

Agenda

Audit Committee

Date: Thursday, 19 November 2020

Time: 2.00 pm

Venue: Microsoft Teams Live Event

To: Mr J Baker (Chair) Councillors H Thomas, M Whitcutt, K Thomas, L Lacey,
P Hourahine, R White, J Jordan and R Mogford

Item

- 1 Apologies for Absence
- 2 Declarations of Interest
- 3 Minutes of the Last Meeting (Pages 3 - 12)
- 4 Corporate Risk Register (Q1 April to June) (Pages 13 - 46)
- 5 Internal Audit Plan 2020/21 (Quarter 2) (Pages 47 - 58)
- 6 Treasury Management Report (Pages 59 - 74)
- 7 SO24 / Waiving of Contract SO's: Quarterly report reviewing Cabinet / CM urgent decisions or waiving Contract SO's (Quarter 1, April to June 2020) (Pages 75 - 142)
- 8 Call in the Chief Education Officer, Deputy Chief Education Officer & Head of Gwent Music re the Internal Audit Unsatisfactory Opinion on Gwent Music (Pages 143 - 158)
- 9 Call in the Head of Children & Young Peoples Services and Service Manager of Resources re the Internal Audit Unsatisfactory Opinion on SGO/Kinship Payments (Pages 159 - 168)
- 10 Lessons Learned 2019/20 (Pages 169 - 178)
- 11 Forward Work Programme (Pages 179 - 182)
- 12 Date of Next Meeting
29 January 2021

Contact: Anne Jenkins Governance Team Leader

Tel: 01633 656656

E-mail: democratic.services@newport.gov.uk

Date of Issue: Thursday, 12 November 2020

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Live Event

[To view the live event please click here](#)

Minutes

Audit Committee

Date: 28 September 2020

Time: 2:00pm

Venue: Microsoft Teams Live Event

Present: Mr J Baker (Chair), J. Jordan, H. Thomas, K Thomas, R. White, M. Whitcutt, R. Mogford, P. Hourahine.

In attendance: Andrew Wathan (Chief Internal Auditor), Dona Palmer (Audit Manager), Jan Furtek (Principal Auditor), Gareth Lucey (Wales Audit Office), Robert Squance (Audit Manager), Leanne Townsend (Lead Finance Business Partner), Owen James (Assistant Head of Finance), Meirion Rushworth (Head of Finance), Anthony Veale (Engagement Director Wales Audit Office), Paul Flint (Performance & Risk Business Partner), Anne Jenkins (Governance Team Leader), Neil Barnett (Governance Support Officer).

Apologies: None

1. Apologies for Absence

None

2. Declarations of Interest

None

3. Minutes of the Last Meeting held on 29 January 2020

The minutes of the meeting held on 29 January 2020 were submitted.

Item 5: Corporate Risk Register Update (Quarter 2) and Risk Management Policy

The Policy Partnership and Involvement Manager advised that a paper was being prepared for Cabinet in October on Brexit, along with an update on COVID recovery, as these were both reflected in the corporate risk register. The Committee would be sent a copy of both reports as soon as they were finished, by the end of this week.

The Chair also requested an update on the finances of Caerleon Comprehensive School from the Head of Finance. The Head of Finance confirmed for the Committee that the challenge was still significant but that the school had developed a recovery plan, which significantly improved their position and reduction in year overspending. A deficit remained but that work was still on going.

4. Quarter 4 Corporate Risk Register Update

The Council's Corporate Risk Register monitored risks that might prevent the Council from achieving its Corporate Plan or delivering services to its communities and service users in Newport.

In Quarter 4, the Corporate Risk Register had 13 risks, which were considered to have a significant impact on the achievement of the Council's objectives and warrant monitoring by the Council's Senior Leadership Team and Corporate Management Team. At the end of quarter 4, eight high level risks were identified (risk scores 15 to 25); 3 medium risks (risk scores 10 to 14) and 2 low risk (0-9) as outlined in the report. The Corporate Risk Register also saw the inclusion of the Covid 19 related risk.

The role of Audit Committee was to review and monitor the corporate governance and risk management arrangements in place, with comments and recommendations of the Committee on risk process considered by Cabinet.

As mentioned previously, Brexit information and updates were being closely monitored as well as Covid-19, there would be a report sent to Committee on both matters.

The Performance and Research Business Partner outlined that the risks going forward into 2021 had been reviewed as part of the service planning process and council had reviewed the risk within the service plan and corporate risk register in light of Covid-19 and Brexit.

Discussions included the following:

- Was the risk register in line with the Aneurin Bevan Local Health Board with regard to the pandemic. As part of a local resilience forum, Newport City Council was part of the Pan Wales pandemic plan from the outset and the response was therefore based on the joint plan.
- The Head of Finance advised there could be risks to the Internal Audit Plan for 2021 if the Council's internal audit was not fulfilling their role due to lockdown. With this in mind, would it need to be added to the risk register in its own right, as the Council would want to avoid audit staff not covering their usual work, when being placed elsewhere such as Track and Trace during lockdown. The Chair considered there might be a small interruption but this would not have a massive impact. The Head of Finance therefore advised that the plan would be completed to the best of Internal Audit's ability but reiterated that there was a lack of auditing due to deployment of staff during lockdown. The Chair was looking at the way risks were being managed and for reassurance in the risk strategy, that Covid was being looked at and if not addressed, it would be flagged up as a problem. This could therefore be a financial issue going forward.
- It was reiterated that Newport City Council was part of the Gwent Local Resilience Forum, there was a plan in place and we were part of it. Secondly, it was stated that the council took action a month before lockdown and the emergency response was put into place as part of Civil Contingency planning on Saturday 22 February 2020 to address and cancel the schools travel arrangements for pupils going abroad. Covid Gold arrangements were in place from that point forward. The Council also made a series of decisions regarding redeployment of resources. Finance made regular reports to the Corporate Management Team regarding funding and loss of income.

- There was the same balance on points regarding the Medium Term budget, the Committee asked why the risks had not been reduced throughout the course of the year. It was advised that revenue and capital were carefully monitored and it was unlikely that the Medium Term Revenue would alter over the next couple of years.
- The Committee asked, why have a target rate if this was not reached. There was a Change programme in place to address this, as it was always a challenge.
- There was a significant risk of flooding in Newport during the summer, it was questioned as to how this would be addressed; would global warming affect Newport. The Committee were informed that the report was security classified and not addressed in the corporate risk register and although this was a separate report, the Council was aware and prepared for the risks.

Agreed:

Audit Committee considered the contents of this report and assessed the risk management arrangements for the Authority, providing any additional commentary/ recommendations to Cabinet.

5. Revised Internal Audit Annual Plan 2020/21

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

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

The attached report is the Revised Operational Internal Audit Plan for 2020/21 based on an assessment of risk and available audit resources for the remaining 6 months of this financial year. The plan was based on delivering 626 audit days.

Covid19 had significantly impacted on Internal Audit and its ability to deliver the original full year plan. Corporately the focus was on delivering essential front line services to deal with the pandemic. The Internal Audit team supported the business grants process and undertook extensive counter fraud work whilst the regularity audits were put on hold for an interim period.

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

Discussions included the following:

- Have you found new ways of working and carrying out auditing differently? Yes and will progress from next week onwards. Greater use of Teams meetings, problems with sharing information however i.e. hard copies and sampling would be different. Would need access to more systems within the council to carry out audits more efficiently i.e. access to HR's recruitment system, found their strengths and weaknesses and reported accordingly.
- What is the impact going forward in terms of capacity? Planning process on cyclical basis and every year, we re-prioritise and have discussions with Head of service. The focus was now on key areas of risk and by Jan 2021 the focus

would be on planning for 2021/22 audits. Work will be carried forward where appropriate

- Councillor White asked how can you get the resources for audit work? The Chief of Internal Audit advised of the current arrangement in place with an external audit provider and discussions with HR in filling the audit vacancy.
- The Chair commented that Covid has had a massive impact and would there be assurance concerns for next year, as there was a limitation of scope re the amount of access to get to a system and there could be a possible risk there. The Chief Internal Auditor stated that they would try to give as much assurance based on work carried out in the past year and there was a hope to get into schools early next spring term but there would be some services that would fall off the radar in 2020/21 but would be picked up in 2021/22.

Agreed:

That the report be noted and approved by the Council's Audit Committee.

6. Internal Audit: Progress against unfavourable audit options previously issued (to March 2020 – previous report was to September 2019)

The attached report identified current progress of systems or establishments, which had previously been given an unsatisfactory or unsound audit opinion. There would always be concerns over reviews given an unsatisfactory or unsound audit opinion, managers were allowed sufficient time to address the issues identified and improve the financial internal controls within their areas of responsibility.

During **2017/18** 40 audit opinions had been issued; 6 were *Unsatisfactory*, none were *Unsound*.

During **2018/19**, 48 audit opinions had been issued; 10 were *Unsatisfactory*, 1 was *Unsound*.

During **2019/20**, 32 audit opinions had been issued; 6 were *Unsatisfactory*, none were *Unsound*.

Discussions included the following:

- The school catering contract process was Unsatisfactory in the way the contract was tendered. This however could not be assessed properly until a new contract had been entered into.
- Street Cleansing in City Services moved from Unsatisfactory to Reasonable, which was positive news.
- The Bridge Achievement Centre was reviewed in 2018/19 and the report was finalised in February 2019. They had an opportunity to put things right and subsequently have improved; this would be reported back to the committee in due course.
- The Chair referred to the SGO/Kinship Payments (1.05) "*There was a lack of central coordination of the SGO financial assessment process as roles and responsibilities were not clearly defined. No one manager had overall responsibility for this function despite the budget being over £950k*" And was of the opinion that the Head of Service should take responsibility for their own service area budget sign off. The Head of Finance explained that there would be a named individual against the budget and the Head of Service would ensure that the person responsible would be held to account. The Internal Audit issue was well made. The Head of Finance would look into this in more detail and get back

to the Chair. The Chair however considered that the Head of Service and relevant officers be invited to the next committee to discuss the Unsatisfactory audit opinion and responsibility of the budget.

- The Chair referred to the Gwent Music Support Services “*An up to date inventory of assets was not in place detailing all items held as Gwent Music Headquarters or other locations. Assets held in the storage unit were not insured*” in addition to this, there was a lack of control surrounding the instrument loan scheme. The Council owned the musical instruments, however, most of these were kept by members of the Gwent Music Support Service. The Chair suggested that the committee invite the Chief Education Officer to the next committee in relation to the Unsatisfactory audit opinion and the above issues around the lack of inventory.
- Audit Committee felt they required further assurance that improvements would be made to the control environment following unfavourable audit opinions.

Agreed:

The Committee noted the report, along with the following:

- The Head of Social Services (Adults) and relevant officers would be invited to the next committee to discuss the two consecutive Unsatisfactory audit opinions, paying particular attention to the responsibility of the budget in respect of SGO/Kinship Payments.
- The Committee would invite the Chief Education Officer and relevant officers to the next committee to discuss the Unsatisfactory audit opinion, paying particular attention to the inventory of Council owned musical instruments loaned by Gwent Music Service.

7. Audit of Financial Statements ISA260 Report

The Committee considered the Audit of Accounts Report – Newport City Council and Newport City Council Group for the year 2019-20.

The Wales Audit Officers thanked Finance for their hard work and co-operation with the report.

The Head of Finance also was incredibly proud of the finance team under the circumstances and also mentioned in turn, the hard work of Audit Wales team.

The Chair invited the Director of Audit Wales to introduce the report.

The main issues arising from the ISA260 finding were discussed with focus on the non-adjusted misstatements highlighted by Audit Wales.

Discussions included the following:

- Why was soft loan and loan modification not adjusted for as per the CIPFA practice. It was explained that the Council had accounted for the soft loan borrowings using their cash value rather than discounting them as required by the CIPFA Code. The reason being that the accounting entries in both cases required to correct these values in the final accounts would be onerously complex considering the immaterial value involved. The Audit Wales Officer explained that it was also very technical in nature, the explanation would also

be alluded to in the following report on the agenda item but was happy to have a dialogue with Newport City Council Finance Officers regarding the ongoing reporting of the misstatement. The officers would have to form a view but this could be adjusted and put through the accounts as part of next years accounting process.

- The Committee needed clarity on the information and asked who would sign off the decision in line with company practices. The Head of Finance confirmed that they would sign off the accounts as well as Audit Wales. Audit Wales reiterated that this was not a material issue and in order to provide a statement of accounts Audit Wales needed to bring it to the Committee's attention and that was all. The accounts could therefore be signed off.
- Discussion on the corrected misstatements followed and the Chair flagged that there was a number of high value errors, especially regarding the cash and cash equivalents, borrowings and investments figures. The Assistant Head of Finance gave an explanation on a number of the corrected misstatements including the fact that a number of the errors were of a human nature and working in a remote scenario due to Covid, did hamper an environment of collaboration and simple checks. This would form part of a lessons learned and processes put in place.
- The Head of Finance mentioned that there were benefits with working closer together with Audit Wales; person to person when dealing with statement of accounts from an auditing point of view and during lockdown this was not possible.
- The Chair, after seeking clarification on the timescale in relation to 'Short Term' for cash and cash equivalent classification was advised that the time period was deemed as under three months, however this would be subject to looking at each item on a case by case basis.

Agreed:

The Committee noted the actions and issues were within the ISA 260 and authorised the Head of Finance and Chair to approve and sign the Financial Statements as well as the letter of representation under Appendix 2.

8. Audit and Approval of the 2019-20 Statement of Accounts

The Accounts were published on 6 July 2020 by the Head of Finance and added to the Council's website at that time. This was just over three weeks after the statutory deadline of 15 June 2020, however this was due to carrying out the closing of accounts and preparation of the financial statements during lockdown due to the Covid-19 pandemic, which caused increased complications and difficulties. The Accounts were available for public scrutiny, as required by the Accounts and Audit (Wales) Regulations 2014 (as amended), for a 20 working day period ending 28 August 2020.

Although the current situation of working remotely was not ideal for both ourselves and Audit Wales, our auditors had reviewed the draft 2019/20 Statement of Accounts in detail, and a number of required changes were identified. Audit Wales' accompanying report showed a summary of the agreed changes. Appendix A presented the revised Accounts which members were invited to review and subsequently approve in accordance with the Council's standing orders. Representatives from Audit Wales and finance staff would be available to clarify any points arising from the audit changes and the content of the Accounts as required.

The Assistant Head of Finance thanked the team and Audit Wales for their hard work putting together the statement of accounts.

The Chair also thanked all those involved for their hard work and effort.

Discussions included the following:

- In response to the Chair's query, it was confirmed that the Audit Committee was authorised under the Terms of reference to approve the Statement of Accounts. Therefore, the Committee was requested to receive and approve the Council's Annual Statement of Accounts in accordance with the Accounts and Audit Regulations.
- Consistency with the style of the narrative report was raised by the Chair and recommended that a house-style should be used. The Finance team had forwarded the narrative report to colleagues with non-financial background for feedback and updated accordingly prior to the draft accounts being published.

The Chair referred to the capital slippage in the capital programme, for example in 2019, there was a total slippage of £8.5M, this had been slipping year on year, the Chair asked how could this be managed. The Head of Finance advised the Committee that they had recently completed a re-profile of the capital programme as Finance also brought up the same issues and the organisation had to be realistic on the level of spend. The Finance team were continuously re-phasing the programme spending the profile correctly. There was a challenge in the service areas as well as with Norse and again the re-profile was undertaken to prevent the re-slippage as shown in previous years.

- The Chair referred to p122 of the pack advising that the explanation for usable reserves borrowing for Friars Walk could have been made clearer. The Chair also referred to p117 Financial Performance, the narrative report gave a better picture for readers to understand the content and how did this link with the core statements including the Comprehensive Income & Expenditure Statement (CIES)
- The Assistant Head of Finance advised that the accounting statements were complex in nature and there were a number of technical accounting adjustments made within the core statements. The Expenditure Funding Analysis looked to provide a reconciliation between the impact on the general fund and the CIES. It was however a useful view point on comparatives year on year, and to challenge specific points.
- The Chair mentioned the funding analysis surplus of £1.8M and how did this link to the overall general fund being balanced. It was advised that there was not a direct link from this surplus to the general fund balance as the £1.8m was agreed by Cabinet to be taken to a specific earmarked reserve, therefore no change in the general fund balance.
- Clarification was provided by officers to the Chair on whether the uncleared payments balance within the cash flow note.
- Finally, the Chair was of the opinion that there was too much information in wording below the provisions note and suggested that the Finance team put a clearer working table layout in future. Audit Wales pointed out that this was a requirement by the Code, and Council officers agreed but the wording would be reviewed next financial year.

Agreed:

- The Committee reviewed the content of the 2019/20 Accounts and Audit Wales' Financial Statements (ISA260) report on the 2019/20 Accounts and commented as appropriate.
- The Committee authorised the Head of Finance to adopt and sign the Accounts 2019/20, in accordance with the Accounts and Audit (Wales) Regulations 2014 (as amended).
- The Committee authorised the Head of Finance and Chair of Audit Committee to sign the letter of representation.

9. Audit Wales Financial Sustainability Report

As part of the programme of regulatory activity, and in accordance with the Well-being for Future Generations Act 2015, Audit Wales (AW) undertook a programme of work to ensure the Council was discharging its duties under the Act. The report outlined AW findings from the review and concluded that: "The Council had a relatively strong financial position, but had recently recognised the need to develop a more strategic and sustainable approach to consolidate its position".

Discussions included the following:

- The Director of Audit Wales advised that the financial landscape had changed and thanked the Head of Finance for their work on the report.
- Report covered main findings and in summary, the report had done well to meet the budget in the past.
- The issues remained consistent and Covid could possibly add to the difficulties.

Agreed:

The Committee noted the outcome of the review, the Council's response and implementing the necessary actions raised.

10. Draft Work Programme

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

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

Agreed:

The Committee to endorse the proposed schedule for future meetings, confirmed the list of people it would like to invite for each item, and indicated whether there was any additional information or research is required, as indicated below:

- Head of Social Services (Adults) and relevant officers would be invited to the next committee to discuss SGO/Kinship Payments consecutive Unsatisfactory audit opinions.
- The Chief Education Officer and relevant officers would be invited to the next committee to discuss the Unsatisfactory audit opinion of Gwent Music Service.
- Code of Corporate Governance Update Report.

11. Date of Next Meeting

Thursday 5pm 29 October 2020

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Report

Audit Committee

Part 1

Date: 19 November 2020

Item No: 4

Subject Quarter 1 2020/21 Corporate Risk Register Update

Purpose To present an update of the Corporate Risk Register for the end of quarter 1 (30th June 2020).

Author Head of People and Business Change

Ward All

Summary The Council's Corporate Risk Register monitors those risks that may prevent the Council from achieving its Corporate Plan or delivering services to its communities and service users in Newport.

At the end of quarter one, the Council has 57 risks recorded across the Council's eight service areas. Between quarter four (2019/20) and quarter one (2020/21) there were 10 new risks and five risks were closed. Out of the 57 risks recorded, 19 risks are considered to have a significant impact on the achievement of the Council's objectives and warrant monitoring by the Council's Corporate Management Team and Cabinet. Out of the 19 corporate risks there was one new risk and five escalated risks from the service areas risk registers. Six risks had their risk scores increase or decrease. Overall, there are 13 Severe risks (risk scores 15 to 25); 4 Major risks (risk scores 7 to 14) and 2 Moderate risks (1-3) that are outlined in the report.

The role of Audit Committee is to review and monitor the corporate governance and risk management arrangements in place, with comments and recommendations of the Committee on risk process considered by Cabinet.

Proposal Audit Committee is asked to consider the contents of this report and assess the risk management arrangements for the Authority, providing any additional commentary and/or recommendations to Cabinet.

Action by Corporate Management Team and Heads of Service

Timetable Immediate

This report was prepared after consultation with:

- Corporate Management Team

Signed

Background

The Wellbeing of Future Generations (Wales) Act 2015, requires Newport City Council to set Wellbeing Objectives in its Corporate Plan 2017-22. With any Corporate Plan there will be risks that may prevent the Council from achieving its objectives. The Council's Risk Management Policy and Corporate Risk Register enables the Council to effectively identify, manage and monitor those risks to ensure that the Council realises its Plan and ensure service delivery is provided to its communities and citizens. In July 2020 the new Risk Management Policy for 2020-22 was approved by the leader of the Council. This policy is attached as part of the background papers of this report for reference.

As outlined by the terms of reference in the Council's Constitution, the Audit Committee is required to review and monitor the corporate governance and risk management arrangements in place, with comments and recommendations of the Committee on risk process considered by Cabinet.

Covid-19 / Brexit, Newport City Council Response

During the quarter one period, Newport City Council's focus was on supporting front-line services, protecting lives and minimising the spread of Covid-19. As part of the Council's Civil Contingencies arrangements, the Council's Gold Command group consisting of Heads of Service and Chief Executive to monitor the situation; and to manage emerging operational / community risks. This group also links into the wider Strategic Coordination Group and Welsh Government structures and these arrangements remain in place at the time of this report.

Similarly, the Council has been monitoring the situation in relation to the UK Government's progress in establishing a trade agreement with the European Union. The risk scores outlined in this report reflect the situation relating to both risk areas at the end of the quarter.

Risk Management Process

In Newport City Council risks that may prevent or impact on the delivery of our services is continuously monitored and managed at all levels of the organisation. The following diagram below summarises how risks are continuously managed in Newport City Council.



There are many different sources of risks, such as civil contingencies, health & safety, service delivery and projects throughout the organisation where risks to the delivery of the Corporate Plan, or services might be identified and included on the Council's risk register. New risks identified to be included on the register have to be assessed and evaluated to determine their risk scores (Inherent / Residual / Target), existing controls that are in place and where further mitigating controls are required to respond and reduce

the overall impact of the risk to the Council. To assess risk scores Newport City Council uses a standard 5x5 matrix that is commonly adopted across Welsh and English local authorities. Appendix 1 of this report shows a heat map of the Council's corporate risks using this matrix.

All risks identified have to be initially agreed by the Head of Service. If the residual risk score is 15 or above or if the Head of Service considers the risk to have an impact on the delivery of services / achievement of objectives in Council, it is escalated to the Council's Corporate Management Team (CMT) to determine whether it is included on the Council's Corporate Risk Register or if the risk should be managed by the relevant service area(s).

All risks are recorded in the Council's 'Management Information Hub'. Every quarter, risk owners, and risk action owners are required to assess and provide an update on the risk score and mitigating actions in place. Any risk that has escalated to 15 or above is automatically escalated and requires the Directors team to consider whether it should be included on the Corporate risk register or if they are satisfied that the responsible owner and mitigating actions are effective to be managed within the service area / team.

As risk mitigating actions are completed and the risk is reduced to meet the target risk score, an assessment will be undertaken by the risk owner to determine whether the risk is closed and if the risk mitigation actions have been sufficient to mitigate the overall risk. For risks on the Corporate Risk Register this responsibility would fall onto the Risk Owner and CMT to determine if the risk can be closed.

Quarter one risk update

Prior to the Covid-19 outbreak service areas had already drafted their service plans for 2020/21. However, in light of the Covid-19 crisis, service areas were asked to review their plans; align their objectives and actions to the [Council's Strategic Recovery Aims](#) and to consider any new and/or emerging risks that are impacting on the delivery of their services.

At the end of first quarter (to 30th June 2020), service areas had 57 risks (including Corporate Risks) recorded in their risk registers. As a result of the service areas reviewing their risks, 10 new risks had been identified and five risks were closed. The reason for the risks closing was due to the risks achieving their target score and/or were no longer considered a risk against achieving their objectives.

Service Area	Number of Unique Risks	New risks since last Quarter.	Closed Risks since last Quarter.
Adult & Community Services	3	0	0
Children & Young People Services	4	2	0
City Services	7	2	1
Education Services	10	1	1
Finance	8	2	0
Law and Regulation	3	1	1
People & Business Change	12	2	0
Regeneration, Investment & Housing	10	0	2
Total Unique Risks*	57	10	5

In Quarter one, six risks (one new risk and five existing risks) were escalated to the Corporate Management Team as their risk scores were scored 15 or above. The role of the Corporate Management Team (CMT) is to determine whether the risk should be included on the Corporate Risk Register for monitoring or if the risk should remain in the service area(s) as a result of sufficient management action being undertaken to manage the overall risk. It was CMT's view that all six risks should be include on the Corporate Risk Register subject to further review and monitoring.

In addition to the six new corporate risks, six existing risks had changed direction as result of the risk scores increase or decreasing. Seven risks had remained at the same score since quarter four. The quarter one Corporate Risk Register had been presented at the Council's Cabinet meeting on 14th October 2020.

