when it is necessary and to issue reports to the Council as Monitoring Officer.
- (iii) To make payments of compensation, provide other benefits or take any other appropriate action to settle maladministration complaints in accordance with Section 92 of the Local Government Act 2000.
- (iv) To monitor and review the Council Constitution and determine any minor or consequential amendments..
- (v) To maintain the statutory register of Members interests in accordance with section 81 of the Local Government Act 2000

5.3 Democratic Arrangements and Scrutiny

- (i) To determine action to be taken as "Proper Officer" for the purposes of implementing the provisions in the Local Government Act 1972 and any other subsequent legislation relating to:
 - a. Exclusion of Reports
 - b. List of Background papers
 - c. identification of Background papers
 - d. "Need to know"
- (ii) To act generally as Proper Officer of the Council unless legislation or the Scheme of Delegation names another officer or unless the Council determines otherwise.
- (iii) To determine arrangements for the proper record and maintenance of records of decisions taken by the Council, the Cabinet or any other element of the decision-making process empowered to take decisions.
- (iv) To determine arrangements to record in the statutory register maintained for the purpose, particulars of any notice given by a member or officer of the Council under Section 117 of the Local Government Act 1972 of any pecuniary interest in a contract or any declarations of personal interest, or gifts and hospitality in accordance with any relevant code of practice.

5.4 Legal Proceedings

- (i) To institute, defend or settle any legal proceedings he or she considers necessary (either in the name of the Council or an individual officer of the Council), at common law or under any enactment, statutory instrument, order or bye-law conferring functions upon the Council or in respect of functions undertaken by then and to lodge appeals against any decisions affecting the discharge of any of the Council's functions. For the avoidance of doubt, this delegation shall extend to the taking of all procedural steps, including the service of any notices, statutory or otherwise, counter-notices and notices to quit.
- (ii) To authorise officers of the Council to prosecute or defend or appear in any legal proceedings by virtue of the provisions of Section 223 of the Local Government Act 1972 or any modification or re-enactment thereof.

5.5 Registration Services

- (i) To act as "Proper Officer for registration of births, deaths and marriages
- (ii) To determine individuals who will be authorised to attest notices of civil partnerships;
- (iii) To designate a sufficient number of civil partnership registrars and determine who within the authority will be responsible for recording details of the formation into the civil partnership register.
- (iv) To act as Proper Officer for the approval of premises for the conduct of civil marriages and civil partnerships in accordance with the Marriage Act 1949 and the Civil Partnership Act 2004.

5.6 Land and Property

- (i) To determine when appropriate and to sign a suitable certificate of waiver of repayment of improvement grant where a building society proposes to lend in respect of a property, which might qualify for an improvement grant.
- (ii) To determine when and to serve statutory notices to ascertain the legal interest of any person in land.

- (iii) To sign certificates of title and execute any land sale, transfer or lease on behalf of the Council.

5.7 Public Protection

5.7.1 General

- (i) To appoint and authorise Officers, of the Council, to carry out duties and exercise powers as required or permitted by the relevant "Public Protection" (See below) statutes and statutory instruments,
- (ii) To issue, grant, renew, vary, revoke or refuse licences, registrations, permits, consents or approvals under Public Protection statutes and statutory instruments; or to determine the fitness to hold such licences consult on changes to council licensing policies etc. under Public Protection statutes and statutory instruments, (including those licensing duties/powers that are Council "executive functions" eg Housing Act, Scrap Metal Act) in accordance with Council policies, **UNLESS** for specific licences where the delegations are to the Licensing (Sub) Committee or Panel-as detailed in the Paragraphs e and g, and 11-13 below;
- (iii) To grant or renew all applications for Hackney Carriage Vehicle Licences, Private Hire Vehicle Licences, Hackney Carriage /Private Hire Driver's Licences and Private Hire Operator's Licences. Where refusal is considered possible due to criminal or driving convictions or other matters, then the decision will be taken by the Officer or, depending upon the seriousness/complexity, will be referred to the Licensing Committee (Panel), in accordance with Council Policies;

(Revocation of an existing taxi licence is a matter for the Licensing Committee (Panel));

- (iv) To suspend any Hackney Carriage or Private Hire Licences in accordance with S60 61 62 and 68 of the Local Government (Miscellaneous Provisions) Act 1976 or instead to serve a "deferred" notice as warning that the licence may be suspended if certain matters are not attended to;
- (v) To revoke any Hackney Carriage or Private Hire Licences in accordance with S60 61 62 and 68 of the Local Government (Miscellaneous Provisions) Act. Where refusal is considered appropriate due to criminal or driving convictions or other matters, then the decision will be taken by the Officer or, depending upon the seriousness/complexity, will be referred to the Licensing Committee (Panel), in accordance with Council Hackney Carriage and Private Hire Policies;
- (vi) To grant, renew, refuse, suspend and revoke "street furniture" licence Section 115E of the Highways Act 1980 and to determine terms and conditions for the grant of such licences.
- (vii) To grant/renew licence under the Lotteries and Amusements Act 1976 / House to House and Street Collections/ Street Trading Part 3 of Schedule 4 Local Government (Miscellaneous Provisions) Act 1982, if no objections are raised.

If objections are raised then the application must go before the Licensing Sub-Committee.

- (viii) Together with Public Protection officers so authorised by the Head of Service, to charge offences where appropriate for contraventions of Public Protection criminal offences;
- (ix) To enter into an agreement with another Local Authority or Enforcement Body to authorise that Local Authority/ Enforcement Body and its Officers, either, to discharge a function under Public Protection legislation in Newport; or to investigate and institute proceedings against offenders; or to assist with an investigation in Newport under the direct control of the Public Protection officers of Newport City Council; or to enter into an agreement with another Local Authority/ Enforcement Body to allow Public Protection officers of Newport City Council to investigate and for Newport City Council to institute proceedings against offenders for matters relating to that other Local

Authority/ Enforcement Body; or assist with an investigation in that other Local Authority or for that Enforcement Body:

- (x) To appoint the Council's Chief Inspector of Weights and Measures under Section 72(1) of the Weights and Measures Act 1985 and delegates to that the power under section 72(4) of the Act to designate suitably qualified and experienced officers as Deputy Chief Inspectors of Weights and Measures with powers to perform any of the powers and duties of the Chief Inspector in his or her absence or as directed by the Chief Inspector from time to time: and
- (xi) To appoint the Council's Proper Officer for the purposes of the Public Health (Control of Disease) Act 1984 and in respect of the Council Functions relating to notifiable diseases and food poisoning and for the purposes of the Health Protection (Part 2A Orders) (Wales) Regulations 2010;
- (xii) To appoint the Council's Medical Officer for Port Health for the purposes of the Public Health (Ships) Regulations 1979 (as amended), the Public Health (Aircraft) Regulations 1979 (as amended); the International Health Regulations 2005;
- (xiii) To appoint a public analyst as required by Section 27 of the Food Safety Act 1990;
- (xiv) To appoint an agricultural analyst as required by Section 67 of the Agriculture Act 1970;
- (xv) To issue Certificates and exercise powers pursuant to the Safety of Sports Grounds Act 1975, and Fire Safety and Safety of Places of Sport Act 1987 in relation to the use of sports grounds.
- (xvi) The "Public Protection" statutes, common law and statutory instruments to which these delegations apply, including any Regulations or Orders made there under, any amendments and additions thereto, and any licensing/registrations/authorisations/permits/approvals etc. in connection with that legislation, are those that cover:
- (xvii) Community safety, anti-social behaviour, nuisance, food safety and standards, nutrition, health promotion, public health, port health, control of disease and infection, health and safety at work, explosives, licensing and registration, water supply quality and pollution, air quality and pollution, energy, littering, fly posting, fly tipping, land pollution, noise and noise pollution, contaminated land, waste, drainage and sewage, environmental control protection & improvements, nuisance, housing safety and conditions, houses in multiple occupation, camping, caravans, mobile homes and illegal eviction, the condition of buildings and land, fire safety and means of escape, sports and events ground safety, road safety, Hackney Carriage and private hire vehicles, parking, highways and street obstruction, street trading, street and house to house collections, CCTV and security, entertainment, alcohol supply, gambling, consumer protection, consumer credit, age - restricted goods, trading standards, fair trading, advertisements, descriptions, omissions, classifications, counterfeiting, trademarks, product safety, agricultural produce, fertilisers and animal feed, marketing and quality standards, medicines and poisons, animal health and welfare, dog and pest control, imports and exports, weights and measures, trading practices, fraud, deception, forgery, aiding and abetting, conspiracy and the European Communities Act 1972.

This includes any new legislation that has been passed by Parliament or the Welsh Government that is relevant to the above.

- (xviii) Sex Shop / Sex Cinemas Local Government (Miscellaneous Provisions) Act 1982, section 2 and schedule 3)/ Lap dancing and other sexual entertainment venues Schedule 3 of the Local Government (Miscellaneous Provisions) Act 1982 (as amended by section 27 of the Policing and Crime Act 2009.
 - To grant, refuse or revoke a Sexual entertainment venue licence is a matter for the Licensing Sub Committee.

(xix) (2) Lap dancing and other sexual entertainment venues Schedule 3 of the Local Government (Miscellaneous Provisions) Act 1982 (as amended by section 27 of the Policing and Crime Act 2009

- To grant, renew, revoke or refuse Sexual entertainment venue licensee.

5.7.2 Licensing Act: Arrangements for Applications Relating to Licensed Premises or Individuals

Matter to be dealt with	Sub Committee	Officers
Policy –consulting on proposed changes		x
Application for personal licence	If a Police objection	If `No` objection
Application for personal licence with `Unspent` Convictions	All cases	
Application for premises licence/club premises certificate	If a relevant representation made	If `No` relevant representation made
Application for ` Provisional Statement `	If a relevant representation made	If `No` relevant representation made
Application to vary premises licence/club premises certificate	If a relevant representation made	If `No` relevant representation made
Application to vary designated premises Supervisor	If a Police representation	All other cases
Request to be removed as designated premises supervisor		All cases
Application for transfer of premises licence	If a Police objection	All other cases
Application for Interim Authorities	If a Police representation	All other cases
Decision on whether a complaint is irrelevant frivolous vexations etc.		All cases
Decision to object when Local Authority is a `Consultee` and not the ` Lead Authority `	All cases	
Determination of a Police representation to a temporary Event Notice	All cases	

5.7.3 As to the Gambling Act

Matter to be dealt with	Full Council	Sub-Committee	Officers
Policy –consulting on proposed changes			x
Approving Policy	x		
Policy not to permit casinos	X		
Fee Setting - when appropriate			X (to be approved by Cabinet Member)
Application for premises licences		Where representations have been received and not withdrawn	Where no representations received/representations have been withdrawn
Application for a variation to a licence		Where representations have been received and not withdrawn	Where no representations received/representations have been withdrawn

Matter to be dealt with	Full Council	Sub-Committee	Officers
Application for a transfer of a licence		Where representations have been received from the Commission	Where no representations received from the Commission
Application for a provisional statement		Where representations have been received and not withdrawn	Where no representations received/representations have been withdrawn
Review of a premises licence		X	
Application for club gaming /club machine permits		Where representations have been received and not withdrawn	Where no representations received/representations have been withdrawn
Cancellation of club gaming/club machine permits		X	
Applications for other permits			X
Cancellation of licensed premises gaming machine permits			X
Consideration of temporary use notice			X
Decision to give a counter notice to a temporary use notice		X	

5.8 Marketing and Communications

To determine any operational matters relating to the Council's marketing and communications functions.

5.9 General Delegations

To determine matters relating to Human Resources, tenders, finance, land and buildings, operational plans and legal agreements relating to this service area and as contained in the general delegation of powers to all Heads of Service set out in Part 1 of this scheme of delegation.

6 Head of Finance

The chief financial officer must be qualified through membership of a specified professional accountancy body

6.1 As Section 151 Officer

- (i) To determine methods for the proper administration of the council's financial affairs.
- (ii) To determine when it is necessary to report to the full Council (or to the Cabinet in relation to an executive function) and Council's external auditor if he or she considers that any proposal, decision or course of action will involve incurring unlawful expenditure, or is unlawful and is likely to cause a loss or deficiency or if the Council is about to enter an item of account unlawfully.