Of the 57 risks, there are 19 risks that are recorded and monitored in the corporate risk register. These risks are:

- COVID-19 Pandemic Outbreak (Cross-cutting, led by People & Business Change)
- Stability of Social Services Providers (Adult & Community Services)
- Highways Network (City Services)
- Educational Out of County Placements (Education Services)
- **NEW (Escalated)** - Pressure on Adult & Community Services (Adult & Community Services)
- **NEW** – Ash Die Back Disease (City Services)
- **NEW (Escalated)** – Pressure on the delivery of Children Services (Children & Young People Services)
- Demand for ALN and SEN support (Education Services)
- Balancing the Council's Medium Term budget (Finance Services)
- Schools Finance / Cost Pressures (Education Services / Finance Services)
- **NEW (Escalated)** – Cyber Security (People & Business Change)
- **NEW (Escalated)** – Pressure on Homelessness Service (Regeneration, Investment & Housing)
- **NEW (Escalated)** – Pressure on Housing Service (Regeneration, Investment & Housing)
- Brexit – Trade Agreement (Cross Cutting, led by People & Business Change)
- City Centre Security and Safety (City Services / People & Business Change)
- In year financial management (Finance Services)
- Climate Change (Cross Cutting, led by Regeneration, Investment & Housing)
- Newport Council's Property Estate (Regeneration, Investment & Housing)
- Safeguarding (Cross Cutting, led by Children & Young People Services).

A summary of new risks and where risk scores have changed since the last quarter:

New / Escalated Risks

- **Ash Die Back Disease (New Risk Score 20)** – The Council's City Services had undertaken a review of Council owned trees to risk assess the number of Ash trees in the city that were at risk or had Ash Die Back. The results of the review identified approximately 8,600 Ash trees that belong to the Council. The risk score reflects the high financial costs and urgency to remove the trees before they fall and cause damage.
- **Pressure on Adult & Community Services (Escalated Risk, risk score increase from 16 to 20)** – This was due to the impact that Covid-19 had on the delivery of Adult Social Care services. There is pressure on the finances and long term sustainability of adult care and services having to redesign themselves to accommodate the Covid-19 guidelines. These impact on the perception and delivery of services. Adult services are working with providers to understand the impact of Covid-19 and new guidelines.
- **Pressure on the delivery of Children Services (Escalated Risk, risk score increase from 16 to 20)** – The pressure is derived from Covid-19 in terms of the quantum of work and nature of the work alongside the impact on staff with the societal changes. There is currently no real way to minimise this pressure and attempts to mitigate the risk are reliant on maintaining communication and minimising tasks which are likely to increase during the year.
- **Cyber Security (Escalated Risk, risk score increase from 12 to 16)** – In quarter one public sector bodies were notified of the increased threat level to the UK to gain access to data held by central and local government through hacking, ransomware and phishing attacks. Additionally, with the increased number of people working from home, this vulnerability has increased.
- **Pressure on Homelessness Service (Escalated Risk, risk score increase from 12 to 16)** – The Welsh Government implemented new statutory legislation to support the homeless and rough sleepers into accommodation and provide support. Welsh Government provided phase one funding to the Council and has recently received phase two funding to continue this support.
- **Pressure on Housing Service (Escalated Risk, risk score increase from 12 to 16)** – Due to the implementation of the statutory legislation for homeless, rough sleepers and the most vulnerable this has impacted on the delivery of the housing service. Furthermore, due to the vulnerable economic position and the furlough scheme ending in October, there could be more pressure to provide assistance for residents that may be at threat of redundancy and/or reduction in pay.

Change in direction of risk score (Quarter One)

- **COVID-19 Pandemic Outbreak (Increase from 20 to 25)** – In quarter one the number of positive cases and deaths resulting from community spread was at its highest in quarter one. During this period the Council was focused on supporting the communities that were impacted by Government restrictions and then implementing the easing of restrictions.
- **Balancing the Council’s Medium Term budget (Increase from 15 to 16)** – In quarter one there remains a significant budget gap over the medium term financial plan with no medium term strategy / actions agreed at this point.
- **In year financial management (Increase from 3 to 9)** – While the July monitoring position shows a relatively small overspend, this is following the full use of the contingency and with a number assumptions made on the recovery of expenditure and loss of income as a result of the Covid pandemic. Also there is a risk that if the pandemic sees a significant second wave, there may be an adverse effect on the monitoring position without funding from Welsh Government.
- **City Centre Security and Safety (Reduction from 15 to 10)** – Due to Covid-19 and the social distancing measures in place this has meant the probability score has decreased to two for this quarter.
- **Newport Council’s Property Estate (Reduction from 12 to 8)** – Due to the Council moving to remote working, the Council is now reviewing how it uses the Council buildings and facilities for the future.
- **Climate Change (Reduction from 12 to 9)** – Due to Covid-19 lockdown measures, Council staff have been working remotely which has reduced the environmental impact due to a reduction in commuting, use of fleet vehicles and use of Council buildings.

Appendix 2 of this report is the Council’s Corporate Risk Register.

Financial Summary

There are no direct costs associated with this report.

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
The Council does not achieve its objectives as corporate level risks are not adequately managed and monitored.	M	L	Risk Management Strategy has been adopted and mechanisms are in place to identify, manage and escalate emerging and new risks / mitigation strategies. Audit Committee oversight of risk management process.	Directors, Heads of Service and Performance Team

*Taking account of proposed mitigation measures

Links to Council Policies and Priorities

Corporate Plan 2017-22
Strategic Recovery Aims
Service Plans 2020/21

Robust risk management practices increase the chances that all of the Council’s priorities and plans will be implemented successfully.

Options Available and considered

1. To consider the contents of this report and assessment of the risk management arrangements for the Authority, providing any additional commentary and/or recommendations to Cabinet.
2. To request further information or reject the contents of the risk register

Preferred Option and Why

1. Option 1 is the preferred option with recommendations raised by the Audit Committee to be considered and reported to Cabinet and Officers in accordance with the Council's Constitution.

Comments of Chief Financial Officer

There are no direct financial implications arising from this report. The corporate risk register forms an important part of the governance and budget setting arrangements for the council and the risk register is used to guide the internal audit plan. Risks that result in financial pressures will be reflected in established ongoing monitoring arrangements.

Comments of Monitoring Officer

There are no specific legal issues arising from the report. As part of the Council's risk management strategy, the corporate risk register identifies those high-level risks that could impact upon the Council's ability to deliver its corporate plan objectives and essential public services. Although Audit Committee are responsible for reviewing and assessing the Council's risk management, internal control and corporate governance arrangements, the identification of corporate risks within the risk register and monitoring the effectiveness of the mitigation measures are matters for Cabinet.

Comments of Head of People and Business Change

Risk Management in the Council is a key area to implementing Wellbeing of Future Generations Act (Wales) 2015 and also provides assurance over our control and governance arrangements in the Council. As the report has highlighted, Covid 19 has had a significant impact on the delivery of Council services which have been managed through the Council's business continuity arrangements. As the Council is moving towards recovery and operating in a 'new normal' emerging opportunities and risks will have an impact on how we deliver services both in the short and long term. Having an effective risk management system and culture will be important for the Council's Cabinet and senior officers to make evidence based decisions.

Comments of Cabinet Member

The Chair of Cabinet has been consulted and has agreed that this report goes forward to Audit Committee for consideration with Audit Committee comments and recommendations reported back to Cabinet in the next quarters update.

The quarter one Corporate Risk Register was reported to the Council's Cabinet on 14th October 2020.

Local issues

None.

Scrutiny Committees

Not Applicable. Audit Committee have a role in reviewing and assessing the risk management arrangements of the Authority.

Equalities Impact Assessment

Not applicable.

Children and Families (Wales) Measure

Not applicable.

Wellbeing of Future Generations (Wales) Act 2015

Under the Wellbeing of Future Generations Act (Wales) 2015 and its 5 ways of working principles this report supports:

Long Term – Having effective risk management arrangements will ensure that the opportunities and risks that will emerge consider the long term impact on service users and communities.

Preventative – Identifying opportunities and risks will ensure the Council is able to implement necessary mitigations to prevent or minimise their impact on Council services and service users.

Collaborative – The management of risk is undertaken throughout the Council and officers collaborate together within service areas, Corporate Management Team and the Council's Cabinet to ensure decisions are made in a timely manner and are evidence based.

Involvement – The Council's Risk Management process involves officers across the Council's service areas and Cabinet Members.

Integration – Risk Management is being integrated throughout the Council and supports the integrated Planning, Performance and Risk Management Framework. The Framework ensures that planning activities consider the opportunities and risks to their implementation and overall supports the delivery of the Council's Corporate Plan and legislative duties.

Crime and Disorder Act 1998

Not applicable.

Consultation

As above, the Risk Register is considered by Audit Committee and Cabinet.

Background Papers

Risk Management Policy 2020-22 v1

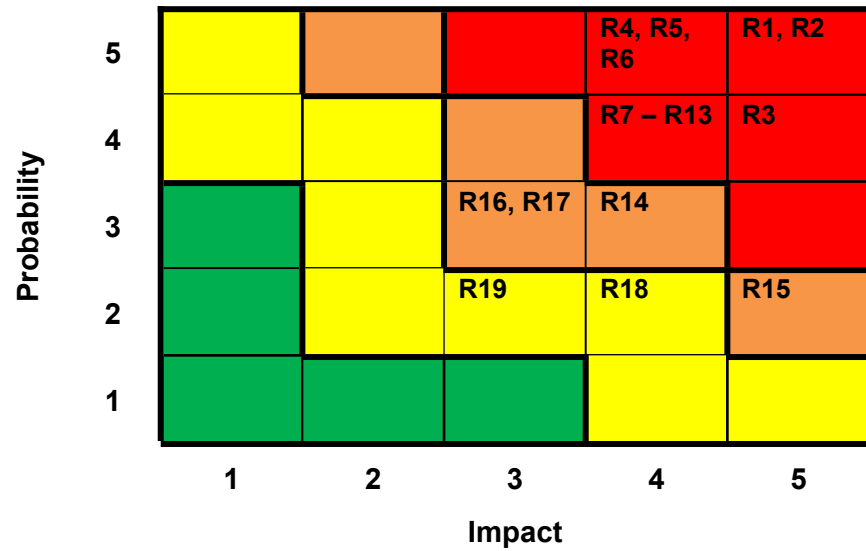
Q1 Risk Cabinet Report, October 2020

Q4 Risk Report Audit Committee, September 2020

Strategic Recovery Aims

Dated: November 2020

Appendix 1 - Quarter 1 Corporate Risk Heat Map



Corporate Risk Heat Map Key (Quarter 1 2020/21)	
R1 – Covid-19 Outbreak	R11 – (New) Cyber Security
R2 – Stability of Social Services Providers	R12 – (New) Pressure on Homelessness service
R3 – Highways Network	R13 – (New) Pressure on Housing Service
R4 – (New) Pressure on Adult & Community Safety	R14 – Brexit – Trade Agreement
R5 – (New) Ash Die Back Disease	R15 – City Centre Security and Safety
R6 – (New) Pressure on the delivery of Children Services	R16 – In year Financial Management
R7 – Educational Out of County Placements	R17 – Climate Change
R8 – Demand for ALN and SEN support	R18 – Newport Council’s Property Estate
R9 – Balancing the Council’s Medium Term Budget	R19 - Safeguarding
R10 – Schools Finance / Cost pressures	

Risk Score Profile between Quarter 2 2019/20 and Quarter 1 2020/21

Risk Reference	Risk	Lead Cabinet Member(s) *	Risk Score Quarter 2 2019/20	Risk Score Quarter 3 2019/20	Risk Score Quarter 4 2019/20	Risk Score Quarter 1 2020/21	Target Risk Score
R1	COVID-19 Pandemic Outbreak	Leader of the Council /Cabinet	-	-	20	25	6
R2	Stability of Social Services Providers	Cabinet Member for Social Services	20	20	25	25	6
R3	Highways Network	Deputy Leader and Cabinet Member for City Services and Member Development	20	20	20	20	9
R4	NEW (Escalated) - Pressure on Adult & Community Services	Cabinet Member for Social Services	16	16	16	20	10
R5	NEW – Ash Die Back Disease	Deputy Leader & Cabinet Member for City Services & Member Development	-	-	-	20	6
R6	NEW (Escalated) – Pressure on the delivery of Children Services	Cabinet Member for Social Services	16	16	16	20	6
R7	Educational Out of County Placements	Cabinet Member for Education and Skills	16	16	16	16	8
R8	Demand for ALN and SEN support	Cabinet Member for Education and Skills	20	20	16	16	12
R9	Balancing the Council’s Medium Term budget	Leader of the Council / Cabinet	20	20	15	16	10
R10	Schools Finance / Cost Pressures	Leader of the Council /Cabinet Member for Education and Skills	20	20	16	16	6
R11	NEW (Escalated) – Cyber Security	Cabinet Member for Community & Resources	12	12	12	16	10
R12	NEW (Escalated) – Pressure on	Leader of the Council	12	12	12	16	6

Risk Reference	Risk	Lead Cabinet Member(s) *	Risk Score Quarter 2 2019/20	Risk Score Quarter 3 2019/20	Risk Score Quarter 4 2019/20	Risk Score Quarter 1 2020/21	Target Risk Score
	Homelessness Service						
R13	NEW (Escalated) – Pressure on Housing Service	Leader of the Council	12	12	12	16	4
R14	Brexit – Trade Agreement	Leader of the Council / Cabinet	16	12	12	12	10
R15	City Centre Security and Safety	Deputy Leader and Cabinet Member for City Services and Member Development	15	15	15	10	8
R16	In year financial management	Leader of the Council / Cabinet	12	12	3	9	6
R17	Climate Change	Cabinet Member for Sustainable Development	12	12	12	9	10
R18	Newport Council's Property Estate	Cabinet Member for Assets	12	12	12	8	9
R19	Safeguarding	Cabinet Member for Social Services	6	6	6	6	4

Glossary

This document provides an explanation of terminology used in this report and supporting documents.

Risk Appetite – the amount of risk that Newport City Council is willing to seek or accept in the pursuit of the Council's long term objectives.

Inherent Risk Score – The level of risk in the absence of any existing controls and management action taken to alter the risk's impact or probability of occurring.

Residual Risk Score – The level of risk where risk responses i.e. existing controls or risk mitigation actions have been taken to manage the risk's impact and probability.

Target Risk Score – The level of risk (risk score) that Newport City Council is willing to accept / tolerate in managing the risk. This is set in line with the Council's overall risk appetite.

Risk Mitigation Action – Actions identified by the Risk Owner to respond to the risk and reduce the impact and probability of the risk of occurring.

Risk Mitigation Action (Red Progress Score) – Significant issue(s) have been identified with the action which could impact on the ability of the action meeting its completion date. Immediate action / response is required resolve its status.

Risk Mitigation Action (Amber Progress Score) – issue(s) have been identified that could have a negative impact on the action achieving its completion date. Appropriate line manager(s) should be informed and where necessary action taken.

Risk Mitigation Action (Green Progress Score) – The action is on course for delivering to the agreed completion date and within the agreed tolerances.

How the Council Assesses Risk

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

Risk Assessment Matrix

A Corporate Risk Register will contain the high level risks for the whole authority. In order to differentiate between these high level risks a 5x5 risk assessment matrix will be applied. The matrix is shown below and further detail is included in appendix 3.

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

Impact Matrix

Score	Description	Impact Measures						
		Strategic / Policy	Operational / Business Continuity	Financial	Governance / Legal / Regulatory	Health & Safety	Reputational	Project Delivery / Savings / Benefits
5	Severe	Failure of a key strategic objective	Serious organisational / service failure that has direct impact on stakeholders including vulnerable groups. Service disruption over 5+ days.	Corporate / Project Unplanned and/or additional expenditure disturbance. Capital > £1M Revenue >£1M	Legislative / Regulatory breach resulting in multiple litigation / legal action taken on the Council (linked to Financial / Reputational Impacts).	Multiple major irreversible injuries or deaths of staff, students or members of public. (Linked to Financial / Reputational Impacts)	Severe and persistent National media coverage. Adverse central government response, involving (threat of) removal of delegated powers. Officer(s) and / or Members forced to Resign.	Project status is over 12 months from anticipated implementation date. Project(s) do not deliver the major benefits / savings identified in business case. This is linked to Financial / Strategic / Reputational Impacts
4	Major	Severe constraint on achievement of a key strategic objective	Loss of an important service(s) for a short period that could impact on stakeholders. Service disruption between 3-5 days.	Corporate / Project Unplanned and/or additional expenditure disturbance. Capital > £0.5M - £1.0M Revenue >£0.5M-£1M	Serious legislative breach resulting in intervention, sanctions and legal action. (Linked to Financial / Reputational Impacts)	Major irreversible injury or death of staff, student or member of public. (Linked to Financial / Reputational Impacts)	Adverse publicity in professional / municipal press, affecting perception / standing in professional /local government community Adverse local and social media publicity of a significant and persistent nature.	Project status is 6 to 12 months over from anticipated implementation date. Project(s) do not deliver major benefits / savings identified in business case. This is linked to Financial / Strategic / Reputational Impacts
3	Moderate	Noticeable constraint on achievement of a key strategic objective / Service Plan objective.	Loss and/or intermittent disruption of a service between 2-3 days.	Corporate / Project Unplanned and/or additional expenditure disturbance. Capital = £0.25M - £0.5M	Significant legislative breach resulting in investigation. (Linked to Financial / Reputational Impacts)	Major reversible injury to staff, student or member of public. Not life threatening. (Linked to Financial /	Adverse local publicity / local public opinion including social media. Statutory prosecution of a non-serious nature.	Project status is 1 to 6 months over from anticipated implementation date. There is significant reduction on delivery of benefits / savings identified in business case.

Score	Description	Impact Measures						
		Strategic / Policy	Operational / Business Continuity	Financial	Governance / Legal / Regulatory	Health & Safety	Reputational	Project Delivery / Savings / Benefits
				Revenue = £0.25M to £0.5M Revenue = £0.25M to £0.5M		Reputational Impacts)		This is linked to Financial / Strategic / Reputational impacts.
2	Low	Constraint on achievement of Service Plan objective that does not impact on Corporate Strategy	Brief disruption of service that has a minor impact on the delivery of a service. Service disruption 1 day.	Corporate / Project Unplanned and/or additional expenditure disturbance. Capital = £0.1M - £0.25M Revenue = £0.1M – £0.25M	Moderate impact leading to warning and recommendations.	Some minor reversible injuries. (Linked to Financial / Reputational Impacts)	Contained within Directorate Complaint from individual / small group, of arguable merit	Project status is 1 to 4 weeks over from anticipated implementation date. There is minor reduction on delivery of benefits / savings identified in business case. This is linked to Financial / Strategic / Reputational impacts.
1	Very Low	Constraint on achievement of Service / Team Plan objective	Minor disruption of a non-critical service.	Corporate / Project Unplanned and/or additional expenditure disturbance. Capital < £100k Revenue <£100k	No reprimand, sanction or legal action.	Some superficial injuries. (Linked to Financial / Reputational Impacts)	Isolated complaint(s) that are managed through the corporate complaints process and service area.	Project status is 1 week over from anticipated implementation date. There is insignificant / no impact on delivery of benefits / savings identified in business case. This is linked to Financial / Strategic / Reputational impacts.

Probability

Score	Probability	Criteria
5	Very likely 75% +	<p>Systematic Risks – Local evidence indicating very high probability of occurrence if no action / controls are in place. Risk is highly likely to occur daily, weekly, monthly, quarterly.</p> <p>Emerging Risks – National and Global evidence indicating very high probability of occurrence on local communities if no action / controls are taken. Risks are highly likely to occur within the next 5 years.</p>
4	Likely 51-75%	<p>Systematic Risks – Local evidence indicating high probability occur in most circumstances with near misses regularly encountered e.g. once or twice a year.</p> <p>Emerging Risks – National and Global evidence indicating high probability of occurrence on local communities if no action / controls are taken. Risks are likely to occur within the next 5-10 years.</p>
3	Possible 26-50%	<p>Systematic Risks – Local evidence indicating distinct possibility with circumstances regularly encountered and near misses experienced every 1-3 years.</p> <p>Emerging Risks – National and Global evidence indicating distinct probability of occurrence on local communities if no action / controls are taken. Risks are likely to occur within the next 10-15 years.</p>
2	Unlikely 6-25%	<p>Systematic Risks – Local evidence indicating low to infrequent near misses experienced every 3 + years.</p> <p>Emerging Risks – National evidence indicating low probability of occurrence on local communities if no action / controls are taken. Risks are likely to occur within the next 16-25 years.</p>
1	Very Unlikely	<p>Systematic Risks – Local evidence indicating risk has rarely / never happened or in exceptional circumstances.</p> <p>Emerging Risks – National evidence indicating very low probability of occurrence on local communities if no action / controls are taken. Risks are likely to occur within the next 16-25 years.</p>

Systematic Risks – Risks that are known or are becoming part of social, cultural, economic and environmental systems that govern our lives.

Emerging Risks – Risks that are further away, less defined and early stage of being known about.

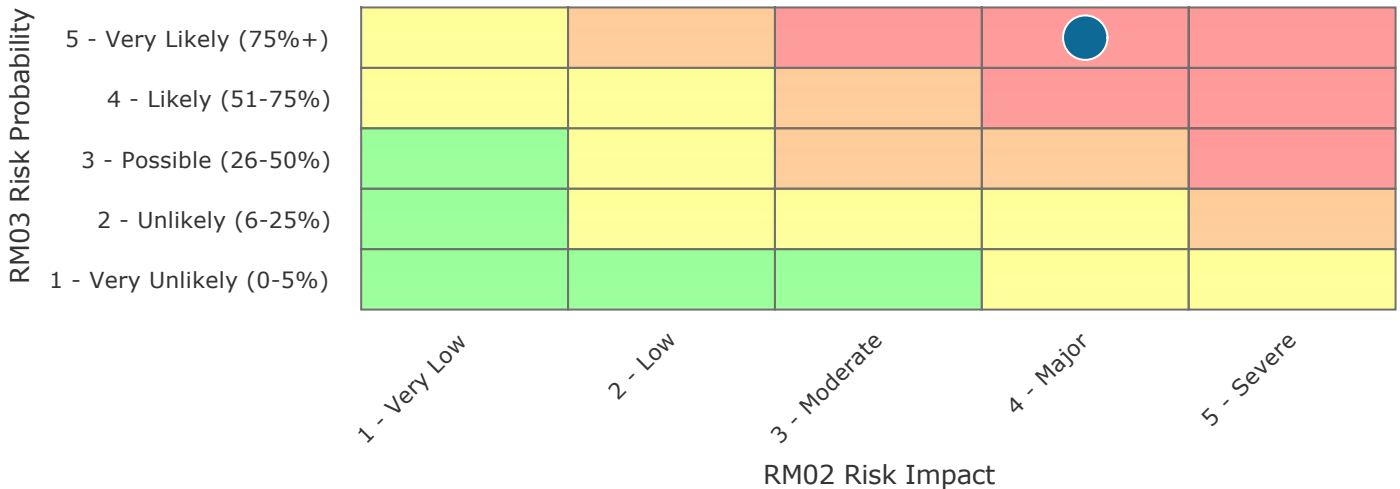
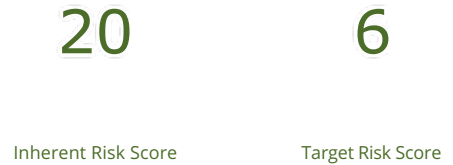


NCC Corporate Risk Register

2020/21 Quarter 1 Update

Ash Die Back Disease

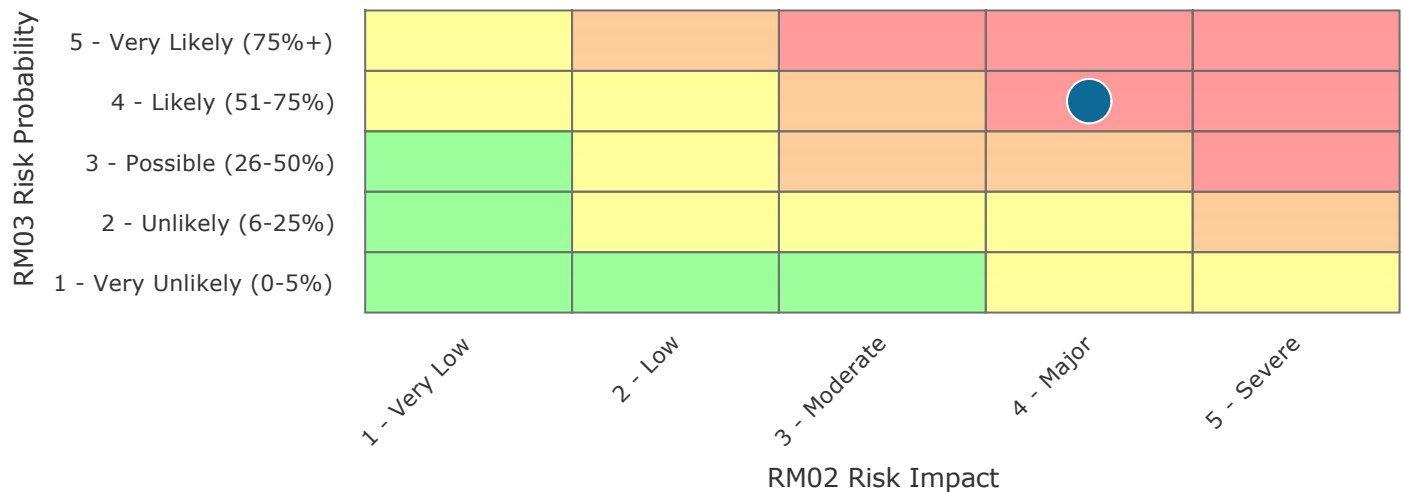
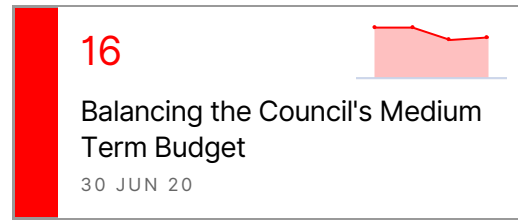
Short Description	Ash Die back disease will affect tree population in Newport. The disease has already been identified in Newport and could kill the majority of Ash trees in the authority. The impact of no action will be significant numbers of tree failures that could see an increase in the number of people harmed by trees and property claims.
Risk Owner	Joanne Gossage
Overseeing Officer	<ul style="list-style-type: none"> Head of Streetscene and City Services
Lead Cabinet Member(s)	<ul style="list-style-type: none"> Deputy Leader & Cabinet Member for City Services & Member Development
Linked Theme	<ul style="list-style-type: none"> Theme : Thriving City
Linked Corporate Objective	<ul style="list-style-type: none"> WBO 2. Economic Growth & Regeneration WBO 4. Cohesive & Sustainable Communities



Direction of Risk	
DoR	Comment
Ash Die Back Disease	<p>? Risk - Direction of Risk</p> <p>This is a new risk for the Council. In quarter 1 the risk score has been assessed as 20 due to the high financial costs and urgency to remove the trees before they fall and cause damage.</p>

Balancing the Council's Medium Term Budget

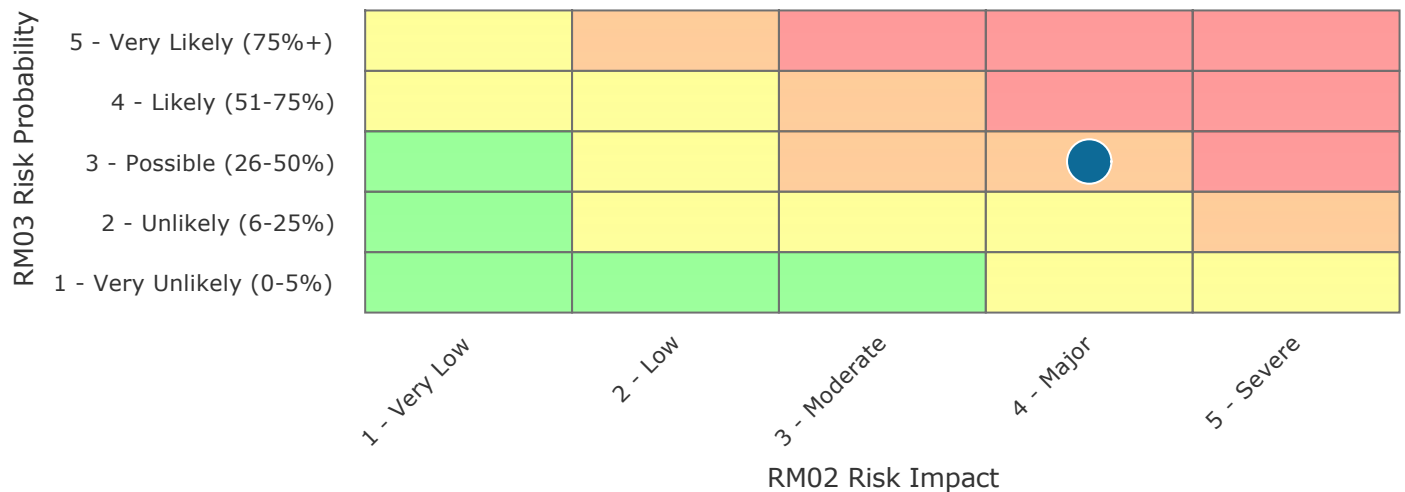
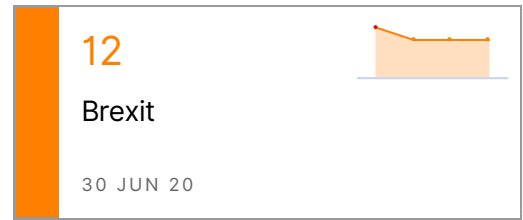
Short Description	To meet the Council's requirement of reducing the gap between Council spend and Budget allocation over the next 3-5 years
Risk Owner	Owen James
Overseeing Officer	<ul style="list-style-type: none"> Chief Executive Head of Finance
Lead Cabinet Member(s)	<ul style="list-style-type: none"> Leader of the Council & Cabinet Member for Economic Growth & Investment
Linked Theme	<ul style="list-style-type: none"> Theme : Aspirational People Theme : Modernised Council Theme : Thriving City Theme: Resilient Communities (Community) Theme: Resilient Communities (Social Care)
Linked Corporate Objective	<ul style="list-style-type: none"> WBO 1. Skills, Education & Employment WBO 2. Economic Growth & Regeneration WBO 3. Healthy, Independent & Resilient WBO 4. Cohesive & Sustainable Communities



Direction of Risk	
DoR	Comment
Balancing the Council's Medium Term Budget	<p>Risk - Direction of Risk</p> <p>There remains a significant budget gap over the Medium Term Financial Plan with no medium term strategy / actions agreed at this point.</p>

Brexit

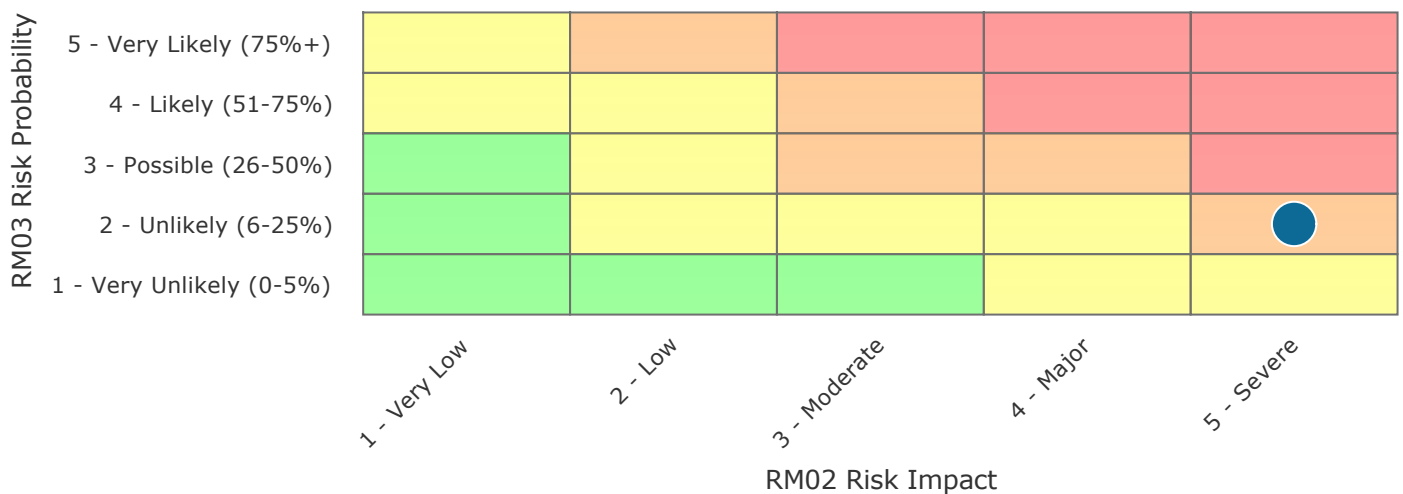
Short Description	The UK Government (UKG) and EU have now entered into the transition phase to negotiate a trade agreement by 31st December 2020. Should the UKG fail to secure a deal, the UK will fall back onto World Trade Organisation (WTO) arrangements which could impact on the cost and supply of goods / services and could impact on the economy and business arrangements. Also concerns around EU citizens living in the UK.
Risk Owner	Rhys Cornwall
Overseeing Officer	<ul style="list-style-type: none"> Chief Executive
Lead Cabinet Member(s)	<ul style="list-style-type: none"> Leader of the Council & Cabinet Member for Economic Growth & Investment
Linked Theme	
Linked Corporate Objective	<ul style="list-style-type: none"> SRA 2. Supporting the Environment & the Economy WBO 1. Skills, Education & Employment WBO 2. Economic Growth & Regeneration WBO 3. Healthy, Independent & Resilient WBO 4. Cohesive & Sustainable Communities



Direction of Risk		
	DoR	Comment
Brexit	➔	Risk - Direction of Risk No change to the risk score at the end of Quarter 1.

City Centre Security & Safety

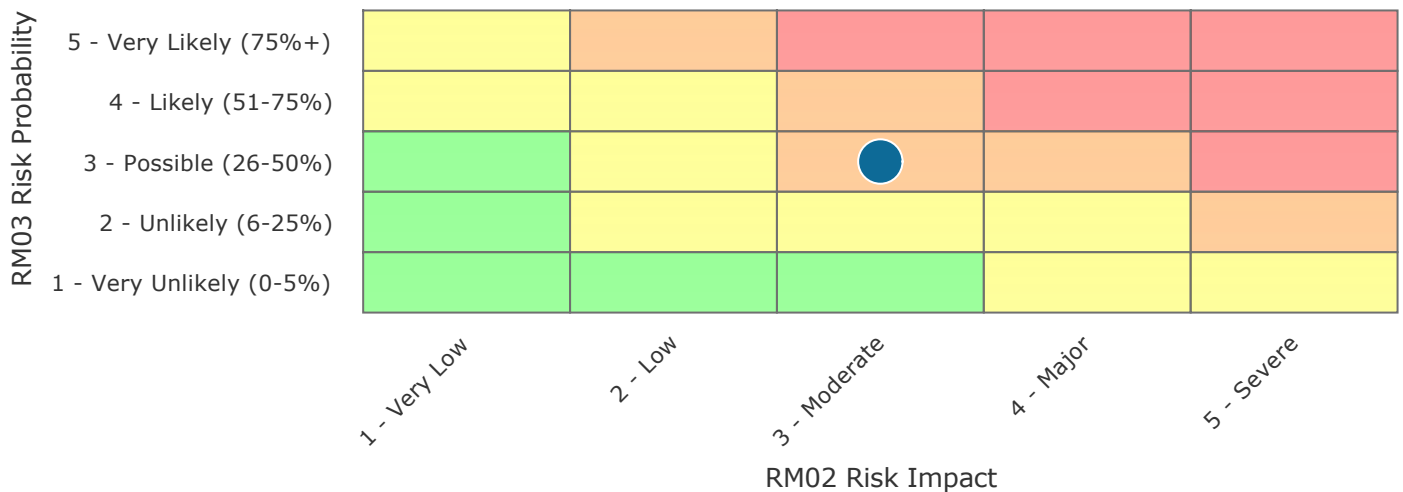
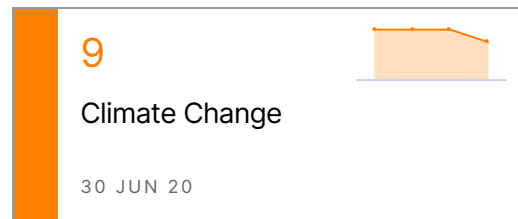
Short Description	Significant incidents of deliberate acts that pose hazards to people in surrounding areas; structural damage; business continuity; damage/disruption to infrastructure and utilities; and reputational and economic impact.
Risk Owner	Rhys Cornwall
Overseeing Officer	<ul style="list-style-type: none"> Strategic Director - Place
Lead Cabinet Member(s)	<ul style="list-style-type: none"> Deputy Leader & Cabinet Member for City Services & Member Development
Linked Theme	<ul style="list-style-type: none"> Theme : Thriving City
Linked Corporate Objective	<ul style="list-style-type: none"> WBO 2. Economic Growth & Regeneration SRA 2. Supporting the Environment & the Economy



Direction of Risk		
	DoR	Comment
City Centre Security & Safety	✓	Risk - Direction of Risk The risk score has decreased in Quarter 1 due to Covid-19 and the social distancing measures in place. This has meant the probability score has decreased to 2 for this quarter.

Climate Change

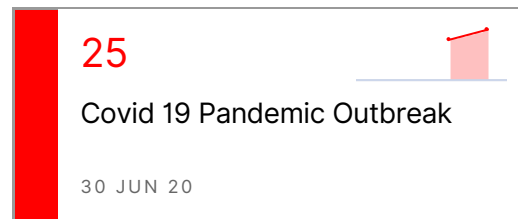
Short Description	Scientific evidence indicates that the global climate is warming and is changing the environment that we live in Wales and in Newport. The cause of this change is through emissions produced by industry, vehicles, households and businesses. Newport has 11 Air Quality Management Areas which monitor air quality and since they were in place we have been in breach.
Risk Owner	Ben Hanks
Overseeing Officer	<ul style="list-style-type: none"> Chief Executive
Lead Cabinet Member(s)	<ul style="list-style-type: none"> Cabinet Member for Sustainable Development
Linked Theme	<ul style="list-style-type: none"> Theme : Modernised Council Theme: Resilient Communities (Community) Theme : Thriving City
Linked Corporate Objective	<ul style="list-style-type: none"> WBO 2. Economic Growth & Regeneration WBO 3. Healthy, Independent & Resilient



Direction of Risk		
	DoR	Comment
Climate Change		Risk - Direction of Risk Due to the Covid-19 lockdown restrictions, Council staff have been working remotely which has reduced the environmental impact due to reduction in commuting, use of fleet vehicles and use of the council buildings.

Covid 19 Pandemic Outbreak

Short Description	The Corona Virus (COVID 19) pandemic has put at risk the operational ability of the Council to deliver its services, support vulnerable people across Newport and the economic impact to the local and wider economy. Potential mitigations carried out in line with the Chief Medical Officer's advice and Welsh/UK Government guidance.
Risk Owner	Rhys Cornwall
Overseeing Officer	<ul style="list-style-type: none"> Chief Executive
Lead Cabinet Member(s)	<ul style="list-style-type: none"> Leader of the Council & Cabinet Member for Economic Growth & Investment
Linked Theme	
Linked Corporate Objective	<ul style="list-style-type: none"> WBO 1. Skills, Education & Employment WBO 2. Economic Growth & Regeneration WBO 3. Healthy, Independent & Resilient WBO 4. Cohesive & Sustainable Communities SRA 1. Supporting Education and Employment SRA 2. Supporting the Environment & the Economy SRA 3. Supporting Health & Well-being of Citizens SRA 4. Supporting Citizens post Covid-19

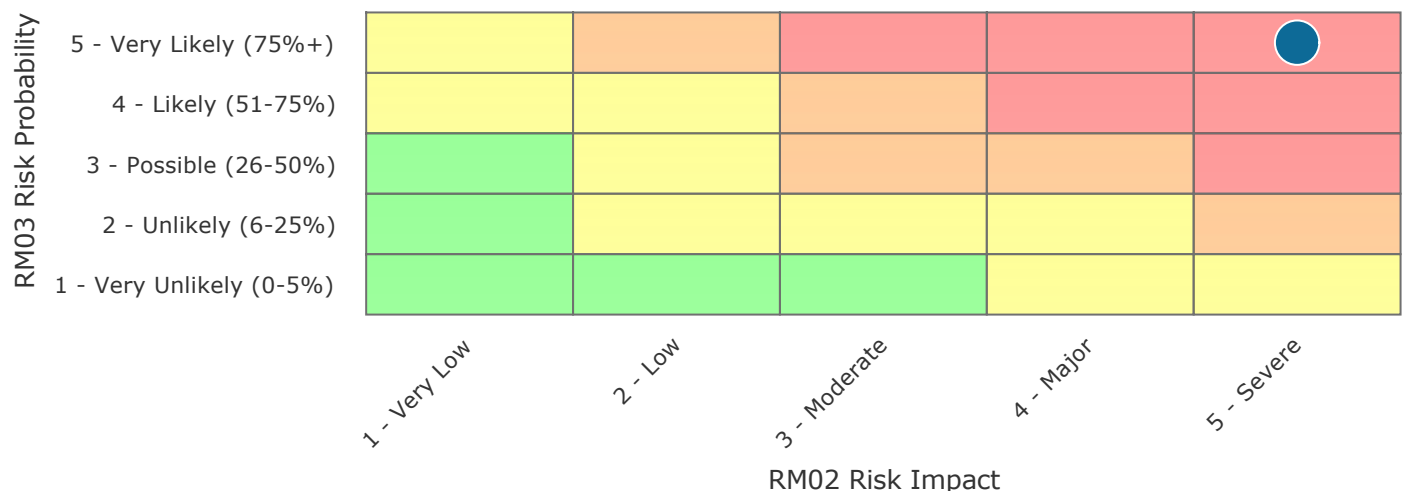


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Inherent Risk Score

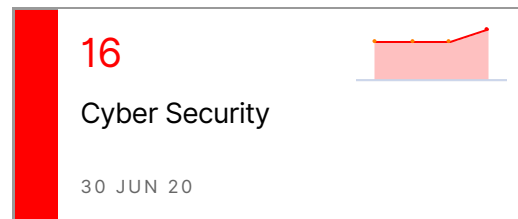
Target Risk Score



Direction of Risk	
DoR	Comment
Covid 19 Pandemic Outbreak	<p>Risk - Direction of Risk</p> <p>The Covid-19 risk has increased from 20 to 25 in quarter 1 due to the increase in numbers of cases in Newport. Council services remain focused on supporting the community due to government requirements during this quarter. Easing of restrictions have to comply with guidelines from Welsh Government and Public Health Wales.</p>

Cyber Security

Short Description	Management and security of the Council's ICT systems to protect personal and sensitive data from theft and loss whilst also maintaining business continuity and integrity of our systems.
Risk Owner	Rhys Cornwall
Overseeing Officer	<ul style="list-style-type: none"> Chief Executive
Lead Cabinet Member(s)	<ul style="list-style-type: none"> Cabinet Member for Community and Resources
Linked Theme	<ul style="list-style-type: none"> Theme : Modernised Council
Linked Corporate Objective	

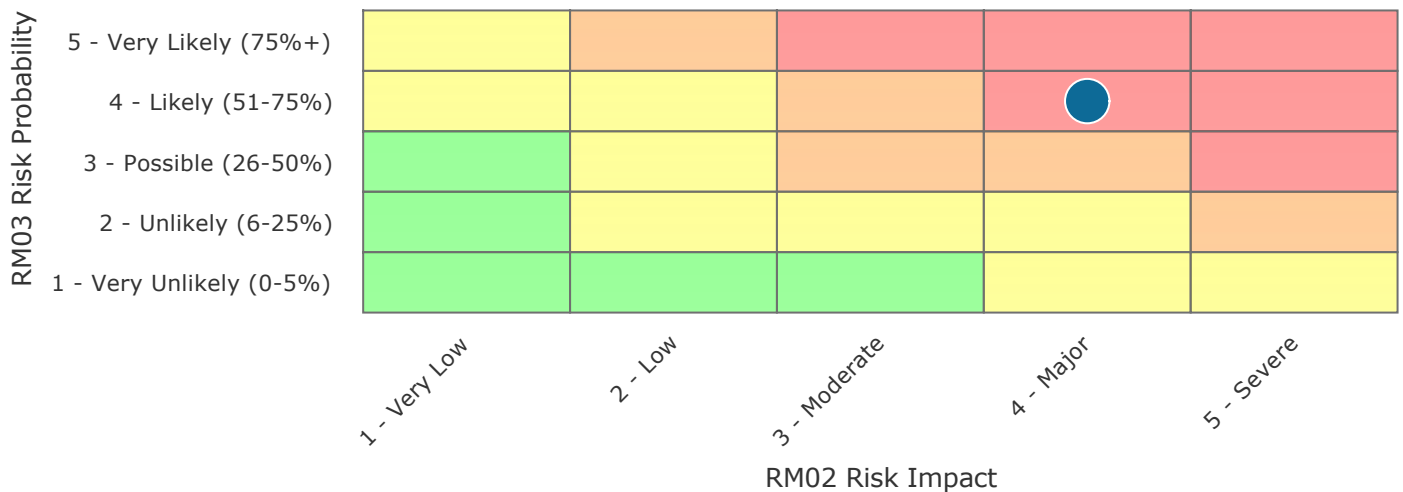


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Inherent Risk Score

10

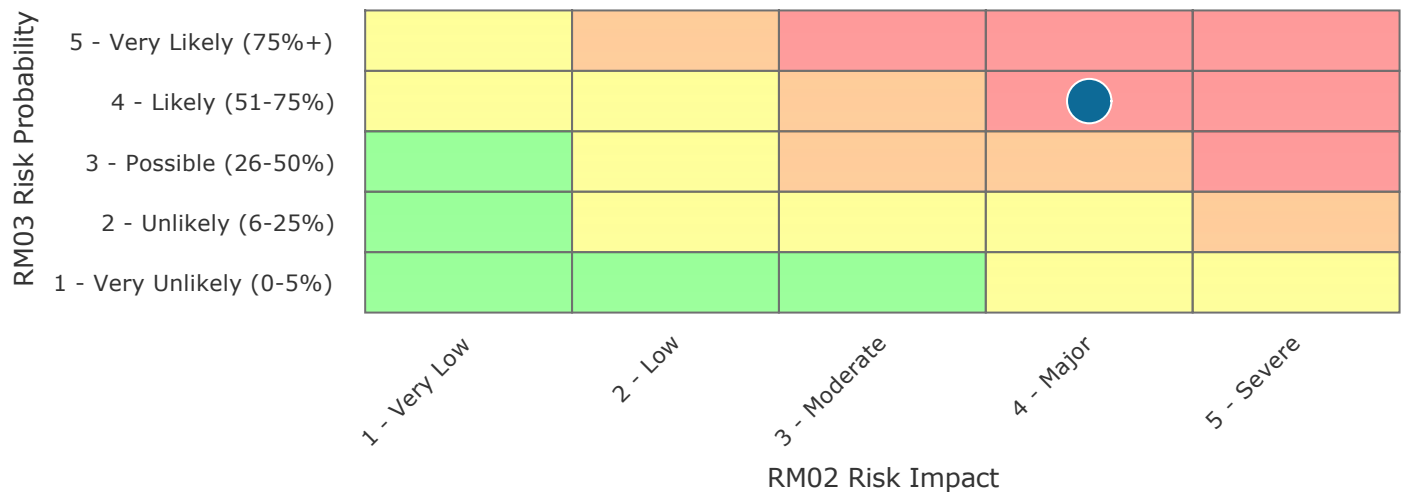
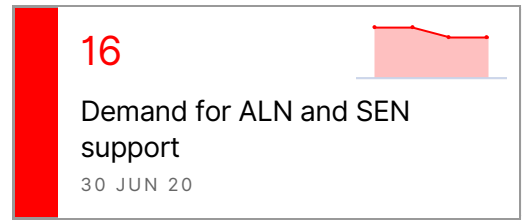
Target Risk Score



Direction of Risk	
DoR	Comment
Cyber Security	<p>Risk - Direction of Risk</p> <p>In Quarter 1 the National Cyber Security Centre updated their threat levels to all public services regarding an increase in cyber attacks as local authorities and public service bodies are an attractive target with the data held and links to other government departments. There is also an increased vulnerability of staff working from home and likelihood of Ransomware and phishing attacks against individual staff and corporate accounts. During the quarter there was a number of high profile reports in the media of state sponsored actors attempting to hack into organisational systems and increased concerns regarding state owned organisations having access to 5G infrastructure. In response the Council has increased both the inherent and residual risk scores to reflect this.</p>