6.2 Financial Management

- (i) To determine and maintain adequate and effective systems of internal audit for their accounting records and control systems
- (ii) To determine systems required to carry out the Council's obligations under the Accounts and Audit Regulations including the need to maintain an adequate system of internal audit.
- (iii) To determine and issue guidelines, as necessary, in respect of finance.
- (iv) To determine methods and take action to manage: the Council's funds and accounts; reserves and provisions; any trusts held and any pension fund affecting Council employees.
- (v) To determine arrangements for the billing, collection, recovery and writing off of Council Tax, Non Domestic Rates and other amounts or debts due to the Council.
- (vi) To determine when and how to borrow and repay debt on behalf of the Council.
- (vii) To determine when and how to invest monies on behalf of the Council.
- (viii) To determine interest rates charged for amounts borrowed and lent by the Council.
- (ix) To determine when to sign bond certificates on behalf of the Council.
- (x) To determine the parameters for the officer car loan scheme.
- (xi) To sign cheques and pay amounts due on behalf of the Council.
- (xii) To determine operational actions in relation to collection and debt recovery in connection with sundry debts and mortgages, including the writing off of debt.
- (xiii) To determine and make adequate and secure arrangements for the collection and banking of cash.
- (xiv) To determine circumstances in which to write off irrecoverable debts
- (xv) To determine the method of finance for individual projects in the Capital Programme.
- (xvi) To administer the Members' Allowance Scheme.
- (xvii) To administer the spending of the Church Funds
- (xviii) To determine the Tax base.
- (xix) To determine expenditure of any amounts from contingencies in consultation with the Chair of the Cabinet and the Head of Paid Service
- (xx) To review and determine changes in Contract Standing Orders and / or Financial Regulations for recommendation to the Council
- (xxi) To review and determine detailed procurement guidelines and processes
- (xxii) To determine and undertake anti-fraud measures, including data matching

6.3 Local Taxation

- (i) To take all decisions required for local Non-Domestic Rating List and Council Tax Valuation List display and public inspection and to update and maintain the accuracy of the lists throughout the period that they are effective.
- (ii) To determine methods to compile and maintain records of persons liable for Non-Domestic Rates and Council Tax.
- (iii) To determine when and how to serve demand Notices on all persons liable to pay Non-Domestic Rates and Council Tax, detailing the payments required.
- (iv) To determine all appropriate actions under statute and regulations to collect and enforce the payment of Non-Domestic Rates and Council Tax.
- (v) To determine when to make application to the Magistrates Court for liability orders to be made against defaulters.
- (vi) To determine when to levy distress and take all other actions empowered by the liability order 16
- (vii) To determine applications for mandatory charitable relief.
- (viii) To determine effective measures to maintain the General Fund for Non-Domestic Rating pooling arrangements.
- (ix) To determine appeals against administrative matters and give evidence at Valuation Tribunals.
- (x) To determine method of bringing to the attention of the Valuation Office Agency all material facts that affect the accuracy of the rating and valuation lists.
- (xi) To determine circumstances in which to sign agreements for alteration of entries in the local non-domestic rating list.

- (xii) To determine methods to liaise with all agencies, including the Valuation Office Agency and the Magistrates Courts on matters associated with the administration, billing, collection and enforcement.

6.4 As Head of Service

To determine any operational issues relating to the Following functions:

- Accountancy
- Strategic Procurement
- Income collection
- Internal Audit

6.5 General

To determine matters relating to Human Resources, tenders, finance, land and buildings, operational plans and legal agreements relating to this service area and as contained in the general delegation of powers to all Heads of Service set out in Part 1 of this scheme of delegation.

7 Head of People and Business Change

7.1 Human Resources

To determine all operational issues relating to:

- Strategic Human Resources
- Employment Services
- Total Reward
- Health and Safety issues
- Organisational Development and Training

- (ii) To determine procedures to provide good employee relations with all the recognised trade unions and their representatives.
- (iii) To determine action necessary to ensure adherence to corporate Human Resources policies as agreed by Council.
- (iv) To determine operational actions for all payroll matters and arrange payment of national pay awards.

7.2 Business Change

To determine all operational issues relating to Business Service development and Business Improvement, Including the BIP Team.

7.3 Partnership and Policy

To determine all operational issues relating to

- Partnerships and Planning
- Policy Development
- Performance

7.4 IT Systems and support

- (i) To determine standards of technology to be used by elected members and employees and to determine standards of communications systems appropriate to members, officers and schools and other Council functions, particularly in regard to advances in technology.

- (ii) To determine arrangements to ensure the confidentiality, integrity and availability of all data held in Council ICT systems.
- (iii) To determine standards of technology used to provide a comprehensive internal communications system.
- (iv) To determine standards and when to take advantage of technological changes relating to ICT and communication in all forms.
- (v) To determine requests for I.C.T. and Communications purchases
- (vi) To determine the appropriate level of operational support for IT systems
- (vii) To determine all operational issues relating to:
 - Electronic Document management systems
 - Information Development
 - Document Services

7.5 Customer Insight

To determine operational issues in relation to the gathering, recording, analysis and maintenance of customer insight data.

7.6 Spatial Data

- (i) To determine all operational issues in relation to the gathering, recording and maintenance of spatial data.
- (ii) To determine the naming and numbering of streets

7.7 Wellbeing of Future Generations

To determine all operational issues relating to the implementation of policies relating to the Well-being of Future Generations (Wales) Act 2015.

7.8 General

To determine matters relating to Human Resources, tenders, finance, land and buildings, operational plans and legal agreements relating to this service area and as contained in the general delegation of powers to all Heads of Service set out in Part 1 of this scheme of delegation.

8 Chief Education Officer

8.1 As Chief Education Officer

- (i) To determine operational issues relating to: Education Resources and Planning , including Early Years Integration; 21CS Capital Programme; Education Business; School Admissions & Appeals; Service Development; Outdoor Education Advisor
- (ii) To determine the pattern of operational services within the service area, ensuring that systems are in place to monitor the quality and effectiveness of services.
- (iii) To determine arrangements for governance, strategic direction and operational management in the service area

- (iv) To determine circumstances in which to make formal representations to a governing body, on behalf of the Authority, about the performance of a head teacher.
- (v) To determine appointments of persons recommended or accepted for appointment by governing bodies to fill teaching posts in schools unless the person so recommended does not meet any staff qualification requirements applicable to the post.
- (vi) To conclude upon determinations of governing bodies of schools relating to the potential dismissals and any subsequent appeals against such dismissals, which are within the Authority's powers to determine.
- (vii) To determine adjustments to designated areas of individual schools for admission purposes. Significant adjustments will be determined by the Cabinet Member.
- (viii) To determine Instruments of Government for School Governing Bodies.
- (ix) To determine any action to be taken by the Local Authority in response to a report following an inspection of any school, including the appointment of additional governors, and the removal of those additional governors
- (x) To take any necessary action to prevent or to address a breakdown in discipline at any school
- (xi) To determine the name of a school, taking account of any proposals by the governing body.
- (xii) To determine appointments to temporary governing bodies only (Permanent appointments are to be made using the agreed procedures).