Demand for ALN and SEN support

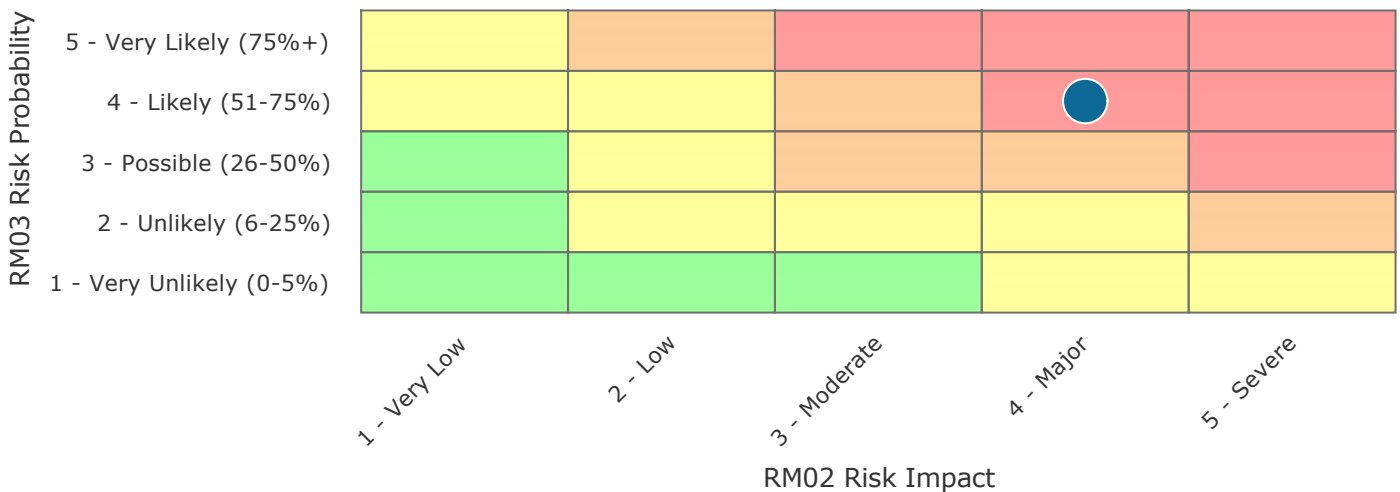
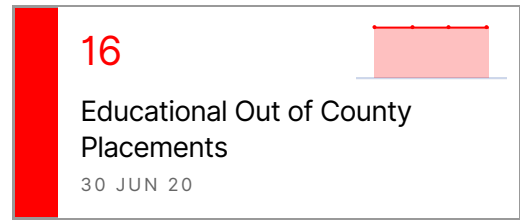
Short Description	Funding to cover Additional Learning Needs (ALN) and Special Education Needs (SEN) provision across the city is insufficient and does not meet the demand of increasing need.
Risk Owner	Katy Rees
Overseeing Officer	<ul style="list-style-type: none"> Chief Education Officer
Lead Cabinet Member(s)	<ul style="list-style-type: none"> Cabinet Member for Education and Skills
Linked Theme	<ul style="list-style-type: none"> Theme : Aspirational People
Linked Corporate Objective	<ul style="list-style-type: none"> WBO 1. Skills, Education & Employment WBO 3. Healthy, Independent & Resilient SRA 1. Supporting Education and Employment



Direction of Risk	
DoR	Comment
Demand for ALN and SEN support	<p>➔ Risk - Direction of Risk</p> <p>The SEN Department received a considerable increase in Formal Assessment requests during the lockdown period and at the end of the summer term. A number of these referrals have resulted in requests for Learning Resource Base provision and/or additional school based support. This increases the demand for ALN/SEN support and provision.</p>

Educational Out of County Placements

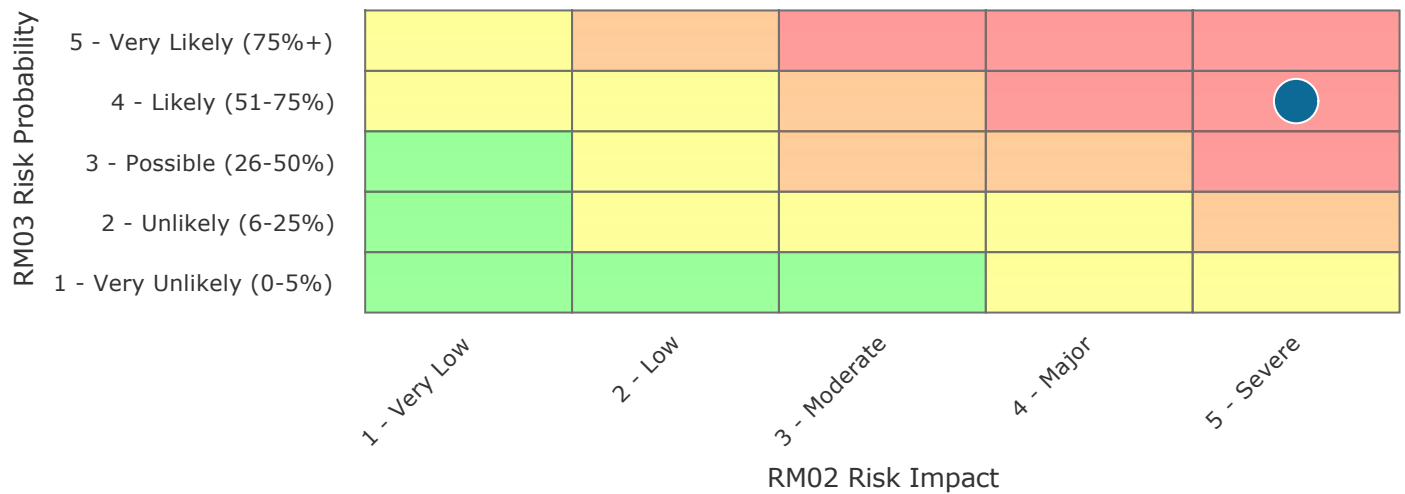
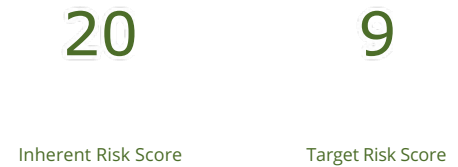
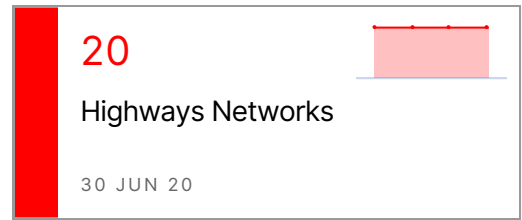
Short Description	Limited access to Newport City Council (NCC) provision for pupils who require complex and specialist placements which results on a reliance on Out of County (OOC) placements both day and residential.
Risk Owner	Katy Rees
Overseeing Officer	<ul style="list-style-type: none"> Chief Education Officer
Lead Cabinet Member(s)	<ul style="list-style-type: none"> Cabinet Member for Education and Skills
Linked Theme	<ul style="list-style-type: none"> Theme : Aspirational People
Linked Corporate Objective	<ul style="list-style-type: none"> WBO 1. Skills, Education & Employment SRA 1. Supporting Education and Employment



Direction of Risk	
DoR	Comment
Educational Out of County Placements	<p>➔ Risk - Direction of Risk</p> <p>Educational placements for September have been finalised, through this process all Special School placements have been filled with some provisions taking over numbers to ensure the pupils needs are met. If further pupils require specialist placements such as Autistic Spectrum Disorder (ASD) or Profound and Multiple Learning Difficulties (PMLD) then Out of County placements will need to be sought at a higher cost to the LA due to a limited number of placements across the Independent sector.</p>

Highways Networks

Short Description	Failure to recognise current levels of under investment in the whole life of the city's highway network assets in the medium to long term will continue to compound existing maintenance backlog figures.
Risk Owner	Paul Jones
Overseeing Officer	<ul style="list-style-type: none"> Chief Executive
Lead Cabinet Member(s)	<ul style="list-style-type: none"> Deputy Leader & Cabinet Member for City Services & Member Development
Linked Theme	<ul style="list-style-type: none"> Theme : Thriving City
Linked Corporate Objective	<ul style="list-style-type: none"> WBO 2. Economic Growth & Regeneration WBO 3. Healthy, Independent & Resilient SRA 2. Supporting the Environment & the Economy SRA 3. Supporting Health & Well-being of Citizens



Direction of Risk	
DoR	Comment
Highways Networks	<p>➔ Risk - Direction of Risk</p> <p>There is no change to the risk score for Quarter 1.</p>

In Year Financial Management

Short Description	This relates to the in year management of budgets and risk profiling of service areas / activities that are forecasting end of year overspends.
Risk Owner	Owen James
Overseeing Officer	<ul style="list-style-type: none"> Chief Executive Head of Finance
Lead Cabinet Member(s)	<ul style="list-style-type: none"> Leader of the Council & Cabinet Member for Economic Growth & Investment
Linked Theme	
Linked Corporate Objective	<ul style="list-style-type: none"> WBO 1. Skills, Education & Employment WBO 2. Economic Growth & Regeneration WBO 3. Healthy, Independent & Resilient WBO 4. Cohesive & Sustainable Communities

9

In Year Financial Management

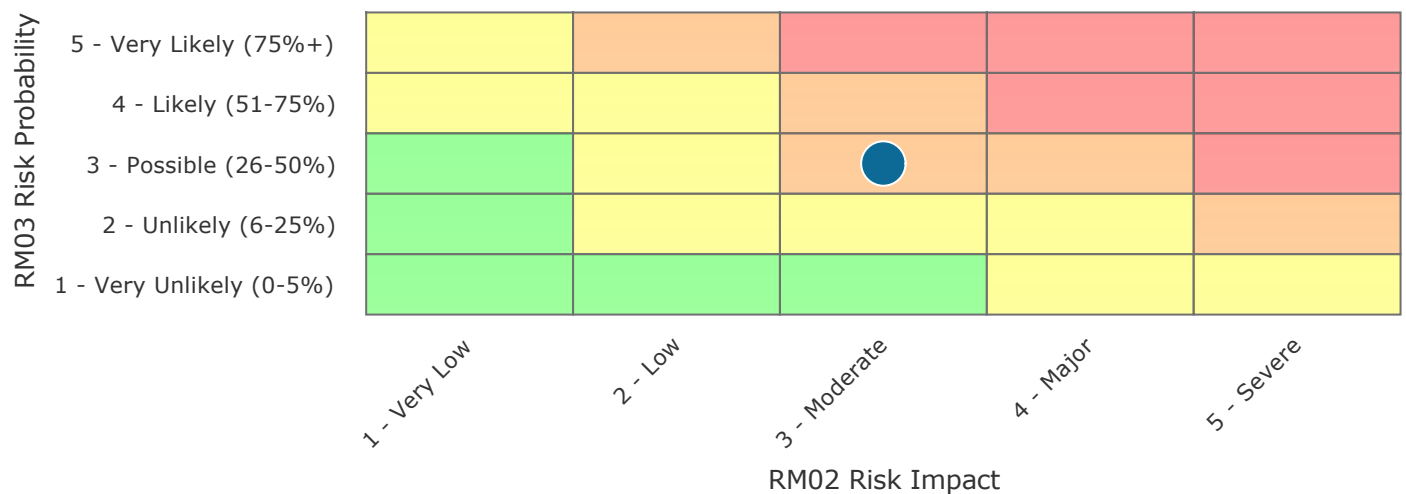
30 JUN 20

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Inherent Risk Score

6

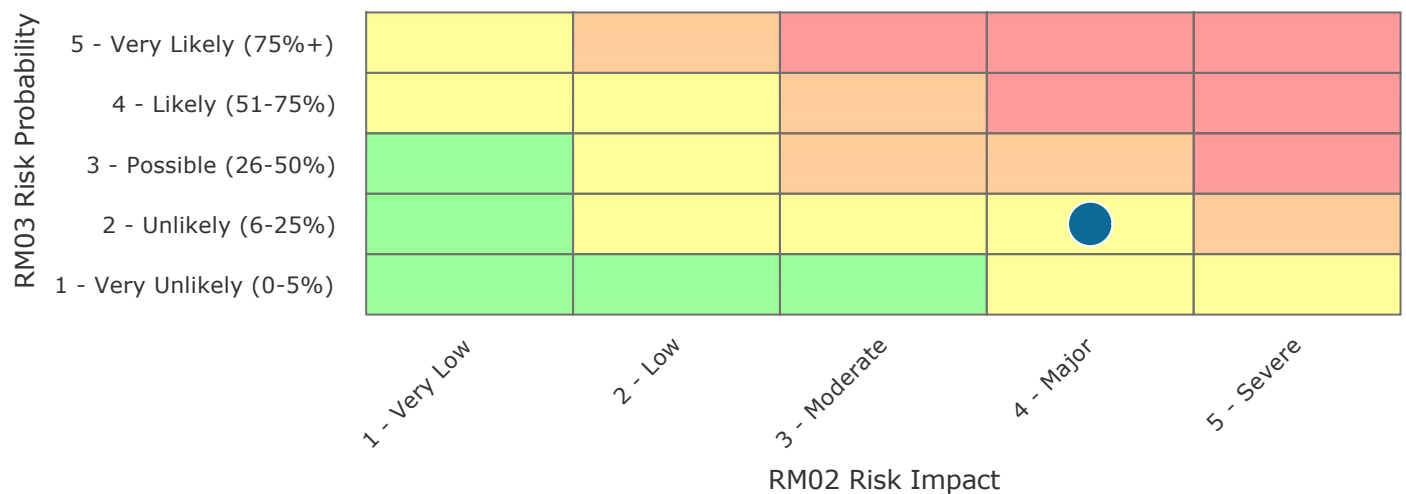
Target Risk Score



Direction of Risk	
DoR	Comment
In Year Financial Management	<p>✘ Risk - Direction of Risk</p> <p>While the July monitoring position shows a relatively small overspend, this is following the full use of the contingency and with a number assumptions made on the recovery of expenditure and loss of income as a result of the Covid pandemic. Also there is a risk that if the pandemic sees a significant second wave, there may be an adverse effect on the monitoring position without funding from WG.</p>

Newport Council's Property Estate

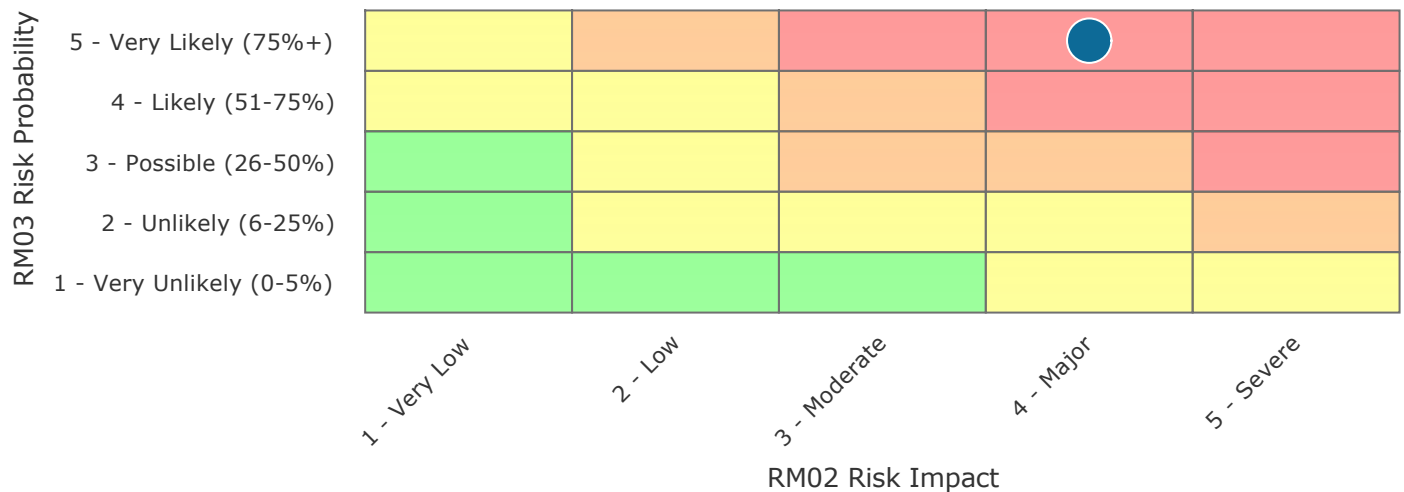
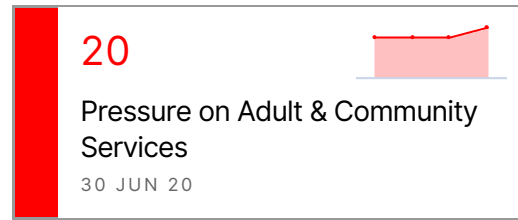
Short Description	NCC has a significant property estate covering over 170 buildings (circa) such as the Civic Centre, Telford Depot, schools etc. The Council has to ensure the estate is maintained to required standards to enable access, safety, security and in the long term sustainable for staff and residents to use.
Risk Owner	Ben Hanks
Overseeing Officer	<ul style="list-style-type: none"> Chief Executive Head of People & Business Change Head of Regeneration, Investment and Housing
Lead Cabinet Member(s)	<ul style="list-style-type: none"> Cabinet Member for Assets
Linked Theme	<ul style="list-style-type: none"> Theme : Modernised Council
Linked Corporate Objective	<ul style="list-style-type: none"> SRA 2. Supporting the Environment & the Economy SRA 3. Supporting Health & Well-being of Citizens WBO 2. Economic Growth & Regeneration WBO 3. Healthy, Independent & Resilient



Direction of Risk	
DoR	Comment
Newport Council's Property Estate	<p>✓ Risk - Direction of Risk</p> <p>Risk Score has reduced in Q1 due to the Council moving to remote working. The Council is now reviewing how it uses the Council buildings and facilities for the future.</p>

Pressure on Adult & Community Services

Short Description	There is increased pressure on Adult Services to deliver services to adults with complex and long lasting needs. With an increase in demand / volume of referrals and care packages the Council has seen an increase in costs whilst in the context of tightening budgets. There are also additional statutory requirements to safeguard adults in our care and prevent risk of harm, injury or a loss of life.
Risk Owner	Jenny Jenkins
Overseeing Officer	<ul style="list-style-type: none"> Head of Adult and Community Services
Lead Cabinet Member(s)	<ul style="list-style-type: none"> Cabinet Member for Social Services
Linked Theme	<ul style="list-style-type: none"> Theme: Resilient Communities (Social Care)
Linked Corporate Objective	<ul style="list-style-type: none"> WBO 3. Healthy, Independent & Resilient SRA 3. Supporting Health & Well-being of Citizens



Direction of Risk	
DoR	Comment
Pressure on Adult & Community Services	<p>Risk - Direction of Risk</p> <p>Covid 19 has placed significant amount of pressure on Adult Social Care services. There is pressure on the finances and long term sustainability of adult care and services having to redesign themselves to accommodate the new Covid-19 guidelines which impact on the perception and delivery of services. Adult services are working with providers to understand the impact of Covid-19 and new guidelines.</p>

Pressure on Homelessness Service

Short Description	Further pressures and increased presentations on homelessness service
Risk Owner	Ben Hanks
Overseeing Officer	<ul style="list-style-type: none"> Chief Executive Head of Regeneration, Investment and Housing
Lead Cabinet Member(s)	<ul style="list-style-type: none"> Leader of the Council & Cabinet Member for Economic Growth & Investment
Linked Theme	<ul style="list-style-type: none"> Theme: Resilient Communities (Community)
Linked Corporate Objective	<ul style="list-style-type: none"> WBO 4. Cohesive & Sustainable Communities

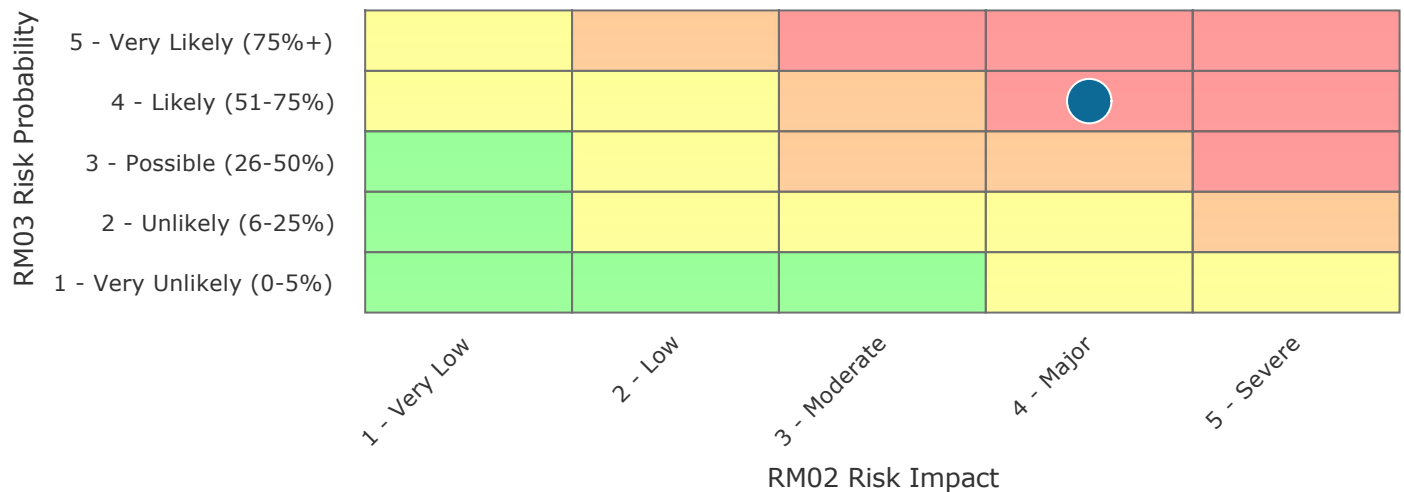


20

Inherent Risk Score

6

Target Risk Score



Direction of Risk	
DoR	Comment
Pressure on Homelessness Service	<p>Risk - Direction of Risk</p> <p>Risk score has increased to 16 for this period. There was changes to legislation surrounding the statutory duty to support homelessness and rough sleeping. We had to provide substantial amount of temporary accommodation and support using phase 1 emergency hardship funding</p> <p>Further to phase 1, we have been awarded additional Phase 2 Homelessness funding from Welsh Government of approximately circa £2.5 million.</p>

Pressure on Housing Services

Short Description	Increased pressure on Housing services to provide residents with safe, affordable housing options.
Risk Owner	Ben Hanks
Overseeing Officer	<ul style="list-style-type: none"> Chief Executive Head of Regeneration, Investment and Housing
Lead Cabinet Member(s)	<ul style="list-style-type: none"> Leader of the Council & Cabinet Member for Economic Growth & Investment
Linked Theme	<ul style="list-style-type: none"> Theme: Resilient Communities (Community)
Linked Corporate Objective	<ul style="list-style-type: none"> WBO 3. Healthy, Independent & Resilient WBO 4. Cohesive & Sustainable Communities