8.1.1 Improvement and Inclusion

- (i) To determine a pattern of provision for education otherwise than at school.
- (ii) To determine any action to be taken in relation to the education of children looked after by the local authority.
- (iii) To determine any advice or guidelines to schools on all matters regarding attendance, special educational needs, exclusions and equal opportunity issues
- (iv) To exercise the powers and duties of the authority in relation to children's employment
- (v) To determine applications for free school meals
- (vi) To determine applications for other benefits available to eligible families, including free transport to schools outside of the Council's agreed policies.
- (vii) To determine Instruments of Government for School Governing Bodies.

8.1.2 Education Achievement Service

To determine any operational issues arising from decisions taken by the Education Achievement Service.

8.1.3 Attendance at School

- (i) To exercise the powers and duties of the Authority in respect of children excluded from school and to determine suitable arrangements for the continuing education of pupils who are excluded or otherwise unable to attend school.

- (ii) To authorise any proceedings necessary to enforce any enactment relating to the non-attendance of pupils at school, or education other than at school.
- (iii) To determine the allocation of Education Welfare Officers to schools
- (iv) To undertake the powers and duties of the Authority under Section 36 of the Children Act 1989 regarding Education Supervision Orders and any subsequent statutory powers
- (v) To determine patterns for home to school transport with agreed policies.
- (vi) To determine appropriate transport arrangements in accordance with the Authority's policies

8.1.4 Special Educational Needs

- (i) To determine arrangements for children to be assessed in accordance with the requirements of the Education Acts, to secure the special educational provision which should be made for them and to maintain and review statements of special educational need in accordance with any regulations concerning these.
- (ii) To determine out of County placements for children with special needs
- (iii) To determine the pattern of specialist education for pupils with special educational needs.
- (iv) To determine special needs funding arrangements.
- (v) To determine appropriate arrangements for support parents under the Education Act Provisions.

8.1.5 Curriculum and School Standards

- (i) To exercise the responsibility of the Authority for securing school improvement, including the setting of targets.
- (ii) To determine the pattern of in-service training and such other support for school staff and governors as appropriate.
- (iii) In accordance with arrangements approved by the Secretary of State to determine complaints concerning alleged failures of schools to comply with the National Curriculum, including in conjunction with the Newport SACRE, the requirements for religious education and collective worship, and the arrangements for statutory assessment and moderation of the National Curriculum.
- (iv) To determine whether application is to be made to the Secretary of State to direct that a Local Authority maintained school be authorised to conduct curriculum experiments outside the National Curriculum
- (v) In the case of foundation schools to exercise any advisory rights relating to the appointment of head teachers, deputy head teachers or other teaching or ancillary staff conferred by agreement or legislation.
- (vi) To determine the appointment of Schools Clerks
- (vii) To exercise the powers and duties under the School Teacher (Appraisal) Regulations 1991 in respect of head teachers.
- (viii) To determine action to be taken arising from reports by the schools inspectorate, following discussion with appropriate governors and the head teacher.

- (ix) To determine processes for target setting in schools.
- (x) To determine methods to ensure the implementation of any ICT Project or other curriculum developments in schools.
- (xi) To determine the methodology to be used in relation to literacy, numeracy or similar initiatives.
- (xii) To exercise the powers of the Local Education Authority in respect of the Licensed Teacher Scheme.

8.2 As Head of Service

To determine operational issues relating to:

- Education Resources and Planning , including Early Years; Education Business; and Business Development and contracts;
- Engagement and Learning, including the Music Service; GEMMS and Education Welfare services
- Inclusion Services , including Education Psychology the Cylchdro centre and Improvement advice services; and

8.3 General

To determine matters relating to Human Resources, tenders, finance, land and buildings, operational plans and legal agreements relating to this service area and as contained in the general delegation of powers to all Heads of Service set out in Part 1 of this scheme of delegation.

9 Head of Adult and Community Services

9.1 The discharge of the following statutory duties is on behalf of the statutory Director of Social Services:

- (i) To undertake assessments of the need for care and support, determine eligibility and make arrangements for meeting those assessed needs of adults and carers in accordance with the Council's statutory duties under the Social Services and Well-Being (Wales) Act 2014
- (ii) To exercise the Council's functions under Part 4 of the Social Services and Well-Being (Wales) Act 2014 to maintain and review care and support plans to meet the assessed needs of adults and carers.
- (iii) To exercise the Council's functions under Section 15 of the Social Services and Well-Being (Wales) Act 2014 in providing or arranging preventative services, to include delaying the need for care and support, minimizing the effect on disabled persons of their disabilities and preventing people from suffering from abuse and neglect.
- (iv) To be responsible for discharging the Council's safeguarding role in relation to adults at risk in accordance with part 7 of the Social Services and Well-Being (Wales) Act 2014.
- (v) To authorise and approve the maintenance costs for any person admitted to any residential accommodation.
- (vi) To authorise the following facilities for any registered disabled person, within the approved budget and within approved policies;
- (vii) attendance at a day activity providing appropriate development opportunities

- (viii) the provision of special facilities
- (ix) minor alterations and adaptations to premises including the installation of appropriate equipment, the works to be supervised by the appropriate professional staff
- (x) To contribute, where appropriate, and within local and / or national guidance, to the cost of adaptations to premises where the person is not eligible for a grant.
- (xi) To make arrangements for the burial or cremation of deceased residents of residential or nursing homes and to act in the administration of their estates in the absence of family or other individuals able to do so.
- (xii) To authorise the making of the necessary amendment orders providing for exemption for disabled car badge holders in accordance with the Disabled Persons (Badges for Motor Vehicles) Regulations 1982.
- (xiii) To administer badges for disabled persons as drivers or passengers.
- (xiv) To issue and recall badges in accordance with the Disabled Persons (Badges for Motor Vehicles) Regulations 1982.
- (xv) To discharge the duties towards disabled people under the Social Services and Well-being (Wales) Act 2014 and any other relevant legislation.
- (xvi) Within the arrangements for the hearing of representations and complaints in accordance with Part 10 of the Social Services and Well-Being (Wales) Act 2014 to respond to recommendations of complaint review panels including application of financial redress, as considered appropriate within the framework of the Council's policy on remedies to complaints, Financial Regulations and where necessary in consultation with the Monitoring Officer.
- (xvii) To be responsible for the exercise of the Council's functions under the Mental Health Act 1983 in relation to the welfare of mentally disordered people and under the Mental Capacity Act 2005 in relation to people lacking mental capacity.

9.2 As Head of Service

To determine all operational issues relating to the following:

- Safeguarding services including the protection of vulnerable adults
- Quality Assurance, including performance; planning and development; quality assurance; substance misuse; commissioning and contracts;
- Occupational Therapy Services
- CRT and Frailty Services
- Mental Health Services to adults and older people, including assertive outreach
- Adult Disability learning
- End to end services including adult assessment and the review team
- Provider services including residential; homecare; supported living and supporting people

9.3 General

To determine matters relating to Human Resources, tenders, finance, land and buildings, operational plans and legal agreements relating to this service area and as contained in the general delegation of powers to all Heads of Service set out in Part 1 of this scheme of delegation.

10 Head of Children and Young People Services

10.1 The discharge of the following statutory duties on behalf of the statutory Director of Social Services:

- (i) To maintain the Child Protection Register.
- (ii) To undertake assessments of the need for care and support, determine eligibility and make arrangements for meeting those assessed needs of children in accordance with the Council's statutory duties under the Social Services and Well-Being (Wales) Act 2014
- (iii) To safeguard and promote the well-being of looked after children in accordance with Section 78 of the Social Services and Well-Being (Wales) Act 2014
- (iv) To exercise the Council's functions under Part 6 of the Social Services and Well-Being (Wales) Act 2014 to secure sufficient accommodation and maintenance for looked after children and to maintain and review care and support plans.
- (v) To exercise the functions of the Council under Sections 120 and 121 of the Social Services and Well-Being (Wales) Act 2014 in relation to children accommodated by health and education authorities or in residential care homes or mental nursing homes.
- (vi) To inspect arrangements for the care of children accommodated in independent schools in accordance with Section 87 of the Children Act 1989.
- (vii) To exercise the powers of the Council under Section 7 of the Children Act 1989 to report to the Court on the welfare of children in private proceedings.
- (viii) To exercise any functions of the Council relating to Orders with respect to children in family proceedings under Part II of the Children Act 1989.
- (ix) To exercise the powers of the Council under Section 16 of the Children Act 1989 to provide advice, assistance and befriending under the terms of a Family Assistance Order.
- (x) To exercise the functions of the Council under Section 17 of the Children Act 1989 to safeguard and promote the welfare of children in need including financial assistance within current budgetary limits.
- (xi) To determine provision for the day-care of pre-school children and provision for out-of-school and holiday care and activities as appropriate in accordance with the duties and powers of the Council under Section 18 of the Children Act 1989.
- (xii) To determine arrangements for the financial and other support of young people formerly looked after by the Council and by others under Section 24 of the Children Act 1989 within current budgetary limits.
- (xiii) To determine the assessment scale in respect of financial contribution by a parent or young person to any service provided by the Council under Part III of the Children Act 1989 and part 6 of the Social Services and Well-Being (Wales) Act 2014. .
- (xiv) To vary or waive the charges for any service provided by the Council under Part III of the Children Act 1989 and part 6 of the Social Services and Well-Being (Wales) Act 2014.
- (xv) To exercise the functions of the Council in relation to the duty to make investigations as necessary to decide whether action should be taken to safeguard or promote the welfare of children in accordance with Section 47 of the Children Act 1989.

- (xvi) To take such action as is necessary under Section 31 of the Children Act 1989 to bring a child or young person before a Court where there are grounds for bringing care proceedings.
- (xvii) To present an application to a Court for the variation or discharge of any care order or supervision order in accordance with Section 39 of the Children Act 1989.
- (xviii) To exercise responsibilities in respect of Section 36(8) of the Children Act 1989, relating to Education Supervision Orders.
- (xix) To present an application to a Court for a Child Assessment Order, an Emergency Protection Order or a Recovery Order under Part V of the Children Act 1989.
- (xx) To determine appropriate accommodation for children in need in pursuance of the Council's duty under Sections 20 to 23 of the Children Act 1989, including the provision of placements outside the City as necessary.
- (xxi) To exercise the functions of the Council to undertake parental responsibility for children who are the subject of Care Orders and to make arrangements for reasonable contact with birth parents and others in accordance with Sections 33 and 34 of the Children Act 1989.
- (xxii) To give consent to medical or surgical treatment for children who are subject of Care Orders or who are accommodated by the local authority.
- (xxiii) To allow children the subject of a care order to reside at home in accordance with Section 22C of the Children Act 1989
- (xxiv) To make contributions towards the maintenance of children placed with a person as a result of a Child Arrangements Order in accordance with paragraph 15 of Schedule 1 of the Children Act 1989.
- (xxv) To determine payment of the legal expenses of applicants for a Child Arrangements Order or other Section 8 Orders under the Children Act 1989 in respect of children in care to the extent that the Legal Services Commission funding is not available .
- (xxvi) To change the names of children who are the subject of a care order in favour of the Council, subject to the requirements of Section 33 of the Children Act 1989.
- (xxvii) To give consent to the marriage of a young person in care pursuant to Section 3 of the Marriage Act 1949 as amended by the Family Law Reform Act 1969.
- (xxviii) To approve and sign applications for passports for children and young persons in the care of the Council.
- (xxix) To consent to children and young persons in the care of the Council travelling abroad.
- (xxx) To determine the applications of children and young persons in the care of the Council who wish to join HM Forces.
- (xxxi) To exercise the powers of the Council under Section 125 of the Social Services and Well-Being (Wales) Act 2014 in relation to the death of children looked after by local authorities.
- (xxxii) To exercise the functions of the Council under Part VI of the Children Act 1989 in relation to the provision of accommodation for children in community homes.
- (xxxiii) To arrange loans to foster parents to provide accommodation for sibling groups by extending their present homes or to purchase larger homes, the amount of the outstanding loan to be

reduced by way of a special allowance for as long as they care for foster children, subject to consultation with the Head of Finance.

- (xxxiv) To vary foster care allowances, in line with budgets approved by the Council , and following consultation with the Head of Finance
- (xxxv) To sanction payment of the cost of the initial clothing and equipment required by children looked after by the Council who are placed in boarding schools and other establishments within current budgetary limits.
- (xxxvi) To approve applications to go on school expeditions, including expeditions abroad, of children looked after by the Council including expenditure on equipment and pocket money within current budgetary limits.
- (xxxvii) To make payments to promote contact between parents, families and friends with children looked after by the Council in accordance with Section 96 of the Social Services and Well-Being (Wales) Act 2014. .
- (xxxviii) To assess the contributions to be paid towards board and lodging by working children, provided that the amount remaining for weekly personal allowance and clothing allowance should not be less than the amount currently approved under the payment of foster care allowances.
- (xxxix) To maintain a Panel of Guardians ad Litem in accordance with the Guardians ad Litem and Reporting Officers (Panels) Regulations 1991.
- (xl) To exercise the functions of the Council undertake Part VII of the Children Act 1989 in relation to the provision of accommodation by voluntary organisations.
- (xli) To exercise the powers conferred on the Council under Part IX of the Children Act 1989 in respect of arrangements for the care of privately fostered children.
- (xlii) To make decisions to exempt persons from the usual fostering limit in accordance with paragraph 4 of Schedule 7 of the Children Act 1989.
- (xliii) To grant applications for and impose conditions of registration of child minding the day-care for young children under Part XA of the Children Act 1989.
- (xliv) To exercise the Council's adoption functions under the Adoption Act 1976 and the Adoption and Children Act 2002