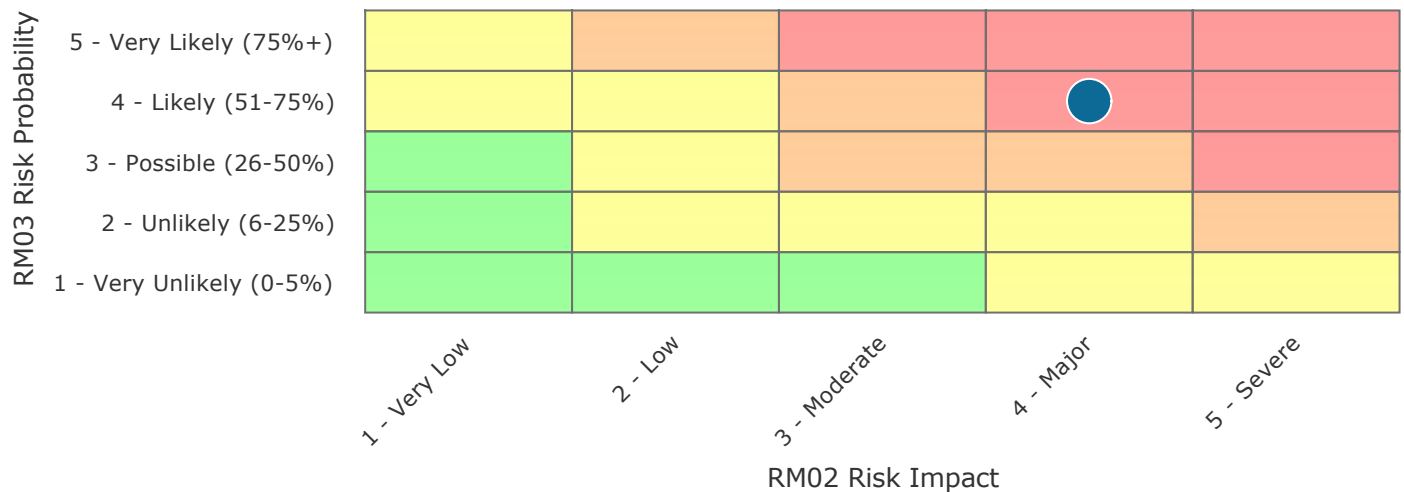


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Inherent Risk Score

5

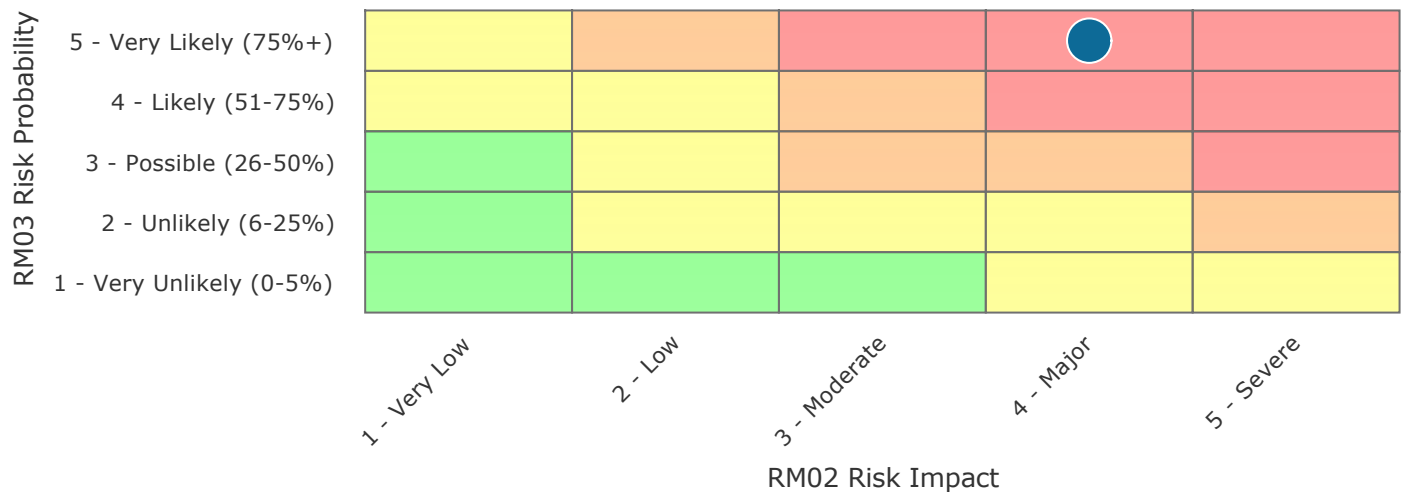
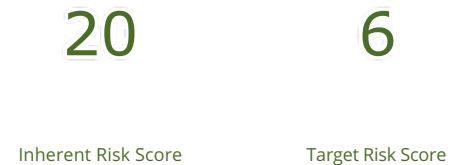
Target Risk Score



Direction of Risk	
DoR	Comment
Pressure on Housing Services	<p>Risk - Direction of Risk</p> <p>Risk score has increased to 16 for this period. Due to the implementation of the homelessness and rough sleeping legislation prioritisation has been to support the homeless, rough sleepers and the most vulnerable during this period. In the medium term the economic position remains vulnerable with the Furlough scheme ending in October and could be further exacerbated should there be further lockdowns (localised / national). The impact of this could be that there are more people requiring housing assistance and support which will place additional pressure on the service.</p>

Pressure on the Delivery of Children Services


Short Description	Increased pressure on Children Services to manage increase in volume of referrals / cases of children with complex needs. This is in the context of budgets not being able to meet increase in costs to provide the necessary care and front-line staff being able to manage high volume and complex caseloads.
Risk Owner	Sally Jenkins
Overseeing Officer	<ul style="list-style-type: none"> Chief Executive
Lead Cabinet Member(s)	<ul style="list-style-type: none"> Cabinet Member for Social Services
Linked Theme	<ul style="list-style-type: none"> Theme : Aspirational People Theme: Resilient Communities (Social Care)
Linked Corporate Objective	<ul style="list-style-type: none"> WBO 3. Healthy, Independent & Resilient SRA 3. Supporting Health & Well-being of Citizens



Direction of Risk	
DoR	Comment
Pressure on the Delivery of Children Services	<p>Risk - Direction of Risk</p> <p>The pressures deriving from Covid in terms of the quantum of work, the nature of the work alongside the impact on staff of the societal changes wrought by Covid are considerable. There is currently no real way to minimise this pressure. Attempts at mitigation are reliant on maintaining communication and minimising tasks but at core the current pressures are considerable and are likely to increase.</p>

Safeguarding Risk

Short Description	To ensure the Council safeguards adults, children and carers as part of its statutory duty.
Risk Owner	Mary Ryan
Overseeing Officer	<ul style="list-style-type: none"> ■ Chief Education Officer ■ Chief Executive ■ Head of Adult and Community Services ■ Head of Children and Family Services ■ Head of Regeneration, Investment and Housing
Lead Cabinet Member(s)	<ul style="list-style-type: none"> ■ Cabinet Member for Social Services
Linked Theme	<ul style="list-style-type: none"> ■ Theme: Resilient Communities (Social Care)
Linked Corporate Objective	<ul style="list-style-type: none"> ■ WBO 3. Healthy, Independent & Resilient ■ SRA 3. Supporting Health & Well-being of Citizens

6


Safeguarding Risk

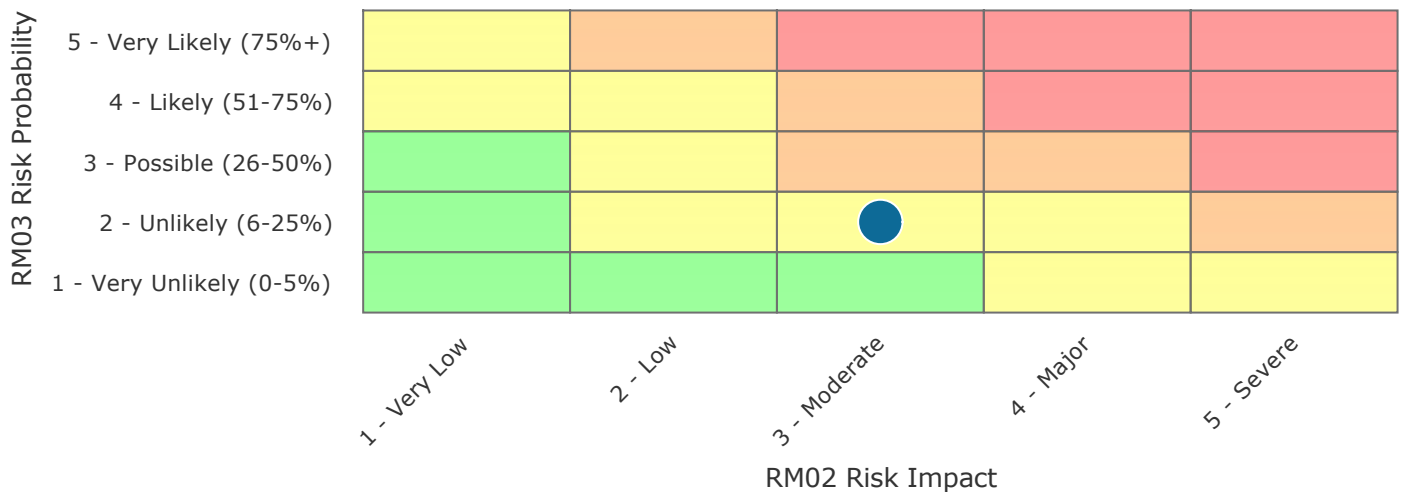
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Inherent Risk Score

4

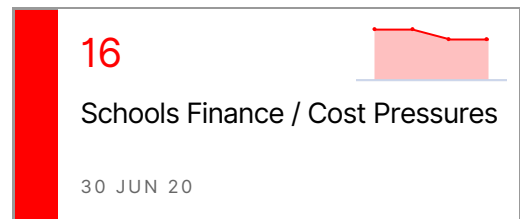
Target Risk Score



Direction of Risk	
DoR	Comment
Safeguarding Risk	<p style="font-weight: bold; color: green;">➔ Risk - Direction of Risk</p> <p>No Change to the risk score in Quarter 1.</p>

Schools Finance / Cost Pressures

Short Description	In year cost pressures of schools are not met resulting in increased deficit budgets
Risk Owner	Sarah Morgan
Overseeing Officer	<ul style="list-style-type: none"> Chief Education Officer Chief Executive
Lead Cabinet Member(s)	<ul style="list-style-type: none"> Cabinet Member for Education and Skills Leader of the Council & Cabinet Member for Economic Growth & Investment
Linked Theme	<ul style="list-style-type: none"> Theme : Aspirational People
Linked Corporate Objective	<ul style="list-style-type: none"> WBO 1. Skills, Education & Employment

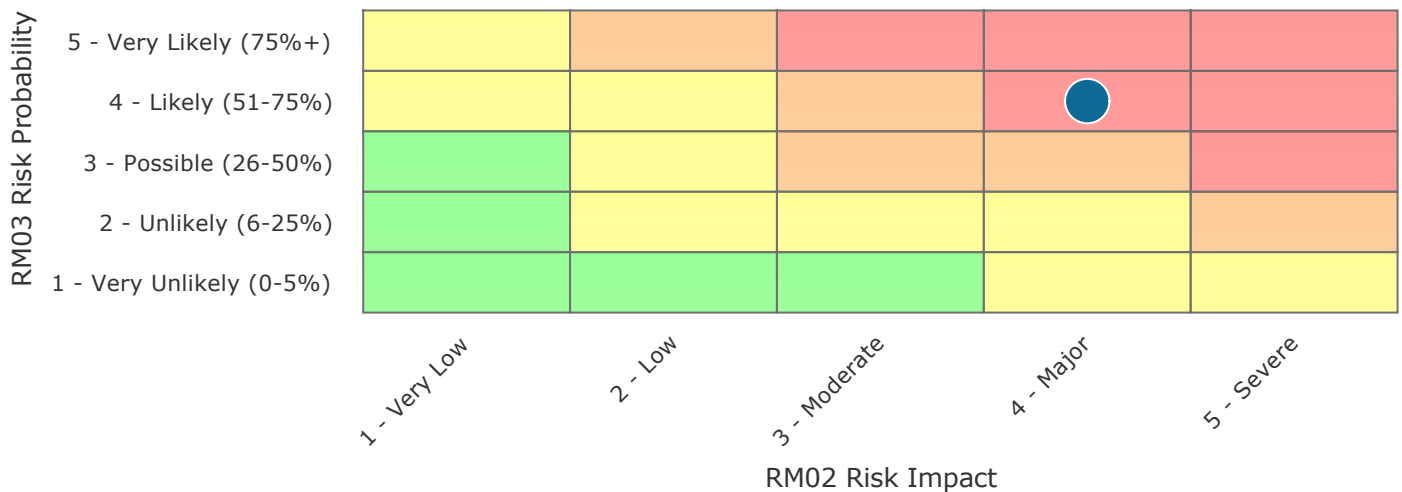


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Inherent Risk Score

6

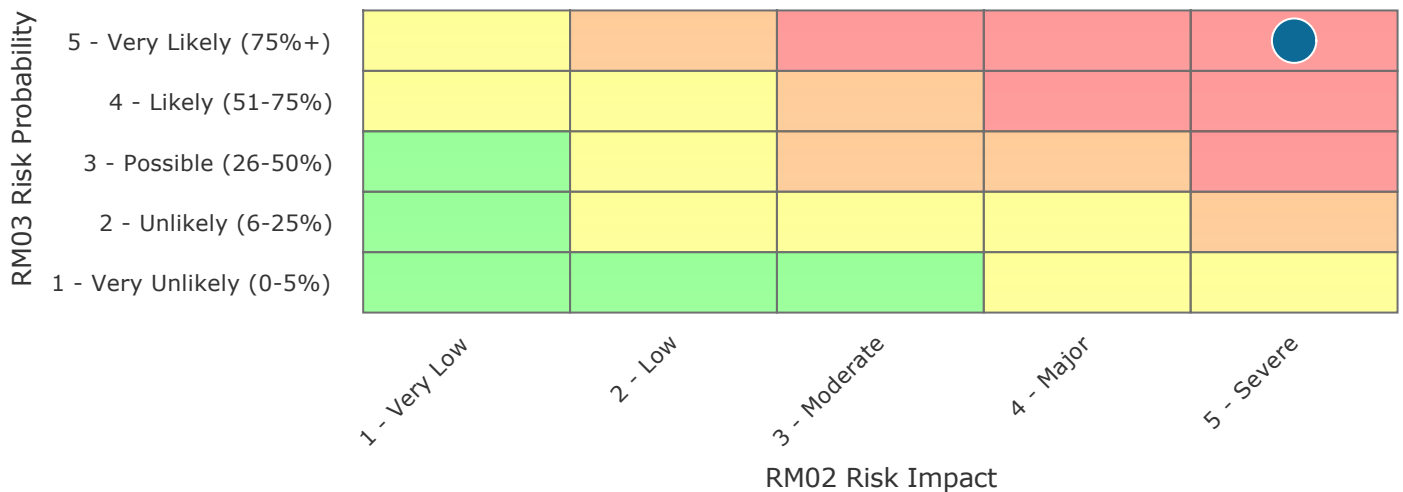
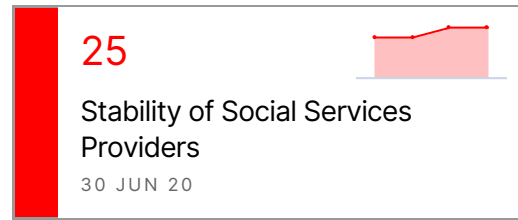
Target Risk Score



Direction of Risk	
DoR	Comment
Schools Finance / Cost Pressures →	<p>Risk - Direction of Risk</p> <p>Overall, schools are forecasting a collective overspend of £1.3 million in 2020/21. Most schools in a deficit position have presented savings but these may be delayed due to Covid-19. There are some unknowns linked to school expenditure in the forthcoming months and some school grants from Welsh Government have been withdrawn from schools to be diverted to Covid-19.</p>

Stability of Social Services Providers

Short Description	The Council requires support from external providers to deliver care packages for children and adults (residential / Non Residential). The current marketplace for external providers is volatile due to the increasing costs to provide care, maintain homes, staffing meeting legislative and regulatory requirements.
Risk Owner	Jenny Jenkins
Overseeing Officer	<ul style="list-style-type: none"> Head of Adult and Community Services
Lead Cabinet Member(s)	<ul style="list-style-type: none"> Cabinet Member for Social Services
Linked Theme	<ul style="list-style-type: none"> Theme: Resilient Communities (Social Care)
Linked Corporate Objective	<ul style="list-style-type: none"> WBO 3. Healthy, Independent & Resilient SRA 3. Supporting Health & Well-being of Citizens



Direction of Risk	
DoR	Comment
Stability of Social Services Providers →	Risk - Direction of Risk There is no change in the direction of risk for this quarter.

Report

Audit Committee

Part 1

Date: 19 November 2020

Item No: 5

Subject Internal Audit – Progress against audit plan 2020/21 Quarter 2

Purpose To inform Members of the Council's Audit Committee of the Internal Audit Section's progress against the 2020/21 agreed audit plan for the first 6 months of the year by providing information on audit opinions given to date and progress against key performance targets.

Author Chief Internal Auditor

Ward General

Summary The attached report identifies that the Internal Audit Section is making progress against the 2020/21 audit plan and internal performance indicators although the agreed revised plan only took effect from October 2020 due to the impact of the Covid-19 pandemic.

Covid-19 has significantly impacted on Internal Audit and its ability to deliver the original full year plan. Corporately the focus was on delivering essential front line services to deal with the pandemic. The Internal Audit team supported the business grants process and undertook extensive counter fraud work whilst the majority of the regularity audits were put on hold for an interim period.

The original audit plan was based on 1208 audit days; the revised audit plan was based on 626 audit days.

Proposal 1) The report be noted by the Council's Audit Committee

Action by The Audit Committee

Timetable Immediate

This report was prepared after consultation with:

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

Signed

Background

1. This report aims to inform Members of the Audit Committee of progress of work undertaken by the Internal Audit Section of the Council against the agreed audit plan. Progress against the audit plan for the first 6 months of the year will be reported along with the performance of the team for that period.
2. The report gives Members assurance (or otherwise) on the adequacy of the internal control environment operated within the Council by providing the audit opinions on work undertaken at the end of Q2.

Internal Audit Staffing

3. The team currently operates with an establishment of 8 audit staff. At the start of the year there were 7 audit staff in the team.
4. In order to take account of the budget savings contribution and the delayering exercise required by senior management following the job evaluation exercise, the Internal Audit team was restructured and reduced in numbers in 2016/17.
5. The relationship with Monmouthshire County Council (for sharing of the Chief Internal Auditor) continues.

Public Sector Internal Audit Standards (PSIAS)

6. The Public Sector Internal Audit Standards (PSIAS) (IIA) came into force from April 2013 (updated March 2017) which the team needs to ensure it is compliant with as it carries out work in line with the Audit Plan. These standards replace the former Code of Practice for Internal Audit within Local Government (CIPFA).
7. A requirement of the PSIAS is for the Internal Audit team to be externally assessed once every five years to ensure compliance with these Standards. The Welsh Chief Auditors' Group proposed an option of a peer review in order to meet the requirements of this external assessment, which has been agreed by respective S 151 Officers of local authorities in Wales. Newport's peer review took place in 2017/18; the outcome being that the team is generally compliant with the Standards, with no significant areas of non-compliance; this is the highest standard of compliance.

Audit Plan & The Impact of Covid-19

8. The revised 2020/21 Audit Plan was agreed by the Audit Committee on the 28th September 2020. This was originally based on 1208 audit days with 65 opinion related jobs; the revised plan is based on 626 audit days with 50 opinion related audit jobs.
9. The pandemic struck Wales mid February, early March 2020. The majority of Council staff were advised to work from home from the 18th March 2020, where they could. This meant the Internal Audit Team had to change the way it operated for the year end and for the start of the new financial year.
10. We were unable to complete all work as planned as service areas re-prioritised their staff and workloads, staff became unavailable, meetings and site visits were cancelled and requests came in to postpone ongoing audit work.

11. Generally in Q1 of our audit plan the team are finalising reports in draft at year end, completing audit jobs which were ongoing at year end but draft reports had not been issued, picking up carried forward jobs from the previous year and starting new year audit jobs. In order to undertake audit work effectively and efficiently we need the co-operation of service managers and the staff in their service areas to accommodate site visits, meetings and provide relevant documentation; as a result of "Lockdown" services were re-prioritised and some staff deployed to support front line service provision. Key staff were therefore not available for audit work to be completed which meant the Internal Audit service was effectively put on hold.
12. Internal Audit staff were also working from home. This move happened at pace. Although we did manage to move some reports forward we could not undertake our audit work in line with the original audit plan. In early April, Internal Audit staff also got redeployed to support the payment of business rates grants; extensive counter fraud work was undertaken in relation to these grants. Other counter fraud work was also undertaken along with completion of special investigation work.
13. In 2019/20 external resources were brought in to undertake audit jobs which could not be completed in house due to a vacancy or long term illness. This support has continued into 2020/21 to ensure appropriate audit coverage in the year.

Performance

14. The Audit Section's performance is measured against planned work, which incorporates externalities like special investigations, financial advice and financial regulations training. Where actual time taken for the review exceeds planned time there will be an impact on the audit plan. Ad-hoc reviews requested by management cannot be planned for but will have an immediate impact on the achievement of the audit plan; we will endeavour to minimise these throughout the year. The section has been involved with some special investigations so far this year but if this increases significantly it could have an impact on this year's achievement of the audit plan; there have also been a few unplanned reviews.
15. The section's performance is measured against performance indicators set and agreed by the Welsh Chief Auditors' Group. Performance against these indicators is reported to the Audit Committee on a quarterly basis; the targets for each of the indicators are set internally by the Chief Internal Auditor.
16. The performance for Quarter 2 2020/21 is summarised below with the detail shown at **Appendix A**:
 - a. 24% of the original audit plan has been achieved so far
 - b. The promptness of issuing draft reports (comparing timescale between finalising all fieldwork and issuing the draft report to management) averages at 3 days, well within the target time of 10 days;
 - c. The promptness of report finalisation (comparing timescale from meeting with client to discuss issues raised in the draft report to issue of finalised report to management) averages 2 days which is well within the target time of 5 days.
17. Coverage of the plan at this stage of the year is lower than expectations due to the impact of Covid-19. This year will depend on sufficient audit resources being available to complete the audit plan.
18. 2019/20 audit reviews have been finalised where possible.

19. A vacancy / secondment provision was taken into account in the planning stage which related to the Chief Internal Auditor's work with Monmouthshire. The team took on additional external professional support to enable it to achieve the 2019/20 audit plan and carried this through to 2020/21.
20. Inevitably there will be some overruns on reviews undertaken within the team which may result in not as many reviews being undertaken as were planned for the year. Some planned work may be deferred by service managers to either later in the year or the following financial year.
21. From time to time the team does get involved with non-planned audit work which often results in special investigations.

Quality Control

22. On completion of all audit reviews, an evaluation questionnaire is sent out to the service manager with the final report. This gives the manager who has been audited an opportunity to comment on the audit review itself, confirming (or not) that it was of benefit to their service and that the main risks had been covered; the staff, their approach, constructiveness and helpfulness; the report, covering the benefits of discussing the draft report, whether the balance was right via the inclusion of strengths and weaknesses, whether management comments were correctly reflected and if the report format was easy to follow. These questionnaires are returned in confidence to the Chief Internal Auditor who will assess the comments and address any criticisms. Generally, there has been positive feedback from service managers via these questionnaires; this will continue to be collated throughout the year and fed into the annual audit report for 2020/21.

Financial Training

23. In the Audit Section's continued efforts to ensure that Council's assets are safeguarded and to provide assurance to management that their internal controls are robust, further training specifically on financial regulations and contract standing orders will be offered to all service areas. An overview of financial management is also part of the Corporate Induction Programme and the course is also available on a self-nomination basis, quarterly, as part of the Corporate Training Programme. Feedback from staff who have previously attended courses has been positive. 1 training session has been held so far this year, via MS Teams, with others planned.

Audit Opinions 2020/21

24. Audit opinions issued so far in 2020/21 are shown at **Appendix B**. Definition of audit opinions currently given is shown at **Appendix D**.
25. 5 jobs completed to at least draft report stage by 30 September 2020 warranted an audit opinion: 1 x *Good*, 3 x *Reasonable*, 1 x *Unsatisfactory*. In addition, 4 grant claim audits have been undertaken during the year; x2 were *Unqualified*, x2 were *Qualified*. Other work completed related to the Annual Governance Statement, National Fraud Initiative (NFI), Covid-19 Business Grants, iTrent System Developments, School Deficit budget Project and provision of financial advice (**Appendix C**). Audits in draft at the year end (31/3/20) have also been finalised where possible.
26. The audit opinion relates to the adequacy of internal controls within the system or establishment being reviewed. The opinion is derived from the balance of strengths and weaknesses identified from evidence obtained, and testing undertaken, during the audit. Where the auditor believes that any issues identified are the result of a deliberate action and may be in breach of the Disciplinary Code or Employee Code of Conduct, further investigations will be carried out and action taken as appropriate.

Service Management Responsibilities

27. Heads of Service and service managers are responsible for addressing any weaknesses identified in internal systems and demonstrate this by incorporating their agreed actions into the audit reports. When management sign off the reports they are accepting responsibility for addressing the issues identified within the agreed timescales.
28. Although Heads of Service are responsible for implementing and maintaining adequate internal controls within service areas, operational managers are responsible for working within those controls and for ensuring compliance with Council policies and procedures. All reports, once finalised, are sent to the respective Heads of Service for information and appropriate action where necessary.

Follow up audit reviews

29. Where unsatisfactory and unsound opinions are issued, they are followed up within a twelve month timescale to ensure that the agreed actions have been taken by management and that the internal control systems are improved. These are reported separately to this Audit Committee on a six-monthly basis.

Financial Summary

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

Risks

31. If the plan is not completed due to a lack of resource in the team, the Chief Internal Auditor may have to qualify his year end assurance opinion provided to the Audit Committee.

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?
Audit Plan not completed	M	L	Passed potential management issues back to management ; Will take on interim external support to cover long term vacancy	Chief Internal Auditor

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

32. Giving management assurance on systems in operation gives them confidence that there is sound financial management in place, that more effective services can be provided and the risk of theft, fraud and corruption is minimised. Better service provision, looking after the public pound makes our City a better place to live for all our citizens, hence Improving People's Lives.

Options Available

33. This is a factual progress report and therefore there are no specific options to be considered. The quarterly reports provide a mechanism for monitoring the performance and progress of the Internal Audit team and the adequacy of the Council's internal control environment to ensure the public pound is spent wisely and appropriately and that fraud, theft and corruption is minimised.
34. The Audit Committee is asked to note progress on delivery of the audit plan and audit opinions given to date and ask questions, make observations and recommendations, as necessary.

Preferred Option and Why

35. N/A

Comments of Chief Financial Officer

36. I can confirm that I have been consulted and have no additional comments.

Comments of Monitoring Officer

37. There are no legal implications. The report has been prepared in accordance with the Council's internal audit procedures and the Performance Management framework. The progress made to date in delivering the objectives set out in the approved Audit Plan highlights the effectiveness of the work undertaken by this service area in ensuring that adequate and effective internal financial controls are in place.

Comments of Head of People and Business Change

38. As part of the Well-being of Future Generations Act (2015) and its corporate governance arrangement it is necessary to ensure that the Council's functions are operating effectively and efficiently to manage its governance, internal control and risk management arrangements in the delivery of the Corporate Plan and its statutory duties. This report presents a review of the Internal Audit activity during the period concerned and the outcomes of completed audit reviews. There are no direct human resources impact from this report.

Comments of Cabinet Member

39. N/A

Local issues

40. N/A

Scrutiny Committees

41. N/A

Equalities Impact Assessment and the Equalities Act 2010

42. 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.

43. As this is a progress report on performance and audit opinions there is no need for an Equalities Impact Assessment. All audits are undertaken in a non-discriminatory manner.

Children and Families (Wales) Measure

44. N/A

Wellbeing of Future Generations (Wales) Act 2015

45. The role of Internal Audit supports the Council in complying with the principles of the Wellbeing Act and providing assurance on the activities undertaken across the Council. In compiling this report the principles of this Act have been considered:

Long term - The Internal Audit workload is based on an annual operational plan supported by a 5 year strategic plan that is aligned to the Council's Corporate Plan.

Prevention - Internal Audit identify strengths and weaknesses within the control environment of Newport City Council; addressing the weaknesses gives management the opportunity of preventing gaps in service provision getting worse. This should also minimise the potential for fraud, theft, loss or error.

Integration - Internal Audit opinions provide an objective opinion on the adequacy of the Council's corporate governance, internal control and risk management environment in operation and support sound stewardship of public money.

Collaboration - Internal Audit work with delivered in collaboration with operational managers to develop an appropriate action plan in order to address identified concerns.

Involvement - Heads of Service and Senior Managers are invited to contribute to the audit planning process each year in order to prioritise audit resources. The involvement of the Audit Committee provides assurance and oversight of an effective internal audit provision to carry out its duties.

Crime and Disorder Act 1998

46. The work undertaken by Internal Audit should minimise potential fraud, corruption, theft or misappropriation within the Council. Allegations of potential criminal activity will be investigated and reported to the police where appropriate.

Consultation

47. N/A

Background Papers

48. N/A

Dated:

Appendix A

Newport City Council

Internal Audit Service

Performance Indicators

2019/20	2019/20 Target	1 st Qtr 19/20	2 nd Qtr 19/20	3 rd Qtr 19/20	4 th Qtr 19/20	Comments
Proportion of planned audits complete	82%	18%	33%	51%	76%	[Profiled Target Qtr 2: 30%]
Directly chargeable time against total time available	50%	58%	54%	54%	58%	Quarterly performance
Directly chargeable time against planned	100%	86%	80%	72%	88%	Quarterly performance
Proportion of Special Reviews responded to within 5 working days	100%	100%	100%	100%	100%	Cumulative figures
Number of sessions provided to train staff in all Service Areas on best financial practice	8	0	3	4	7	Cumulative figures
Staff turnover rate (number of staff)	0	0	0	0	0	Quarterly performance
Promptness of draft report issue (end of fieldwork to draft report issue date)	10 days	1 day	6 days	5 days	5 days	Cumulative figures
Promptness of report finalisation (date of client meeting to final report issue date)	5 days	1 day	1 day	2 day	2 day	Cumulative figures

2020/21	2020/21 Target	1 st Qtr 20/21	2 nd Qtr 20/21	3 rd Qtr 20/21	4 th Qtr 20/21	Comments
Proportion of planned audits complete	82%	N/A	24%			[Profiled Target N/A]
Directly chargeable time against total time available	50%	N/A	N/A			Quarterly performance
Directly chargeable time against planned	100%	N/A	N/A			Quarterly performance
Proportion of Special Reviews responded to within 5 working days	100%	N/A	N/A			Cumulative figures
Number of sessions provided to train staff in all Service Areas on best financial practice	8	N/A	1			Cumulative figures
Staff turnover rate (number of staff)	0	N/A	0			Quarterly performance
Promptness of draft report issue (end of fieldwork to draft report issue date)	10 days	N/A	3 days			Cumulative figures
Promptness of report finalisation (date of client meeting to final report issue date)	5 days	N/A	2 days			Cumulative figures

Appendix B
Opinions as at 30 September 2020, Qtr 2

Good	1
Reasonable	3
Unsatisfactory	1
Unsound	0
Total	5

Internal Audit Services - Management Information for 2020/21 Q2


Job number	Group	Service Area	Section or Team	Job Title	Risk Rating / Priority	Opinion given
P2021-P3	CE	Finance	Income Collection	Council Tax	High	Good
P2021-P14	CE	People & Bus Change	Human Resources	Recruitment & Selection	High	Reasonable
P2021-RP4	Place	RI&H	Culture, Libraries & Community Learning	Museum & Art Gallery	Medium	Reasonable
P2021-RP8	People	Education Serv	Inclusion	Bridge Achievement Centre (Follow-Up)	Medium	Reasonable
P2021-RP3	CE	Law & Regulation	Public Protection	Newport City Dogs Home	Medium	Unsatisfactory
P2021-P33	People	Adult & Comm Serv	Service Development & Commissioning	Supporting People Programme Grant (Finances)	Medium	Unqualified
P2021-P45	CE	Law & Regulation	Public Protection	Scambusters Grant Claim (2019/20)	Medium	Unqualified
P2021-P72	People	Education Serv	Education Grants	Education Improvement Grant (SIG) 2019/20	Medium	Qualified
P2021-P73	People	Education Serv	Education Grants	Pupil Deprivation Grant 2019/20	Medium	Qualified

Appendix C

Non Opinion work 2020/21 Q2

Job number	Group	Service Area	Section or Team	Job Title
P2021-P7	CE	Finance	General	Annual Governance Statement
P2021-P46	CE	Law & Regulation	General	Financial Advice
P2021-P54	Place	RI&H	General	Financial Advice
P2021-P65	Place	City Services	General	Financial Advice
P2021-P86	People	Education Serv	General - Schools	Deficit Budget Project
P2021-P88	People	Education Serv	General	Financial Advice
P2021-RP9	CE	Finance	Income Collection	Covid-19 Business Rate Grants & Fraud Prevention
P2021-RP11	CE	People & Bus Change	Human Resources	iTrent System Development

INTERNAL AUDIT SERVICES – OPINION DEFINITIONS

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

Unqualified	<p>The Financial Statement is free from material misstatement and presents fairly the activities of the organisation.</p> <p>The terms and conditions of the grant funding have been complied with.</p>
Qualified	<p>There is a lack of supporting information or documentation to verify that that figures quoted in the Financial Statement fairly represent the activities of the organisation.</p> <p>The terms and conditions of the grant funding have not been fully complied with.</p>

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Report

Audit Committee

Part 1

Date: 19 November 2020

Item no: 6

Subject Report on Treasury Management for the period to 30 September 2020

Purpose This report is to inform the Cabinet of treasury activities undertaken during the period to 30 September 2020 and confirms that all treasury and prudential indicators have been adhered to in the first half of the financial year.

Author Head of Finance / Assistant Head of Finance

Ward All

Summary In line with the agreed Treasury Management Strategy, the Council continues to be both a short-term investor of cash and borrower to manage day-to-day cash flows. Current forecasts indicate that in the future, temporary borrowing will continue to be required to fund normal day-to-day cash flow activities and longer-term borrowing will increase to fund new commitments in the current capital programme as well as the impact of reduced capacity for 'internal borrowing'.

During the first half of the financial year the Council's net borrowing decreased by £17.1m from £166.3m at 31 March 2020 to £149.2m at 30 September 2020.

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

Proposal To note the report on treasury management activities for the period to 30 September 2020 and provide comments to Council.

Action by Head of Finance / Assistant Head of Finance

Timetable Immediate

This report was prepared after consultation with:

- Treasury Advisors
- Head of Finance

Signed

Background

1. In June 2009 the Authority adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2011 Edition (the CIPFA Code) which requires the Authority to approve a treasury management annual report after the end of each financial year.
2. 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 and, as a minimum, a semi-annual and annual treasury outturn report. This report fulfils the Authority's legal obligation to have regard to the CIPFA Code.
3. The Authority has borrowed substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.
4. The 2020/21 Treasury Management Strategy was approved by the Council as part of the Capital Strategy in February 2020 and can be viewed via the following link

<https://democracy.newport.gov.uk/documents/s17728/06%20Council%20Report%20Capital%20Strategy%20and%20Treasury%20Strategy%202020.pdf?LLL=0>

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

BORROWING STRATEGY / ACTIVITY

Short and Long Term Borrowing

1. Whilst the Council has significant long-term borrowing requirements, the Council's current strategy of funding capital expenditure is through reducing investments ('internal borrowing') rather than undertaking new borrowing where it can i.e. we defer taking out new long term borrowing and fund capital expenditure from the Council's own cash resources – which it has because of its 'cash-backed' reserves and, to a lesser extent, day to day positive cash-flows, for as long as we can. The Council may undertake borrowing early if, there is the need for future borrowing and it feels it can minimise risk of future interest rate rises while providing value for money, this will be in line with advice from our treasury advisors.

By using this strategy the Council can also minimise cash holding at a time when counterparty risk remains relatively high, especially with the current economic implications during Covid-19. 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.

At 31 March 2020, the level of internal borrowing was about £87m, mainly in relation to the Council's level of cash backed reserves. At current rates, this saves about £2.6m in interest costs annually compared to physically borrowing this level of cash. As the Council spends its reserves over the medium to long term (PFI reserves, Capital reserves, Invest to Save reserves in particular), then the

internal borrowing will have to be replaced with actual external borrowing and this interest cost will be incurred.

2. Whilst the strategy minimises investment counterparty risk, the risk of interest rate exposure is increased as the current low longer term borrowing rates may rise in the future. The market position is being constantly monitored in order to minimise this risk.
3. As shown in Appendix B, as at 30 September 2020 the level of borrowing has decreased by £17.1m to £149.2m. This decrease is in relation to the short term borrowing the Council undertook at the end of March to support the cash flow of providing grants to businesses in response to the Covid-19 pandemic. This was reimbursed by Welsh Government and subsequently the borrowing was repaid in June 2020.

The level of investments has increased by £15.7m to £28.8, (including £18.2m held on very short-term periods), meaning a decrease in net borrowing of £32.7m during the first half of financial year to £121.1m. Therefore, no new long-term borrowing was required to be taken out in the first half of the financial year. However, it is anticipated that the Council will need to undertake additional borrowing on a short term basis for the remainder of the year in order to cover normal day to day cash flow activity. With current estimates there is the potential that a small amount of additional long-term borrowing will be required in this financial year. This includes small amount of new long term borrowing from Salix of £0.6m which is interest free and linked to specific energy efficiency projects.

4. In regards to LOBOs, no loans were called during the period. All £30m outstanding is subject to potential change of interest rates by the lender (which would automatically trigger a right to the Council to repay these loans) prior to the end of this financial year. Should a change of interest rate be requested, then it will be considered in detail and a decision on how we proceed will be made in conjunction with our treasury advisors.

INVESTMENTS ACTIVITY / POSITION

5. The Council's strategies in this area of Treasury Management are (i) to be a short term and relatively low value investor, consistent with the pursuit of an 'internal borrowing strategy' and (ii) investment priorities should follow the priorities of security, liquidity and yield, in that order.

Included within the investment figure of £28.2m on the 30 September 2020, is £18.2m held on very short-term. Due to the pandemic the Authority kept more cash available at very short notice than is normal to cover any unexpected calls on cash flow. Currently there is not much demand for very short term borrowing within the market place, and in September rates on deposits below 14 days with the Debt Management Account Deposit Facility (DMADF) dropped below zero percent. The Authority has its investment with LA of £20m with an average rate of 0.3%. But it is anticipated that investments will reduce during 2020/21 until we reach the balance of £10m, which will be invested for compliance with MiFIDII.

6. All investments are currently placed on a temporary basis and are placed in high security institutions, in line with our other strategy in this area, dealing with our investing priorities of (i) security (ii) liquidity and (iii) yield, in that order. At the 30 September 2020 £20m was placed with various local authorities. The maximum maturity date of any of these investments held was 14 October 2020.
7. January 2018 saw the implementation in the UK of the second Markets in Financial Instruments Directive (MiFID II), where firms will be obliged to treat all local authorities as retail clients unless they opt up to professional client status and meet certain criteria. These criteria include holding a minimum of £10m investment balance and employing knowledgeable and experienced staff to carry out investment transactions. It is anticipated that our investment balances will remain at or above the minimum £10m.

8. To retain its classification as 'professional clients', the Council currently invests its funds over short-term, low-risk instruments such as other local authorities and central government and because of the low risk nature of these – income from these are also very low. As part of the 2020/21 Medium Term Financial Plan and the Capital and Treasury Management Strategy it was approved that the Council could undertake larger, long-term investments in riskier financial instruments such as pooled funds, and other instruments. Essentially, investments in stock market and property funds to generate additional interest receivable income. However, due to Covid 19, investment in approved Property Funds was suspended. Due to the financial risk and the impact the ongoing pandemic could have on the economic global market, the Council will not be pursuing this strategy in 2020/21.
9. The Authority is currently undertaking the process of applying to be able to invest in Money Market Funds. This will enable the Authority to invest in short term funds if required, which has a higher rate of return but which is still deemed low risk due to its very short term nature. The use of these funds is already approved within the Council's Treasury Management Strategy.
10. The Council does not hold any long-term (more than 364 days) treasury investments as at 30 September 2020.

IMPACT OF COVID-19 PANDEMIC

11. Since the early days of the pandemic the Council has been monitoring the impact on cash flow closely. As highlighted within the borrowing figures, the Council undertook some additional borrowing at the end of the 2019/20 financial year to enable the delivery of business grants prior to the cash being received by WG, this was subsequently reimbursed and the borrowing repaid. In addition to the business grants, the Council has seen an increase in covid related expenditure, a reduction in income across services, and a decrease in the collection of Council Tax and Non-Domestic Rates (NDR) and the Council has also implemented the NDR Relief Scheme for retail, leisure and hospitality businesses who receive 100% relief.
12. All of the above would have had a significant impact on cash flow, however aside from the beginning of the year when the additional short-term borrowing was required, WG have mitigated the impact by reimbursing increased expenditure through the hardship fund and through loss of income claims. WG have also repaid the business grants in a timely manner, and front-loaded a significant portion of the Revenue Support Grant payments to the Council into April, as well as providing a grant to support the cash flow of the 100% rate reliefs. Up to this point this has certainly assisted with cash flow and the Council has not required to undertake additional borrowing in the first half of the year.
13. As we continue through the remainder of the financial year and continue to see a reduction in Council Tax and NDR income, we anticipate that we will require to undertake some borrowing, but this is not substantially different to where we were expecting to be at this stage of the year and is in line with the limits set by Council in the capital strategy.

NON-TREASURY INVESTMENTS

14. The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. This is replicated in the Investment Guidance issued by Ministry of Housing, Communities and Local Government's (MHCLG) and Welsh Government, in which the definition of investments is further broadened to also include all such assets held partially for financial return.

The Authority also held such investments in:

- directly owned property such as office and commercial units of £10.8m
- loans to local businesses and landlords £4.4m
- shareholding in subsidiaries £0.3m

These investments generated £0.7m of investment income for the Authority after taking account of direct costs. The outbreak of Covid-19 has impacted global financial markets and as at the valuation date of 31st March 2020, less weight can be attached to previous market evidence to inform opinions of value. There is an unprecedented set of circumstances on which to base a judgement. Valuations were therefore reported on the basis of ‘material valuation uncertainty’ as per the RICS Red Book Global.

OTHER MID YEAR TREASURY MATTERS

Economic background and Counter Party Update

15. Appendix A outlines the underlying economic environment during the first half of the financial year, as provided by the Council’s Treasury Management Advisors Arlingclose.
16. As discussed previously in this report the Council does not have any long-term treasury investments, and the investments that it currently undertakes is mainly with other local authorities which are deemed very secure, therefore the risk is currently ‘low’. At the end of September 2020 there have been no changes to the names on the counterparty list, but our Treasury Management Advisors now advise that where strategies permit, bank deposits should only be made for periods up to 35 days. The long-term rating of Santander UK, the Council’s bankers, remains at A+; above the Council’s minimum level of A-.

Compliance with Prudential Indicators approved by Council

17. The Authority measures and manages its exposures to treasury management risks using various indicators which can be found in Appendix B. The Authority has complied with the Prudential Indicators for 2020/21, set in February 2020 as part of the Treasury Management Strategy. Details of treasury-related Prudential Indicators can be found in Appendix B.

PWLB future lending terms

18. Members will be aware that the PWLB increased interest rates on loans in the autumn of 2019 following concerns about the level of Local Government debt, in particular for commercial activities.

A consultation was held this year, closing on 31st July 2020, on the proposed changes in their lending criteria, which Newport City Council responded to. It contained proposals to allow authorities that are not involved in “debt for yield” activity to borrow at lower rates as well as stopping local authorities using PWLB loans to buy commercial assets primarily for yield. The consultation also broaches the possibility of slowing, or stopping, individual authorities from borrowing large sums in specific circumstances. The announcement of the new lending terms is expected at the end of this calendar year or early next year.

Risks

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

			change adversely. The lower levels of funds available for investment will also alleviate the risk.	from treasury advisors
Interest Rates moving adversely against expectations	Low	Low	Future expectations for higher short term rates are subdued. The Treasury strategy approved allows for the use of short term borrowing once investment funds are exhausted to take advantage of these low rates.	Head of Finance, Treasury staff, treasury advisors

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

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

Options Available and considered

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

Preferred Option and Why

Note the contents of the report in relation to Treasury activities and all Treasury Indicators met for the first half of the 2020/21 financial year.

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

Comments of Chief Financial Officer

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

Comments of Monitoring Officer

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

Comments of Head of People and Business Change

There are no direct HR implications associated with the report.

The Council is required to approve a treasury management annual report at the end of each financial year. The Well-being of Future Generations Act requires public bodies to balance short-term needs with the needs to safeguard the ability to meet long-term needs. As stated in this report, the Council continues to be both a short-term investor of cash and borrower to manage day-to-day cash flows but current forecasts indicate that in future temporary borrowing will continue to be required and longer-term borrowing will increase to fund the capital programme. This annual report fits in with the well-being goal of a Prosperous Wales.

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

This report is a backwards looking report of the treasury management activities of the Council. It shows that we followed the treasury management strategy and the compliance with prudential code and treasury management indicators. This links into the long-term objectives of the authorities and ensures that the councils activities are carried out in an affordable, prudent and sustainable manner.

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 to Council February 2020: Capital Strategy and Treasury Strategy.

Dated: 26th October 2020

APPENDIX A

External Context

Economic background: The spread of the coronavirus pandemic dominated during the period as countries around the world tried to manage the delicate balancing act of containing transmission of the virus while easing lockdown measures and getting their populations and economies working again. After a relatively quiet few months of Brexit news it was back in the headlines towards the end of the period as agreement between the UK and EU on a trade deal was looking difficult and the government came under fire, both at home and abroad, as it tried to pass the Internal Market Bill which could override the agreed Brexit deal, potentially breaking international law.

The Bank of England (BoE) maintained Bank Rate at 0.1% and its Quantitative Easing programme at £745 billion. The potential use of negative interest rates was not ruled in or out by BoE policymakers, but then a comment in the September Monetary Policy Committee meeting minutes that the central bank was having a harder look at its potential impact than was previously suggested took financial markets by surprise.

Government initiatives continued to support the economy, with the furlough (Coronavirus Job Retention) scheme keeping almost 10 million workers in jobs, grants and loans to businesses and 100 million discounted meals being claimed during the 'Eat Out to Help Out' (EOHO) offer.

GDP growth contracted by a massive 19.8% (revised from first estimate -20.4%) in Q2 2020 (Apr-Jun) according to the Office for National Statistics, pushing the annual growth rate down to -21.5% (first estimate -21.7%). Construction output fell by 35% over the quarter, services output by almost 20% and production by 16%. Recent monthly estimates of GDP have shown growth recovering, with the latest rise of almost 7% in July, but even with the two previous monthly gains this still only makes up half of the lost output.

The headline rate of UK Consumer Price Inflation (CPI) fell to 0.2% year/year in August, further below the Bank of England's 2% target, with the largest downward contribution coming from restaurants and hotels influenced by the EOHO scheme. The Office for National Statistics' preferred measure of CPIH which includes owner-occupied housing was 0.5% y/y.

In the three months to July, labour market data showed the unemployment rate increased from 3.9% to 4.1% while wages fell 1% for total pay in nominal terms (0.2% regular pay) and was down 1.8% in real terms (-0.7% regular pay). Despite only a modest rise in unemployment over the period, the rate is expected to pick up sharply in the coming months as the furlough scheme ends in October. On the back of this, the BoE has forecast unemployment could hit a peak of between 8% and 9%.

The US economy contracted at an annualised rate of 31.7% in Q2 2020 (Apr-Jun). The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% but announced a change to its inflation targeting regime. The move is to a more flexible form of average targeting which will allow the central bank to maintain interest rates at low levels for an extended period to support the economy even when inflation is 'moderately' above the 2% average target, particularly given it has been below target for most of the last decade.

The European Central Bank maintained its base rate at 0% and deposit rate at -0.5%.

Financial markets: Equity markets continued their recovery, with the Dow Jones climbing to not far off its pre-crisis peak, albeit that performance being driven by a handful of technology stocks including Apple and Microsoft, with the former up 75% in 2020. The FTSE 100 and 250 have made up around half of their losses at the height of the pandemic in March. Central bank and government stimulus packages continue to support asset prices, but volatility remains.

Ultra-low interest rates and the flight to quality continued, keeping gilts yields low but volatile over the period with the yield on some short-dated UK government bonds remaining negative. The 5-year UK benchmark gilt yield started and ended the June-September period at -0.06% (with much volatility in between). The 10-year gilt yield also bounced around, starting at 0.21% and ending at 0.23% over the same period, while the 20-year rose from

0.56% to 0.74%. 1-month, 3-month and 12-month bid rates averaged 0.02%, 0.06% and 0.23% respectively over the period.

At the end of September, the yield on 2-year US treasuries was around 0.13% while that on 10-year treasuries was 0.69%. German bund yields remain negative across most maturities.

Credit review: Credit default swap spreads eased over most of the period but then started to tick up again through September. In the UK, the spreads between ringfenced and non-ringfenced entities remains, except for retail bank Santander UK whose CDS spread remained elevated and the highest of those we monitor at 85bps while Standard Chartered was the lowest at 41bps. The ringfenced banks are currently trading between 45 and 50bps.

After a busy second quarter of the calendar year, the subsequent period has been relatively quiet for credit changes for the names on our counterparty list. Fitch assigned a AA- deposit rating to Netherlands lender Rabobank with a negative outlook and prior to that, while not related to our counterparty list but quite significant, revised the outlook on the US economy to Negative from Stable while also affirming its AAA rating.

There continues to remain much uncertainty around the extent of the losses banks and building societies will suffer due to the impact from the coronavirus pandemic and for the UK institutions on our list there is the added complication of the end of the Brexit transition period on 31st December and what a trade deal may or may not look like. The institutions on Arlingclose's counterparty list and recommended duration remain under constant review, but at the end of the period no changes had been made to the names on the list or the recommended maximum duration of 35 days.

Appendix B

Local Context

On 31st March 2020, the Authority had net borrowing of £121.1m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.20 Actual £m
General Fund CFR	280
Less: *Other debt liabilities	43
Borrowing CFR	237
Less: Usable reserves	(87)
Less: Working capital inc. non-treasury investments	4
Net borrowing	154

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

The Authority pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low.