10.2 As Head of Service

To determine operational issues in relation to:

- Safeguarding Services including child protection and quality assurance, domestic abuse, child protection, and acting as the Local Authority Designated Officer
- Youth Offending Services
- Integrated Family Support Services including substance misuse, family support and crisis support;
- Mentoring, assessment and planning services
- Resources including residential, fostering and placement matching and support services
- Services to disabled children; and
- Services to looked after children and young people

10.3 General

To determine matters relating to Human Resources, tenders, finance, land and buildings, operational plans and legal agreements relating to this service area and as contained in the general delegation of powers to all Heads of Service set out in Part 1 of this scheme of delegation.

11 Head of Regeneration, Investment and Housing

11.1 As Head of Service

To determine all operational matters in relation to the following

- Development Services , including building control; Development management; and planning policy;
- Regeneration;
- Housing and Community Regeneration, including community development; Community Regeneration; private sector housing; and preventative services;
- Community Learning and Libraries including Adult Education; flying start; libraries and youth and community services; and
- Museum and Heritage Services, including the Museum and Art gallery; the Newport Ship and the Transporter Bridge

11.2 Development Management

The Head of Service has authority to carry out the following:

(In the absence of an appointed Head of Service, the following authority passes to the Development Services Manager)

- (i) To determine all applications made under planning legislation*, including granting applications which are a departure from the Development Plan in force at the time of decision, except:
- Applications for outline or full planning permission where the development is defined as 'major' development in Article 2 of the Town and Country Planning (Development Management Procedure) (Wales) Order 2012 (as amended or modified by subsequent legislation) and where the site does not already benefit from an extant consent (outline or detailed) for a similar type and scale of development;
 - Applications where an Elected Member has requested that an application be determined by the Planning Committee, giving planning reasons for that request, in accordance with the Protocol for Delegated Powers;
 - Any matter to be determined where a judgement is made by the Leader of the Council in consultation with the Chair and Deputy Chair of the Planning Committee, on advice from appropriate officers that the matter is one that should be considered by Council
 - Any matter which has been delegated to any Cabinet Member or to a Head of Service or any matter which is the responsibility of the Cabinet or Council
 - Any application made by any Elected Member of the Council; or made by any Officer employed within the Regeneration and Regulatory Services Area and who works in close association with the Development Services Section for example as a regular consultee, other than where that application is submitted solely in that Officer's professional capacity as a Council employee and where the Officer has no personal or non-pecuniary interest in the outcome of the application; or
 - in respect of which an Elected Member of the Council has been consulted as a neighbour; or
 - in respect of which the Head of Regeneration and Regulatory Services has responsibility for any aspect of the management of any land or buildings to which the application relates; or

- in any other circumstance where the Head of Regeneration and Regulatory Services considers it appropriate for the matter to be determined by Planning Committee

Such matters shall be determined by Planning Committee (where that matter falls within its Terms of Reference).

* This includes applications for planning permission, Reserved Matters, advertisement consent, Listed Building consent, Conservation Area consent, Hazardous Substances consent, the discharge of planning conditions, works to trees protected by Tree Preservation Orders, notifications of works to trees located within Conservation Areas, applications for Lawful Development Certificates, Hedgerow Removal, and any determinations (including granting consent) in relation to permitted development rights under the General Permitted Development Order (including telecommunications, demolition and agricultural determinations).

- (ii) To negotiate and determine the Heads of Terms for Section 106 planning contributions and/or contributions under the Community Infrastructure Levy, including deferred payments, time-limited discounts and setting the level of the monitoring fee;
- (iii) To agree any variations to Section 106 agreements or contributions under the Community Infrastructure Levy in liaison with the Ward Members, or, where that agreement was made by the Planning Committee, in liaison with the Ward Members and the Chair and Deputy Chair of Planning Committee;
- (iv) To defend the Council's decisions on planning matters at appeal and making all decisions relating to the conduct of appeals, including agreeing Statements of Common Ground, planning contributions and any other obligations pursuant to Section 106 agreements or the Community Infrastructure Levy, wording draft conditions, instructing expert witnesses, and seeking awards of costs when appropriate. In the case of appeals against non-determination, determining the Council's case to be presented at appeal unless the application falls within category (a)i or (a)ii above;
- (v) To make and confirm (where unopposed) footpath diversions/stopping up orders pursuant to the Town and Country Planning Act 1990.
- (vi) To make and confirm (where unopposed) Tree Preservation Orders pursuant to the Town and Country Planning Act 1990.
- (vii) To provide informal pre-application advice
- (viii) To authorise the removal of telephone call boxes.

11.3 Enforcement matters

- (i) To investigate and resolve complaints of unauthorised development (enforcement complaints) including issuing Planning Contravention Notices and Requisitions for Information, instigating prosecution proceedings, action under the Proceeds of Crime Act, taking direct action, removing and/or obliterating advertisements and placards, and/or resolving to take no further action where formal enforcement action is not considered expedient.
- (ii) To issue formal enforcement notices or similar under the Planning Acts or associated legislation** unless:
 - a) The unauthorised development in question is defined as 'major' development in Article 2 of the Town and Country Planning (Development Management Procedure) (Wales) Order 2012 (as amended or modified by subsequent legislation); or

- b) Where a Ward Member has requested that the matter be determined by the Planning Committee, giving planning reasons for that request, in accordance with the Protocol for Delegated Powers;

** This includes issuing Enforcement Notices, Listed Building Enforcement Notices, Stop Notices, Breach of Condition Notices, Unsightly Land Notices (under Section 215 of the Planning Act), Hedgerow Replacement Notices and Tree Replacement Notices;

- (iii) To investigate and determine complaints relating to high hedges including issuing Remedial Notices under the Anti-Social Behaviour Act, except where a Ward Member calls the item to Planning Committee giving relevant reasons for that request; and taking direct action to implement the requirements of a Notice issued under the High Hedges regulations and/or instruct the Head of Law and Standards (or other appropriate officer) to instigate prosecution proceedings for failure to comply with such a Notice;
- (iv) To serve graffiti removal notices and to issue penalty notices for graffiti and fly posting under the Anti-Social Behaviour Regulations.
- (v) To authorise officers to undertake covert surveillance in accordance with the Regulation of Investigatory Powers Act 2000

11.4 Planning Policy

- (i) To agree minor changes to the Development Plan during the Plan-making process, and to make decisions in consultation with the Cabinet Member for Regeneration regarding any other changes;
- (ii) To prepare and agree the evidence base for the Development Plan, including appointing consultants where necessary.