The treasury management position at 30 September 2020 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.20 Balance £m	Movement £m	30.9.20 Balance £m	30.9.20 Rate %
Long-term borrowing	150.6	(1.4)	149.2	3.7
Short-term borrowing	-	-	-	-
Cash and cash equivalents	15.7	(15.7)	-	-
Total borrowing	166.3	(17.1)	149.2	3.7
Long-term investments	0	-	-	-
Short-term investments	0	(10.0)	(10.0)	0.1
Cash and cash equivalents	(12.5)	(5.7)	(18.2)	0.2
Total investments	(12.5)	(15.7)	(28.2)	0.3
Net borrowing	153.8	(32.7)	121.1	3.9

The table above shows significant movement in both the borrowing and investment levels of the Council, however overall the NET borrowing position for the Council has decreased by £32.7m.

Borrowing Update

On 9th October 2019 the PWLB raised the cost of certainty rate borrowing to 1.8% above UK gilt yields making it relatively expensive. Market alternatives are available, however the financial strength of individual authorities will be scrutinised by investors and commercial lenders.

The Chancellor's March 2020 Budget statement included significant changes to Public Works Loan Board (PWLB) policy and launched a wide-ranging consultation on the PWLB's future direction. Announcements included a reduction in the margin on new Housing Revenue Account (HRA) loans to 0.80% above equivalent gilt yields (if the Authority has an HRA, then include: the value of this discount is 1% below the rate at which the authority usually borrows from the PWLB). £1.15bn of additional "infrastructure rate" funding at gilt yields plus 0.60% has been made available to support specific local authority infrastructure projects for England, Scotland and Wales for which there is a bidding process.

The consultation titled "Future Lending Terms" allows stakeholders to contribute to developing a system whereby PWLB loans can be made available at improved margins to support qualifying projects. It contains proposals to allow authorities that are not involved in "debt for yield" activity to borrow at lower rates as well as stopping local authorities using PWLB loans to buy commercial assets primarily for yield. The consultation also broaches the possibility of slowing, or stopping, individual authorities from borrowing large sums in specific circumstances.

The consultation closed on 31st July 2020 with the announcement and implementation of the revised lending terms expected in the latter part of this calendar year or early next year

Municipal Bonds Agency (MBA): The MBA revised its standard loan terms and framework agreement. Guarantees for the debt of other borrowers are now proportional and limited and a requirement to make contribution loans in the event of a default by a borrower has been introduced. The agency has issued 5-year floating rate and 40-year fixed rate bonds in 2020, in both instances Lancashire County Council is the sole borrower and guarantor.

If the Authority intends future borrowing through the MBA, it will first ensure that it has thoroughly scrutinised the legal terms and conditions of the arrangement and is satisfied with them.

Borrowing Strategy during the year

At 30th September 2020 the Authority held £149.2m of loans, a decrease of £17.1m 31st March 2020, as part of its strategy for funding previous and current years' capital programmes. Outstanding loans on 30th September are summarised in Table 3 below.

Table 3: Borrowing Position

	31.3.20	Net Movement	30.9.20	30.9.20	30.9.20
	Balance	£m	Balance	Weighted Average	Weighted Average
	£m		£m	Rate	Maturity
				%	(years)
Public Works Loan Board	105.7	(1.4)	104.3	3.8	19.3
Banks (LOBO)	30.0	-	30.0	4.4	33.7
Banks (fixed-term)	5.0	-	5.0	3.8	57.4
Local authorities (long-term)	-	-	-	-	-
Local authorities (short-term)	15.0	(15.0)	-	-	-
Other inc. WG loans	9.9	(0.0)	9.9	-	7.8
Accrued interest	0.7	(0.7)	-		
Total borrowing	166.3	(17.1)	149.2	3.7	22.7

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

In keeping with these objectives, no new borrowing was undertaken. This strategy enabled the Authority to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.

With short-term interest rates remaining much lower than long-term rates and temporary investments earning Bank Rate or lower, the Authority considered it to be more cost effective in the near term to use internal resources or borrowed rolling temporary / short-term loans instead, as per our Treasury Management Strategy. The net movement in temporary / short-term loans is shown in table 3 above.

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

Other Debt Activity

After £0.8m repayment of prior years’ Private Finance Initiative and finance leases liabilities, total debt other than borrowing stood at £42.4m on 31st March 2020, taking total debt to £208.7m.

Treasury Investment Activity

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Authority’s investment balances ranged between £28.1m and £65.8 million due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.3.20		30.09.20	30.09.20	30.09.20
	Balance	Movement	Balance	Income Return	Weighted average maturity
	£m	£m	£m	%	Years
Banks & building societies (unsecured)	-	8.2	8.2	0.14	-
Government (incl. local authorities)	12.5	7.5	20.0	0.31	-
Total investments	12.5	15.7	28.2	0.31	-

Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum 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.

Continued downward pressure on short-dated cash rate brought net returns on sterling low volatility net asset value money market funds (LVNAV MMFs) close to zero even after some managers have temporarily lowered their fees. At this stage net negative returns are not the central case of most MMF managers over the short-term, and fee waivers should maintain positive net yields, but the possibility cannot be ruled out.

On 25th September the overnight, 1- and 2-week deposit rates on Debt Management Account Deposit Facility (DMADF) deposits dropped below zero percent to -0.03%, the rate was 0% for 3-week deposits and 0.01% for longer maturities.

The return on Money Market Funds net of fees also fell over the six months and for many funds net returns range between 0% and 0.1%. In many instances, the fund management companies have temporarily lowered or waived fees to maintain a positive net return.

In the light of the pandemic crisis and the likelihood of unexpected calls on cash flow, the Authority kept more cash available at very short notice than is normal. Liquid cash was diversified over several counterparties and/or Money Market Funds to manage both credit and liquidity risks.

In the Treasury Management Strategy it was agreed that the Authority will move into higher risk/higher yield investments such as pooled funds. However, this has been delayed while the Authority reviewed its risk appetite. While an increased income target has been included in the 2020/21 budget, due to the current economic uncertainty surrounding Covid-19, the Authority has invested into secure institutions such as local authorities and Central Government.

In November 2019 the Welsh Government published new Statutory Guidance on Local Government Investments to be effective from the 2020/21 financial year. This involves a complete re-write along the lines of the guidance issued last year by the Ministry of Housing, Communities and Local Government (MHCLG) for local authorities in England.

The definition of investments is widened to include “all of the financial and non-financial assets a local authority has invested money into primarily or partially for the purpose of generating a surplus including investment property” providing it has been made using the power to invest contained in the Local Government Act 2003. In addition, loans to wholly-owned companies or associates, to a joint venture, or to a third party count as investments, irrespective of the purpose or legal power used.

Non-Treasury Investments

The definition of investments in CIPFA’s revised Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. For English and Welsh Authorities: This is replicated in the Investment Guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) and Welsh Government, in which the definition of investments is further broadened to also include all such assets held partially for financial return.

The Authority also held such investments in:

- directly owned property such as office and commercial units of £10.8m
- loans to local businesses and landlords £4.4m
- shareholding in subsidiaries £0.3m

These investments generated £0.7m of investment income for the Authority after taking account of direct costs in the first half of the year. As stated above, Covid is likely to have an impact on the income which is generated this financial year.

Compliance

The Head of Finance reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Authority’s approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 7 below.

Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 5 below.

Table 5: Debt Limits

	H1 Maximum	30.9.20 Actual	2020/20 Operational Boundary	2020/21 Authorised Limit	Complied? Yes/No
Borrowing	192.8	149.2	230	240	✓
PFI and Finance Leases	42	42	43	43	✓
Total debt	234.8	208.3	273	283	✓

Table 6: 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

Above table only shows limits where the Council have invested money in during the year, excluding the UK Central Government.

Treasury Management Indicators

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

Interest Rate Exposures: This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

Interest rate risk indicator	Limit	Complied
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 all borrowing were:

	30.9.19 Actual	Upper Limit	Lower Limit	Complied
Under 12 months	1%	60%	0%	✓
12 months and within 24 months	3%	40%	0%	✓
24 months and within 5 years	20%	40%	0%	✓
5 years and within 10 years	7%	40%	0%	✓
10 years and within 20 years	19%	30%	0%	✓
20 years and within 30 years	15%	20%	0%	✓
30 years and within 40 years	20%	20%	0%	✓
40 years and within 50 years	8%	20%	0%	✓
50 years and above	7%	20%	0%	✓

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

Principal Sums Invested for Periods Longer than 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 were:

	2020/21	2021/22	2022/23
Actual principal invested beyond year end	0	0	0
Limit on principal invested beyond year end	10	10	10
Complied?	✓	✓	✓

Other

IFRS 16: CIPFA/LASAAC has proposed delaying the implementation of the new IFRS 16 Leases accounting standard for a further year to 2021/22.

Arlingclose's Outlook for the remainder of 2020/21

	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Official Bank Rate													
Upside risk	0.00	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50

The medium-term global economic outlook is weak. While the strict initial lockdown restrictions have eased, coronavirus has not been suppressed and second waves have prompted more restrictive measures on a regional and national basis. This ebb and flow of restrictions on normal activity will continue for the foreseeable future, at least until an effective vaccine is produced and importantly, distributed.

The global central bank and government responses have been significant and are in many cases on-going, maintaining more stable financial, economic and social conditions than otherwise. This has supported a sizeable economic recovery in Q3.

However, the scale of the economic shock to demand, on-going social distancing measures, regional lock downs and reduced fiscal support will mean that the subsequent pace of recovery is limited. Early signs of this are already evident in UK monthly GDP and PMI data, even before the latest restrictions.

This situation will result in central banks maintaining low interest rates for the medium term. In the UK, Brexit is a further complication. Bank Rate is therefore likely to remain at low levels for a very long time, with a distinct possibility of being cut to zero. Money markets have priced in a chance of negative Bank Rate.

Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, or if the UK leaves the EU without a deal.

Arlingclose expects Bank Rate to remain at the current 0.10% level and additional monetary loosening in the future most likely through further financial asset purchases (QE). While Arlingclose's central case for Bank Rate is no change from the current level of 0.1%, further cuts to Bank Rate to zero or even into negative territory cannot be completely ruled out.

Gilt yields are expected to remain very low in the medium term. Shorter-term gilt yields are currently negative and will remain around zero or below until either the Bank of England expressly rules out negative Bank Rate or growth/inflation prospects improve.

Downside risks remain in the near term, as the government dials down its fiscal support measures, reacts to the risk of a further escalation in infection rates and the Brexit transition period comes to an end.

Report

Audit Committee

Part 1

Date: 19 November 2020

Item: 7

Subject **Standing Order 24 (Urgent Decisions) or Waiving of Contract Standing Orders Quarter 1: April to June 2020**

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

Author Governance Team Leader

Ward General

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

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

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

Action by Audit Committee

Timetable Immediate

This report was prepared after consultation with:

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

Background

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

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

Financial Summary

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

Risks

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

Options Available / Preferred Option and Why

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

Comments of Chief Financial Officer

See original reports attached.

Comments of Monitoring Officer

See original reports attached.

Comments of Head of People and Business Change

See original reports attached.

Equalities Impact Assessment and the Equalities Act 2010

See original reports attached.

Children and Families (Wales) Measure

See original reports attached.

Wellbeing of Future Generations (Wales) Act 2015

See original reports attached.

Consultation

See original reports attached.

	Subject	Decision & Date	Reason for Urgency/Reason to waive Contract Standing Orders	Comments of Chief Internal Auditor
1	<p>Chair of Cabinet and Leader of the Council</p> <hr/> <p>School Admissions/Change of Catchment</p>	<p>To determine and set the Council's school admission arrangements for September 2021 as outlined in the recent consultation with stakeholders.</p> <p>8 April 2020</p>	<p>This decision will take effect immediately under the urgent decision-making procedures because the Admission Arrangements need to be determined before 15 April and, therefore, this decision cannot await the "call-in" period.</p>	<p>This report was taken and approved as an urgent decision although there is no justification for the need of the urgency stated in the report. That said, the consultation report states a comprehensive list of stakeholders, and includes comments from Cabinet Members and non-executive members which indicates that Members were afforded the opportunity to see the report and comment on it.</p>
2	<p>Chair of Cabinet and Leader of the Council</p> <hr/> <p>National Non-Domestic Rates: Discretionary Relief: Retail, Leisure and Hospitality Rate Relief Scheme 2020-21</p>	<p>It is proposed that the Leader of the Council agrees to adopt the Welsh Government's Retail, Leisure and Hospitality Rate 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</p>	<p>The reason for the urgency being that this report must be considered urgent due to the Covid-19 coronavirus situation, a number of businesses are prohibited from trading, others have seen their trade drastically reduced. In response, Welsh Government has issued details of a fully funded scheme to give 100% rate relief for one year for businesses occupying properties in the retail, leisure or hospitality industry.</p>	<p>The justification for the urgency is clearly stated in the report; Guidance from Welsh Government came through on the 18th March 2020 which had to be implemented as close to 1st April 2020 as possible.</p>

		Appendix to this report. 6 April 2020		
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Background Papers

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

Cabinet Member for

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

Dated: 5 November 2020

Report

Leader of the Council

Part 1

Date: 8 April 2020

Subject School Admission Arrangements 2021/22

Purpose To consider the responses received during the recent consultation exercise and as a result to determine the Council's school admission arrangements for the academic year commencing September 2021

Author Service Manager - Education Planning & Resources

Ward All

Summary In accordance with Welsh Government's statutory School Admissions Code, the Council is required to undertake an annual consultation on admission arrangements in the school year beginning two years before the school year in which the arrangements will apply.

Accordingly, a consultation was launched on 8th January 2020 and concluded on 28th February 2020 in relation to the proposed admission arrangements for September 2021 onwards. A consultation report has now been drafted which describes the consultation process and feedback received.

Whilst the consultation report is attached at Appendix 1 for reference, this decision report references the content and recommends that the admission arrangements be determined as outlined in the consultation document. In accordance with the statutory code, these arrangements must be determined by 15th April 2020.

Proposal To determine and set the Council's school admission arrangements for September 2021 as outlined in the recent consultation with stakeholders.

Action by Chief Education Officer

Timetable Immediate. In accordance with legislation, these arrangements must be determined by 15th April 2020.

This report was prepared after consultation with:

- Corporate Management Team
- Education Senior Management Team
- Senior HR Business Partner
- Senior Finance Business Partner

Signed

Background

Under the School Standards and Framework Act 1998, the Council has responsibility for the discharge of the school admissions function for all community and voluntary controlled schools in Newport. As an admission authority, the Council acts in accordance with the Welsh Government School Admissions Code and the School Admissions Appeals Code.

It is a statutory requirement of the School Admissions Code that the Council carries out an annual consultation on its school admission arrangements. The consultation must conclude by 1st March each year so that the resulting admission arrangements can be determined, either in their original form or with such modifications as the Council think fit, by 15th April in the determination year. The determination year is the school year beginning two years before the school year in which the arrangements will apply.

Consequently, a consultation was launched on 8th January 2020 and concluded on 28th February 2020 in relation to the proposed admission arrangements for September 2021 onwards. A consultation report has been drafted which describes the consultation process and feedback received. There is now a requirement to consider the feedback received to these proposals and as a result to determine the Council's school admission policy for September 2021.

A copy of the Consultation Report is attached at Appendix 1 but there now follows a synopsis of the feedback received.

Proposals for Change

1. To redefine the Caerleon Comprehensive School catchment area to align with the Newport City Council boundary, thereby removing all areas of Monmouthshire and Torfaen from the catchment area;
2. To move Somerton Primary School from the Lliswerry cluster and catchment area to the Llanwern cluster and catchment area;
3. To replace the guaranteed school place for children of UK service personnel in any school of their choice with the catchment school;
4. To remove the specific priority for children who are on the child protection register.

The rationale behind these proposals, along with details of the impact that implementing each of them might have, are described in more detail within the Consultation Report at Appendix 1 (pages 2-5 of the report).

Stakeholder Engagement

The School Admissions Code provides lists of bodies that admission authorities must and should consult with on changes to admission arrangements. A list of the statutory and non-statutory consultees who the Council engaged with in relation to this consultation is included within the Consultation Report at Appendix 1 (pages 5 and 6 of the report). The consultation was also publicised through the Council's 'Have your say' web page and via agreed social media channels.

Consultation Responses

In total, 52 responses were received during the consultation period, all of which related to the proposal to amend the catchment area for Caerleon Comprehensive School. Of these, 47 responses raised concerns regarding the proposal. The remaining five responses neither supported nor objected to the proposal but merely raised questions in relation to their particular circumstances. Respondents included pupils, parents and carers, members of the public, Community Councils, Governing Bodies, Members of Parliament, Elected Members, neighbouring Local Authorities and the Diocese of Monmouth.

Whilst some respondents raised more than one issue in their response, the comments can be summarised into seven categories as follows:

- Impact on local community cohesion and pupil wellbeing (46 comments);
- Distance to an alternative school and safety of home to school transport routes (40 comments);
- Impact on transition and siblings (23 comments);
- Environmental impact and wellbeing of future generations (21 comments);

- Consultation process and methodology (11 comments);
- Impact on educational standards (10 comments);
- Cost of alternative home to school transport (4 comments).

Further details, including the LAs responses to these comments, are included within the Consultation Report at Appendix 1 (pages 6-8 of the report).

No comments, either positive or negative, were received regarding any of the other three proposed changes out forward within this consultation.

Learner Voice

The Council is keen to gain the views of learners when proposing policy changes. As a result, whilst the School Admissions Code does not stipulate that consultation should include engagement with learners, attempts were made for this to be undertaken. This was the first year that this has been attempted in relation to the annual consultation on admission arrangements and was facilitated via an on-line SNAP survey that was circulated via the schools listed in the section above.

Some of these surveys were issued late in the consultation period, and the Education Service acknowledges therefore that this engagement was not as effective as it was intended. As a result, the Learner Voice is difficult to assess effectively in this case. Notwithstanding this, 66 responses were received by the deadline date. Further information about this feedback is included within the Consultation Report at Appendix 1 (page 9 of the report).

Financial Summary

There are no costs associated with this proposal.

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 determine the admission arrangements for 2021 by the required date	M	L	This is an annual process, and consultation has already been undertaken in accordance with the requirements of the statutory code.	Chief Education Officer

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

Wellbeing of Future Generations (Wales) Act 2015
 Corporate Plan
 Council Improvement Plan (*Aspirational People* theme)
 Education Service Plan

Options Available

Option 1: To determine and set the Council's school admission arrangements for September 2021 as outlined in the recent consultation with stakeholders.

Option 2: To determine and set the Council's school admission arrangements for September 2021 as outlined in the recent consultation with stakeholders but with modifications to take account of feedback received.

Option 3: To determine and set the Council's school admission arrangements for September 2021 as per the agreed admission arrangements for September 2020.

Preferred Option and Why

The preferred option is Option 1. This will assist the Council as it seeks to maximise the number of school places available to Newport pupils across the city.

Comments of Chief Financial Officer

There are no financial implications to this report.

Comments of Monitoring Officer

The Council has a statutory duty, under section 20 of the School Standards and Framework Act 1998 and the Admissions Regulations, to undertake consultation on its proposed admission arrangements during the period from 1st September to 1st March in the school year which is two years before the commencement of the school year in which the arrangements are to take effect. Therefore, the Council has carried out consultation on proposed amendments to its admission policy for maintained schools, which will apply as from September 2021. The outcome of the consultation and the responses received are set out in the Report. The consultation process has been carried out in accordance with the Welsh Government's statutory School Admissions Code, which prescribes the various statutory consultees who had to be engaged in the process and the details that had to be included in the proposed admissions policy/arrangements. The statutory consultation process is fully compliant with the Council's general equalities and well-being duties and consistent with the Children and Families Measure. The purpose of the public consultation process is to maintain openness and transparency and to ensure that admission arrangements are fair and equitable. The proposed admission policy for 2021 include a number of specific changes, as identified in the Report. The proposed change to the catchment area for Caerleon Comprehensive School to exclude out-of-county areas of Monmouthshire and Torfaen is in accordance with the Council statutory powers, as it is only required to set catchment areas for pupils resident within the LEA area. Monmouthshire have already taken steps to amend their own admission arrangements to exclude areas of Newport. This will not exclude pupils from out of the area applying for a place at the school, but they would not have catchment area priority. The proposal to move Somerton Primary school to the Llanwern cluster and catchment area simply reflects the federation arrangement with Eveswell Primary school. The proposed changes to the priorities given to children of UK services personnel and children on the child protection register are in accordance the School Admissions Code and the current arrangements afford them additional priorities that are outside the strict requirements of the Code. The Cabinet Member is now required determine the final School Admission Arrangements for September 2021, in the light of the consultation responses, by 15th April 2020.

Comments of Head of People and Business Change

The annual consultation on schools admissions arrangements help to meet sustainable development duties under the Wellbeing of Future Generations Act 2015, in particular the duty to 'involve' stakeholders and work collaboratively. Effective consultation with a range of stakeholders can help assess the adequacy and acceptability of the arrangements and it is noted that in this case concerns have been expressed relating to the proposed changes to the Caerleon Comprehensive catchment area, these are listed in the report. The Council's responses to these concerns and relevant mitigation is also set out in the report.

There are no human resources implications in this report.

Comments of the Cabinet Member for Education & Skills

I have been fully briefed on the consultation and the feedback that was received, and am in support of the proposals being put forward in relation to the Council's admission arrangements for September 2021.

Comments from Non-Executive Members

Councillor M Evans:

I understand the rationale and need to maximise the number of school places available to Newport pupils across the city. I accept the decision to redefine the Caerleon Comprehensive School catchment area to align with the Newport City Council boundary. I do feel however we need to honour current arrangements so that those who already have siblings at the school are still prioritised if they have other children who wish to attend.

I fully support the decision to move Somerton Primary School from the Lliswerry cluster and catchment area to the Llanwern cluster and catchment area. I do not support the proposal to replace the guaranteed school place for UK service personnel in any school of their choice with the catchment school. I believe this would only be a small number of people and there are exceptional circumstances in their case as they are often required to move at short notice.

Response from Councillor Mudd:

The parents of pupils affected by this proposal will still be able to apply for a place at Caerleon Comprehensive School, albeit as out-of-catchment applicants. If the school is oversubscribed, all out-of-catchment applications will be assessed equally against the same criteria, and those with relevant siblings already attending the preferred school will have a higher priority in terms of securing a place. This is in line with previous changes that the Council has made to catchment areas for other schools, for example Welsh-medium primary schools.

Newport's current policy in relation to children of UK service personnel is far more generous than required by legislation. The proposed change aligns with legislation. Notwithstanding this however, it is anticipated that should the proposed changes be implemented, the revised policy will continue to support those specific personnel that are required to move at short notice and, as a result, cannot comply with the usual school admission procedures.

Councillor Kellaway:

I would accept A & B

C - The current situation with COVID 19 simply shines a light on the debt we owe those that protect and serve us including the Armed forces and should remain unchanged.

D - I would retain the status quo regarding the children that are on child protection register, we as councillors and governors have a duty of care to those children and any advantage they have that would offer extra protection should be retained.

Response from Councillor Mudd:

Newport's current policy in relation to children of UK service personnel is far more generous than required by legislation. The proposed change aligns with legislation. Notwithstanding this however, it is anticipated that should the proposed changes be implemented, the revised policy will continue to support those specific personnel that are required to move at short notice and, as a result, cannot comply with the usual school admission procedures.

The proposal to remove the specific priority for children who are on the child protection register was put forward on the advice of the Council's Law & Regulation Team who felt that the various arrangements already otherwise in place were satisfactory to meet the needs of these pupils.

Councillor J Watkins:

I understand Monmouth CC wishing all children residing in Monmouthshire must attend a school in their catchment area, however there may be children with siblings attending Caerleon schools, those in that category should be allowed to take up places in Caerleon providing MCC pay the appropriate costs. With regard to children living in Ponthir, it makes no sense to me that they should have to attend schools in the Torfaen area when they are virtually within walking distance of schools in Caerleon, providing Torfaen cover the necessary costs these children should have the option of attending schools closer to their homes ie schools in Caerleon particularly Caerleon comprehensive school for those needing to

access secondary education seems sensible to move Somerton into the same cluster as Liswerry and in terms of Armed Forces personnel I guess the numbers will be small . I do have concerns re children travelling from across the city to access places at Caerleon Comp given the serious air quality issues in the village and also we must bear in mind how the Campus site application pans out, if granted we will see an influx of children looking for school placement in Caerleon.

Response from Councillor Mudd:

The parents of pupils affected by this proposal will still be able to apply for a place at Caerleon Comprehensive School, albeit as out-of-catchment applicants. If the school is oversubscribed, all out-of-catchment applications will be assessed equally against the same criteria, and those with relevant siblings already attending the preferred school will have a higher priority in terms of securing a place. This is in line with previous changes that the Council has made to catchment areas for other schools, for example Welsh-medium primary schools. In relation to costs, there is currently no agreement between Council's to recoup fees from the home LA for mainstream education places.