11.5 Building Control

- (i) The exercise of all powers and duties under the Building Act 1984 and Regulations made there under and related functions:
- (ii) To support national initiatives introduced by the Local Authority Building Control Services, Local Authority National Type Approval Consortium, Building Control Wales or similar.
- (iii) To carry out any incidental functions or supplementary services including SAP energy performance certificates, and Code for Sustainable Homes and BREEAM assessments and certification, including setting fees for those services.
- (iv) To exercise powers under the Local Government (Miscellaneous Provisions) Act 1982 Section 29 regarding the securing of buildings to prevent unauthorised entry.
- (v) To issue Licences pursuant to the Highways Act 1980 in relation to scaffolding or other structures on the highway and to exercise related powers.
- (vi) To serve Requisitions for Information.

11.6 Planning: Miscellaneous and Procedural Matters

- (i) To decline to determine planning applications.
- (ii) To Finally Dispose of applications under Article 29(15) of the Town & Country Planning (Development Management Procedure) (Wales) Order 2012 (or equivalent provision amending this provision).

- (iii) To add, delete or amend conditions or reasons for refusal and/or reasons for taking enforcement action in relation to decisions made under delegated powers or, in liaison with the Chair of Planning Committee#, in relation to Committee decisions.
- (iv) To agree minor amendments or non-material amendments that involve no significant increase in the scale of development proposed pursuant to the appropriate application.
- (v) To determine responses in relation to:
 - Consultations by utility companies in relation to power lines, pipelines and other utilities infrastructure;
 - Fringe area consultations from other local authorities (where the development concerned does not fall within category 1a(ii) above);
 - Applications submitted to the Infrastructure Planning Commission (or any equivalent successor body).
- (vi) To make any determination under the Environmental Assessment Regulations (including a decision regarding whether an Environmental Statement is required and the scope of such an assessment).
- (vii) To undertake appropriate assessments and to make determinations under the Habitats Regulations.
- (viii) To compile and maintain all Registers required by the Planning Acts and any orders or regulations made there under.
- (ix) To make any determinations (including decisions of an administrative nature) regarding the processing of any applications received (including decisions relating to the validity, adequacy of information provided and fees payable), and correcting errors on Decision Notices.
- (x) Proper Officer function for signing Decision Notices or Certificates issued as a result of the exercise by the Council of any functions pursuant to the Planning Acts or Regulations or Orders made thereunder or to the Building Regulations or Orders made thereunder.
- (xi) Power to authorise officers to sign and issue Decision Notices, Licences and other formal documents as referred to above.
- (xii) Power to authorise officers for the purposes of the powers of entry onto land granted by the Planning Acts, Building Act, the Environment Act, the Anti Social Behaviour Regulations and any regulations made there under;

(For the avoidance of any doubt where any judgment has to be made, for example, concerning whether any development is minor or is in accordance with the Development Plan policies, such decision shall be made by the Head of Regeneration, Investment and Housing).

Should the Chair of Planning Committee be unavailable, authority shall pass to another member of the Planning Committee.

11.7 Grant Applications

- (i) To determine grant applications for building and related improvement in industrial and commercial improvement areas under Sections 5 and 6 of the Inner Urban Areas Act or similar or subsequent legislation and to administer relevant grants under the Strategic development Scheme or subsequent schemes to a value of £20,000
- (ii) To determine business grants to a value of £20,000

- (iii) To determine whether to make bids for European Funding and to determine methods of processing schemes, subject to determination of whether to accept grant aid in line with Council policies

11.8 Strategic Housing

- (i) To determine any operational matters relating to the Council's strategic Housing function
- (ii) To determine the allocation of funds available for Renovation and Repairs Grants
- (iii) To determine when to carry out work in connection with improvement grants on behalf of owners at their expense, and with their agreement, in accordance with the Local Government and Housing Act 1989
- (iv) To determine circumstances in which divulge information relating to tenants as follows: (Subject to the requirements of the Data Protection Act)
- Tenancy references to building societies providing the authority of the tenant is given.
 - Tenancy references in confidence to other local authorities irrespective of authority given by tenant.
 - Forwarding addresses only to statutory bodies, e.g. utility companies, Post Office, British Gas etc.
 - forwarding addresses only to other agencies on receipt of a search fee

11.9 Regeneration

- (i) To determine any operational issues relating to:
- Regeneration of the City Centre
 - Regeneration of the wider City Region
 - Housing and Community Regeneration, including community development; Community Regeneration; private sector housing; and preventative services;

11.10 Community Learning and Libraries

- (i) To determine any operational issues relating to:
- Community Learning
 - Adult Education;
 - Flying start;
 - Libraries
 - Youth and community services

This includes determination of

- Activity programmes
- Promotional and marketing activities for the Council's facilities within the service area.
- Improvements upgrading or additions to facilities within the service area, subject to available finance.
- Any management agreements for leisure facilities or community learning facilities either owned by the service area or used by the service area.
- Management arrangements for all premises used primarily for community, youth or adult education, including community centres on school sites
- Applications for Grant Aid of £5,000 or less- Higher amounts to be determined by the Cabinet member
- Charges for the hire of facilities, pricing structures, coaching and other fees subject to the Council's agreed charging policies
- Conditions of hire
- Operating times

- Designs and sitings of play areas within new developments

11.11 Museum and Heritage Services

To determine any operational issues relating to museum and heritage services including:

- Museum and Art Gallery; including use of any reserve funds
- Newport Ship and
- Transporter Bridge

11.12 Minor Property Transactions

- (i) To dispose of and acquire freehold interests or grant and acquire leasehold interests on parcels of land not exceeding 100 square metres in extent;
- (ii) To grant/acquire interests in property with an annual value not exceeding £1,000;
- (iii) To grant/acquire easements for services;
- (iv) To grant licenses to graze animals and/or mow grass for haymaking;
- (v) To grant/acquire licenses to use property;
- (vi) To grant/acquire leases for a period of less than 7 years;
- (vii) To grant the release/discharge of covenants relating to Council land;

The relevant Cabinet Member(s) and Ward Member(s) shall be consulted before any decisions are taken in relation to minor property transactions that relate to their portfolios or wards.

11.13 General

- (i) To determine matters relating to Human Resources, tenders, finance, land and buildings, operational plans and legal agreements relating to this service area and as contained in the general delegation of powers to all Heads of Service set out in this constitution

12 Head of City Services

12.1 As Head of Service

- (i) To take all operational decisions in relation to:
 - I. Environmental Services including
 - Waste disposal
 - Recycling and Sustainability
 - Green Services
 - Cremation Services
 - Refuse
 - Civil Contingencies
 - II. Street Scene Services and Area Services, including:
 - Street works
 - Traffic and transport
 - Highways
 - Drainage
 - Road safety
 - Grounds maintenance

- Street cleansing services
- III. Integrated Transport Services
- IV. Theatre and Arts Centre, Riverfront
- V. Sports and Leisure Trust including:
 - Business support
 - Catering services
 - Leisure operations and business development
 - Parks and outdoor recreation
 - Active community programmes.

12.2 General delegations for City Services

- (i) To enter into Section 38, 278 and 111 Agreements in connection with development affecting public highways.
- (ii) To determine Transport Grant submissions to the National Assembly.
- (iii) To determine traffic calming priority lists.
- (iv) To approve the adoption of highways maintainable at public expense.
- (v) To determine the siting of School Crossing Patrols.
- (vi) To determine issues relating to the operation of the Transporter Bridge.
- (vii) To determine street naming and numbering of properties.
- (viii) To determine any issues relating to bus shelters
- (ix) To determine day to day operational issues relating to home to school transport.

12.3 Engineering and Construction

- (i) To adopt roads and sewers where agreements exist under Sections 38 and 278 of the Highways Act 1980 and Section 18 of the Public Health Act 1936.
- (ii) To adopt roads and sewers under Section 228 of the Highways Act 1980 and Section 17 of the Public Health Act 1936 where no Adoption Agreements exist.
- (iii) To deal with applications under Section 152 of the Highways Act 1989 for consent to fix or place any overhead beams, rail, pipe, cable, wire or other similar apparatus over, along or across a highway.
- (iv) To serve Notices under Section 134 of the Highways Act 1959 requiring the lopping of vegetation over highways and certain other roads and paths.
- (v) Execute repairs to unadopted roads and rear access lanes in accordance with the provisions of Section 47 of the Public Health Act 1961 to prevent or remove danger to persons or vehicles with an annual cost limit of £10,000. Schemes of above £10,000 shall be determined by the Cabinet Member.
- (vi) Approve terms for connections to Council sewers and the granting of any necessary easements on terms to be agreed by the Head of Law & Regulation.
- (vii) To make emergency and temporary prohibition Orders and Notices under Section 14 of the Road Traffic Regulation Act 1984, as amended.
- (viii) To give instructions to issue notices under Section 184 of the Highways Act 1980 (which notify owners of premises that the Council intends to construct vehicle cross - over's and to recover the cost from the owners)
- (ix) To issue certificates for payment in respect of highway construction or other engineering works.

12.4 Statutory Appointments

To determine the statutory appointment of a person (to be known as the "Traffic Manager") to perform such tasks as the authority consider will assist them to perform their network management duty.

12.5 Traffic Orders

To determine and implement non - contested Traffic Orders. Orders which receive representations are to be determined by the Cabinet Member.

12.6 Integrated Transport Services

To determine all operational matters relating to integrated transport services

12.7 Statutory duty to the Council to secure the 'expeditious movement of traffic'

- (i) To exercise the powers and duties of the Council in relation to Street Works conferred by Part III New Roads and Street Works Act 1991.
- (ii) To authorise officers so that they may issue Fixed Penalty Notices under section 95 of the New Roads and Street Works Act as amended by section 41 of the Traffic Management Act 2004.

12.8 Gating of Certain Types of Highways

To determine in consultation with the Head of Law and Regulation the making of any Orders for the gating of any highways, including alleys.

12.9 Reservoirs Act 1985

- (i) To appoint a Supervision Engineering and an Inspection Engineer from the Welsh Office Panel to supervise, inspect and report appropriately as required by the Reservoirs Act 1985.
- (ii) To be responsible for carrying out the Council's duties under the Reservoirs Act 1985.

12.10 Flood and Water Management Act 2010

- (i) To exercise all of the powers and duties of the Council as the designated Sustainable Drainage Systems ("SuDS") Approving Body ("SAB") under Schedule 3 to the Flood Water Management Act 2010.
- (ii) To determine all outline and full SuDS applications on behalf of the SAB;
- (iii) To provide all pre-application advice in relation to SuDS and undertake all necessary statutory consultation;
- (iv) To undertake all statutory inspections and approvals of SuDS work;
- (v) To adopt and maintain SuDS schemes, subject to the conditions and exemptions specified in the 2010 Act and to agree the terms of any adoption agreement, including any commuted sums or maintenance charges.

12.11 Waste Management and Recycling

To determine all operational matters relating to Waste management and Recycling. All policy matters are to be determined by the Cabinet Member, cabinet or Council as appropriate.

12.12 Litter Control Notices

To serve Street Litter Control Notices under Sections 93 and 94 of the Environmental Protection Act 1990.

12.13 City Centre Management

To determine all operational matters relating to overall management of the City Centre. .

12.14 Countryside and Footpaths

- (i) To make orders for diversion and extinguishment of public rights of way under the Highways Act 1980.
- (ii) To service notices and take appropriate action under the enforcement provisions of the Highways Act 1980 where public rights of way are affected.
- (iii) To make orders concerning public rights of way under the Wildlife and Countryside Act 1981.
- (iv) To act within the Council's powers and duties under the Countryside and Rights of Way Act 2000.

12.15 Cremation Services

To determine all operational matters relating to the Gwent Crematorium. All policy matters are to be determined by the Gwent Cremation Joint Committee, Cabinet Member, Cabinet or Council as appropriate.

12.16 Floral Displays

To determine the submission of applications for the entry of Newport and Caerleon in the annual "Wales in Bloom" Competition.

12.17 Riverfront Theatre and Arts Centre

To determine all operational matters relating to the Theatre and Arts Centre. All policy matters are to be determined by the Cabinet Member, Cabinet or Council as appropriate.

12.18 Sports and Leisure Trust

To determine all operational matters relating to the relationship with the Sport and Leisure Trust

12.19 Customer Services and Benefits

- (i) To determine operational issues in relation to the Council's Face to Face Centre and Contact Centre.
- (ii) To determine all operational issues relating to Housing and Council Tax Benefits

12.20 General

To determine matters relating to Human Resources, tenders, finance, land and buildings, operational plans and legal agreements relating to this service area and as contained in the general delegation of powers to all Heads of Service set out in Part 1 of this scheme of delegation