Caerleon has been designated an air quality management area due the elevated levels of pollution caused by road traffic. Any reduction in the number of vehicles that travel through Caerleon will help alleviate some of the pressure causing the high pollution levels. Furthermore, in the recent Centre for Cities report (<https://www.centreforcities.org/city/newport>), Newport has been identified as the third highest emitter of the greenhouse gas Carbon Dioxide per head of population. A reduction in the distance of the school commute will likely result in a reduction in the generation of greenhouse gases. Whilst both reductions (air pollution and carbon dioxide) are relatively minor in the grand scheme of things, every little action that can be taken to reduce commuting distances can contribute to an overall improvement. Given that there is no intention to increase the overall capacity of the secondary school, the number of pupils travelling to the school from outside Caerleon will not significantly change.

Councillor White:

Regards the above in most circumstances I do not think it is right for Newport to accept pupils from out of the City if our schools are already full. In some circumstances where schools are under subscribed and are likely to be in the future then it could be acceptable to maintain their income levels. In the case of Caerleon that school will see an increase in pupil numbers if the Caerleon Campus development goes ahead so places there should be planned for.

Regarding the armed forces I believe the agreement in place should be adhered to. The only exception could be where the parents have retired from the services and set up permanent roots in a community.

Response from Councillor Mudd:

The proposal will not restrict pupils from outside Newport from applying for a place at Caerleon Comprehensive School, but it does mean that these children will no longer receive priority for admission over Newport residents.

Newport's current policy in relation to children of UK service personnel is far more generous than required by legislation. The proposed change aligns with legislation. Notwithstanding this however, it is anticipated that should the proposed changes be implemented, the revised policy will continue to support those specific personnel that are required to move at short notice and, as a result, cannot comply with the usual school admission procedures.

Local issues

Whilst the proposed catchment area changes will specifically affect certain wards (Alway, Caerleon and Liswerry), the proposed changes in relation to Armed Forces families and children on the child protection register are Citywide.

Scrutiny Committees

None

Equalities Impact Assessment

The Equality Act 2010 contains a Public Sector Equality Duty which came into force on 06 April 2011. The Act identifies a number of 'protected characteristics', namely age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation; marriage and civil partnership. The new single duty aims to integrate consideration of equality and good relations into the regular business of public authorities. Compliance with the duty is a legal obligation and is intended to result in better informed decision-making and policy development and services that are more effective for users. In exercising its functions, the Council must have due regard to the need to: eliminate unlawful discrimination, harassment, victimisation and other conduct that is prohibited by the Act; advance equality of opportunity between persons who share a protected characteristic and those who do not; and foster good relations between persons who share a protected characteristic and those who do not. The Act is not overly prescriptive about the approach a public authority should take to ensure due regard, although it does set out that due regard to advancing equality involves: removing or minimising disadvantages suffered by people due to their protected characteristics; taking steps to meet the needs of people from protected groups where these differ from the need of other people; and encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low. A Fairness & Equality Impact Assessment (FEIA) has been developed and updated, and is attached at Appendix 2.

Children and Families (Wales) Measure

As outlined, the Council is keen to gain the views of learners when proposing policy changes. As a result, whilst the School Admissions Code does not stipulate that consultation should include engagement with learners, attempts were made for this to be undertaken. This was the first year that this has been attempted in relation to the annual consultation on admission arrangements and was facilitated via an on-line SNAP survey that was circulated via the schools listed in the section above.

Some of these surveys were issued late in the consultation period, and the Education Service acknowledges therefore that this engagement was not as effective as it was intended. As a result, the Learner Voice is difficult to assess effectively in this case. Notwithstanding this, 66 responses were received by the deadline date. Further information about this feedback is included within the Consultation Report at Appendix 1 (page 9 of the report).

Wellbeing of Future Generations (Wales) Act 2015

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

- Long term: the importance of balancing short- term needs with the need to safeguard the ability to also meet long – term needs.
Newport's population is continuing to increase and with it the number of school age children. Primary and secondary cohorts for the September 2019 annual admissions round were the largest to date with an unprecedented demand for Year 7 English-medium places across the city as a whole. Welsh Government recommends 10% as the optimum level of surplus school places. In terms of English-medium places, Newport schools have only a 7.6% surplus at primary level and a 9.6% surplus across secondary schools. This is also a concern in the context of the significant number of in-year school applications traditionally received in previous years. The Council is therefore seeking to maximise the number of school places available to Newport pupils across the city, through a variety of methods.
- Prevention: How acting to prevent problems occurring or getting worse may help us meet our objectives.
There has been a rise of 1,949 children in Newport schools between 2011 and 2019. Pupil population forecasts indicate that by 2024 there will be 14,097 primary school and 12,260 secondary school children in Newport, which represents an additional 2,038 children compared with 2019. Welsh Government recommends 10% as the optimum level of surplus school places.

In terms of English-medium places, Newport schools have only a 7.6% surplus at primary level and a 9.6% surplus across secondary schools. Whilst it would appear that this surplus at secondary level is broadly in line with Welsh Government's recommendation, a significant element of this is located in just two schools, both of which are located in the East of the City. In addition, the actual number of surplus places are much lower in Years 7 and 8 than they are in Years 9, 10 and 11.

- Integration: Consider how the proposals will impact on our wellbeing objectives, our wellbeing goals, other objectives or those of other public bodies.

This proposal supports the well-being objective to improve skills, educational outcomes and employment opportunities and the following well-being goals:

- ***a resilient Wales;***
- ***a more equal Wales;***
- ***a Wales of more cohesive communities;***
- ***a globally responsible Wales.***

These will be achieved by improving access to education across the city through the adoption of an improved, fair and consistent admissions policy, by aligning primary catchments and secondary clusters to support effective partnership working and effective transition, and through ensuring sufficiency of school places for Newport pupils.

- Collaboration: have you considered how acting in collaboration with any other person or any other part of our organisation could help meet our wellbeing objectives.

Welsh Government has confirmed that the responsibility for designating alternative catchment schools lies with the Local Authority (LA) in which a pupil is resident. As a result, both Monmouthshire and Torfaen LAs were notified in September 2019 that Newport was likely to take forward consultation on this basis. Advance engagement took place with the governing bodies of Caerleon Comprehensive, Llanwern High, Lliswerry High and Somerton Primary but no formal responses were received during the consultation. The proposal was the subject of full public consultation between 8th January 2020 and 28th February 2020, in accordance with the requirements of the Welsh Government statutory school admissions code.

- Involvement: The importance of involving people with an interest in achieving the wellbeing goals, and ensuring that those people reflect the diversity of the City we serve.

It is a statutory requirement of the School Admissions Code that the Council carries out an annual consultation on its school admission arrangements. Subsequently, in accordance with the Code, formal consultation was carried out between 8th January 2020 and 28th February 2020 with statutory and non-statutory consultees. The consultation document was also publicised through the Council's 'Have your say' web page and via their social media channels.

The Council is keen to gain the views of learners when proposing policy changes. As a result, whilst the School Admissions Code does not stipulate that consultation should include engagement with learners, attempts were made for this to be undertaken via an on-line SNAP survey that was circulated via the schools identified as potentially being affected. Following conclusion of the consultation, a consultation report has been drafted which describes the consultation process and feedback received.

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

Stakeholder consultation has been carried out and is outlined in some detail in the attached consultation report.

Background Papers

Consultation Report (attached at Appendix 1)

FEIA (attached at Appendix 2)

Dated: March 2020

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Newport City Council

School Admission Arrangements 2021/22

Consultation Report

Legislation

It is a statutory requirement of the Welsh Government School Admissions Code that Newport City Council, as the admissions authority for all community and voluntary controlled schools in Newport, carries out an annual consultation on its school admission arrangements. The consultation must conclude by 1st March each year so that the resulting admission arrangements can be determined, either in their original form or with such modifications as the Council think fit, by 15th April in the determination year.

The determination year is the school year beginning two years before the school year in which the arrangements will apply. Consequently, Newport City Council recently undertook public consultation on proposed changes to the admission arrangements that will become effective from September 2021.

Consultation Period

Whilst the School Admissions Code states that consultation on admission arrangements must be carried out between 1st September and 1st March in the determination year, the actual length of the consultation period is not specified. Newport City Council's consultation on admission arrangements for 2021 therefore commenced on 8th January 2020 and closed on 28th February 2020. This afforded a consultation period of seven weeks, including the February half term.

Purpose of the report

To inform consultees and other interested parties of the outcome of the consultation on admission arrangements for the academic year 2021/22.

This consultation report includes the following sections:

- Proposals for change
- Rationale for the proposals
- Stakeholder engagement
- Consultation responses
- Learner Voice
- Recommendations

Proposals for change

1. To redefine the Caerleon Comprehensive School catchment area to align with the Newport City Council boundary, thereby removing all areas of Monmouthshire and Torfaen from the catchment area;
2. To move Somerton Primary School from the Lliswerry cluster and catchment area to the Llanwern cluster and catchment area;
3. To replace the guaranteed school place for children of UK service personnel in any school of their choice with the catchment school;
4. To remove the specific priority for children who are on the child protection register.

Rationale for the proposals

Access to school places

Newport's population is continuing to increase and with it the number of school age children. There has been a rise of 1,949 children in Newport schools between 2011 and 2019. Pupil population forecasts indicate that by 2024 there will be 14,097 primary school and 12,260 secondary school children in Newport, which represents an additional 2,038 children compared with 2019.

Primary and secondary cohorts for the September 2019 annual admissions round were the largest to date with an unprecedented demand for Year 7 English-medium places across the city as a whole. In response to this demand, the Council negotiated additional Year 7 places across four English-medium secondary schools for this specific year group. A similar issue has since arisen in relation to the September 2020 Year 7 cohort, with additional provision created at two English-medium secondary schools.

Welsh Government recommends 10% as the optimum level of surplus school places. In terms of English-medium places, Newport schools have only a 7.6% surplus at primary level and a 9.6% surplus across secondary schools. Whilst it would appear that this surplus at secondary level is broadly in line with Welsh Government's recommendation, it is worth noting that a significant element of this surplus is located in just two schools, both of which are located in the East of the City (Llanwern High and Lliswerry High). In addition, the actual number of surplus places are much lower in Years 7 and 8 than they are in Years 9, 10 and 11.

This is also a concern in the context of the significant number of in-year school applications traditionally received in previous years. The Council is therefore seeking to maximise the number of school places available to Newport pupils across the city, through a variety of methods.

How will the proposed admission arrangements achieve this?

In the event that a school (or schools) has more applications than there are places available, admission authorities must have in place, criteria to determine priority for the allocation of places. This is termed "oversubscription criteria".

Currently the oversubscription criteria for Newport's community maintained primary and secondary schools is as follows:

"Where a school is named in a statement of Special Educational Needs, the Council has a duty to admit the child to the named setting before the over-subscription criteria is applied against applications received. This will reduce the amount of places available to other applicants.

If the total number of preferences for admission to a school exceeds the number of places, then the following order of priority will be applied to allocate the available places:

1. *Looked-after children (children in public care) and previously looked-after children;*
2. *Pupils living within the catchment area and making an application on medical grounds or placed on the Child Protection Register and recommended by Social Services;*

3. *Pupils living within the catchment area but with relevant siblings;*
4. *Pupils living within the catchment area;*
5. *Pupils living outside of the catchment area and making an application on medical grounds or placed on the Child Protection Register and recommended by Social Services;*
6. *Pupils living outside of the catchment area but with relevant siblings;*
7. *Pupils living outside the catchment area.*

After considering the above categories, or if the number of applications in any one of the above categories exceeds the published admission number, priority will be based on those residing closest to the preferred school."

In addition, and under the heading of "Armed Forces Personnel", the policy states that:

"Where the application is for a child of armed forces personnel that are either serving or returning from service at the time the application is made, the Council will admit the child to the school if the application is accompanied by an official proof of posting declaring:

- *a definite return date;*
- *confirmation of the new address wherever possible;*
- *confirmation of the serving / returning family status."*

Details of Proposals

In view of the pressure on school places across the city, some of these priorities present too broad a position for the Council to sustain and therefore consultation sought to change this via a range of proposals as follows:

(a) To redefine the Caerleon Comprehensive School catchment area to align with the Newport City Council boundary, thereby removing all areas of Monmouthshire and Torfaen from the catchment area

Historically, since the days of Gwent County Council, parts of Monmouthshire (Usk and Goytre) and Torfaen (Ponthir) have fallen within the designated catchment area for Caerleon Comprehensive School. This has meant that Monmouthshire and Torfaen pupils residing within this agreed catchment area receive a higher priority for a place at the school than Newport children living outside of the catchment area – thus reducing their chances of gaining a place at the school.

However, in determining its admission arrangements for September 2020, Monmouthshire County Council took the first steps to change this position by, following public consultation, designating Monmouthshire secondary schools as the catchment schools for the Usk and Goytre areas. Newport City Council supported this proposal; however, the timing of the consultation did not allow Newport sufficient time to include any catchment area changes in its own consultation on admission arrangements for 2020. Consequently, with effect from September 2020, some Monmouthshire residents will have two designated catchment secondary schools – one in Newport and one in Monmouthshire.

In moving to align the catchment area for Caerleon Comprehensive School with the proposals put forward and agreed by Monmouthshire County Council, this Council was mindful that the current catchment area for the school also extends into Ponthir, which falls within Torfaen. As a result, pupils living in this area also currently have priority for admission to the school over Newport children. In view of the significant demand for secondary school places in Newport, the proposal to align the Caerleon Comprehensive School catchment area with the city boundary will in effect remove the catchment priority that non-Newport residents currently have over Newport pupils. If the proposal is approved, all non-catchment pupils whether resident within or outside of Newport will be deemed equal in terms of priority for admission to this school.

Welsh Government has confirmed that the responsibility for designating alternative catchment schools lies with the Local Authority (LA) in which a pupil is resident. As a result, both Monmouthshire and Torfaen LAs were notified in September 2019 that Newport was likely to take forward consultation on this basis. As has already been noted, Monmouthshire County Council has already designated alternative catchment schools for families in Usk and Goytre.

It is important to note that this proposal does not exclude any applicants from expressing a preference for Caerleon Comprehensive School. Reducing the size of the catchment area simply increases the opportunity for out-of-catchment applications to be successful. As a result, many Monmouthshire and Torfaen residents may continue to apply for a place at this school, and some applications will undoubtedly be successful based on sibling priority and/or home to school distance.

(b) To move Somerton Primary School from the Lliswerry cluster and catchment area to the Llanwern cluster and catchment area

Secondary catchment areas also represent groups of schools, known as clusters, where the primary schools in the defined area work with the co-located secondary school to share best practice and support pupil transition.

In June 2019, a joint proposal was taken forward by the governing bodies of Eveswell Primary School and Somerton Primary School and Newport City Council to formally federate Eveswell and Somerton Primary Schools under one single governing body. The proposal followed a three-year collaborative arrangement whereby the Headteacher of Eveswell Primary School had also been the Executive Headteacher of Somerton Primary School. This proposal was approved in the autumn term of 2019 and implemented in January 2020.

One issue however is the fact that the two primary schools currently sit within separate secondary school clusters. During the consultation process, it was noted that longer term, working across two separate clusters could be a potential barrier to the success of the federation. Currently, Somerton Primary School is aligned with the Lliswerry High cluster despite being geographically located between two Llanwern cluster primary schools. Eveswell Primary School currently sits within the Llanwern High cluster.

Given this current position, the Executive Headteacher is required to work across two clusters and to two separate cluster plans. In order to support effective partnership working, it seems logical to use this opportunity to align the two schools to the same secondary cluster.

In taking this forward, consideration was given to two options – moving Eveswell into Lliswerry or moving Somerton into Llanwern. However, the second option is preferred due to the geographic location of Somerton Primary School, and the fact that the combined admission number of the year 6 cohorts in the current Lliswerry cluster primary schools exceeds the admission number of the secondary school.

(c) To replace the guaranteed school place for children of UK service personnel in any school of their choice with the catchment school

Since 2017, the school admission policy has facilitated the admission of children of UK Service Personnel to their preferred school, even if the year group is already full. However, this position is far more generous than the statutory School Admissions Code requires. Consequently, in relation to applications for children of UK service personnel, the proposed change is as follows:

- To afford catchment priority to the preferred school but not guarantee a place there, unless it is also the catchment school;
- To afford priority to those families that have moved to Newport as a direct result of a posting only, and no longer a discharge.

Notwithstanding this change, it is anticipated that the revised policy will continue to support those specific personnel that are required to move at short notice and, as a result, cannot comply with the usual school admission procedures.

(d) To remove the specific priority for children who are on the child protection register

Admission authorities must ensure that their arrangements will not unfairly disadvantage, either directly or indirectly, a child from a particular social group. As the Council has various arrangements in place to serve the interests of vulnerable children there is no requirement for a specific priority for children who are on the child protection register. Consequently, the proposal is to remove this statement from the current oversubscription criteria.

Stakeholder Engagement

In accordance with Welsh Government's School Admissions Code, formal consultation was undertaken with the following statutory and non-statutory consultees:

Statutory consultees	
The governing body of relevant schools	The governing bodies of all community and voluntary controlled schools in Newport
All neighbouring local authorities	Caerphilly County Borough Council Cardiff City Council Monmouthshire County Council Torfaen County Borough Council
Admission authorities for all other maintained schools in the area	The governing bodies of all voluntary aided schools in Newport
In the case of schools with a religious character, such body or person representing the religion or religious denomination in question	Diocesan Director, Church in Wales Diocesan Director, Roman Catholic
Non-statutory consultees	
The admission forum serving the area	Newport School Admissions Forum
Parents of children attending the primary schools likely to be affected	Parents of children attending: <i>Caerleon Lodge Hill Primary</i> <i>Charles Williams Church in Wales Primary</i> <i>Goytre Fawr Primary</i> <i>Langstone Primary</i> <i>Ponthir Church in Wales Primary</i> <i>Somerton Primary</i> <i>Usk Church in Wales Primary</i>
Headteachers	The Headteachers of all schools in Newport plus the following affected schools in Monmouthshire and Torfaen: <i>Goytre Fawr Primary</i> <i>Ponthir Primary</i> <i>Usk Church in Wales Primary</i>
Elected members	All Newport City Council elected members
Community councils	All community councils in Newport
Representatives of UK Service Personnel	The Regional Armed Forces Covenant Liaison Officer Newport Armed Forces Champion UK Service families attending Newport schools

Non-statutory consultees	
Other organisations	Gwent Association of Voluntary Organisations Newport Early Years Development & Childcare Partnership
Newport City Council Teams	Children & Young People's Services Law & Regulation Family Information Service Flying Start Housing & Regeneration Integrated Transport Vulnerable People Relocation Project
Pupils attending the primary schools likely to be affected	Pupils attending the following schools: <i>Caerleon Lodge Hill Primary</i> <i>Charles Williams Church in Wales Primary</i> <i>Goytre Fawr Primary</i> <i>Langstone Primary</i> <i>Ponthir Church in Wales Primary</i> <i>Somerton Primary</i> <i>Usk Church in Wales Primary</i>
Pupils attending the relevant secondary schools	Pupils attending the following schools: <i>Caerleon Comprehensive</i> <i>Llanwern High</i> <i>Lliswerry High</i>

The consultation document was also publicised through the Council's 'Have your say' web page and via their social media channels.

Consultation Responses

In total, 52 responses were received during the consultation period, all of which related to the proposal to amend the catchment area for Caerleon Comprehensive School. Of these, 47 responses raised concerns regarding the proposal. The remaining five responses neither supported nor objected to the proposal but merely raised questions in relation to their particular circumstances. Respondents included pupils, parents and carers, members of the public, Community Councils, Governing Bodies, Members of Parliament, Elected Members, neighbouring Local Authorities and the Diocese of Monmouth.

Whilst some respondents raised more than one issue in their response, a breakdown of the number and type of objections, along with the Council's responses, is summarised as follows:

Reason for Objection	Number Received	Council Response
Impact on local community cohesion and pupil wellbeing	46	Whilst the catchment area for Caerleon Comprehensive School has traditionally extended into the areas of Usk, Goytre and Ponthir, the demand for school places amongst Newport residents means that this is no longer sustainable. Notwithstanding this, parents will still be able to apply for a place at Caerleon Comprehensive School albeit as an out-of-catchment applicant.

Reason for Objection	Number Received	Council Response
Distance to an alternative school and safety of home to school transport routes	40	The parents of pupils affected by this proposal will still be able to apply for a place at Caerleon Comprehensive School, albeit as out-of-catchment applicants. If the school is oversubscribed, all out-of-catchment applications will be assessed equally against the same criteria, and those closer to the school will have a better chance of securing a place. In terms of alternative schools, your home local authority may provide home to school transport in accordance with their agreed policy.
Impact on transition and siblings	23	The parents of pupils affected by this proposal will still be able to apply for a place at Caerleon Comprehensive School, albeit as out-of-catchment applicants. If the school is oversubscribed, all out-of-catchment applications will be assessed equally against the same criteria, and those with relevant siblings already attending the preferred school will have a higher priority in terms of securing a place. Transition arrangements will continue to be facilitated between primary and secondary schools after the offer of a secondary school place has been made.
Environmental impact and wellbeing of future generations	21	Caerleon has been designated an air quality management area due the elevated levels of pollution caused by road traffic. Any reduction in the number of vehicles that travel through Caerleon will help elevate some of the pressure causing the high pollution levels. Furthermore, in the recent Centre for Cities report (https://www.centreforcities.org/city/newport), Newport has been identified as the third highest emitter of the greenhouse gas Carbon Dioxide per head of population. A reduction in the distance of the school commute will likely result in a reduction in the generation of greenhouse gases. Whilst both reductions (air pollution and carbon dioxide) are relatively minor in the grand scheme of things, every little action that can be taken to reduce commuting distances can contribute to an overall improvement. Given that there is no intention to increase the overall capacity of the secondary school, the number of pupils travelling to the school from outside Caerleon will not significantly change.

Reason for Objection	Number Received	Council Response
Consultation process and methodology	11	The consultation is compliant with Welsh Government's statutory School Admissions Code and is in line with similar arrangements in previous years.
Impact on educational standards	10	There is no negative impact on standards anticipated because of this proposal at any of Newport's primary or secondary schools.
Cost of alternative home to school transport	4	Each Local Authority is responsible for agreeing an individual Home to School Transport policy to support access to school. Newport's policy provides free transport to those pupils living three miles or more from their catchment school or their nearest available school. If parents apply for their child to attend a school that is not their catchment or nearest available school, parents are fully responsible for all transport costs and arrangements. It is not anticipated therefore that the costs to Newport will increase because of this proposal but it is acknowledged that there may be an impact for other LAs.

In terms of the specific responses from neighbouring LAs, Torfaen noted that they would be unable to make provision for the displaced (Ponthir) pupils in readiness for September 2021. In response, Newport noted that they had made Torfaen aware of the proposal in September 2019, thus giving almost two-years notice of the change.

Having already considered similar changes in 2019 to take effect in 2020, Monmouthshire was broadly in favour of Newport's proposal. However, they asked that consideration be given to two matters as follows:

- An area within Monmouthshire's boundary that currently falls within the catchment area for Charles Williams Church in Wales Primary School (this is a voluntary aided school responsible for its own admission arrangements). This area was omitted from Monmouthshire's proposal and therefore is now in danger of being without a denoted secondary catchment school. This was not identified as an issue by any party prior to the launch of Newport's consultation, and
- That additional priority be afforded to pupils whose older siblings were admitted to Caerleon Comprehensive School when it was their catchment school.

Whilst sympathising with the issues raised in relation to the first point, this would lead to some disparity with other areas of Monmouthshire and Torfaen, and therefore after consideration it does not seem reasonable to accommodate this request. In response to the comment about sibling links, the Council would advise that the parents of pupils affected by this proposal would still be able to apply for a place at Caerleon Comprehensive School, albeit as out-of-catchment applicants. If the school is oversubscribed, all out-of-catchment applications will be assessed equally against the same criteria, and those with relevant siblings already attending the preferred school will have a higher priority in terms of securing a place

No comments, either positive or negative, were received regarding any of the other three proposed changes out forward within this consultation.

Learner Voice

The Council is keen to gain the views of learners when proposing policy changes. As a result, whilst the School Admissions Code does not stipulate that consultation should include engagement with learners, attempts were made for this to be undertaken. This was the first year that this has been attempted in relation to the annual consultation on admission arrangements and was facilitated via an on-line SNAP survey that was circulated via the schools listed in the section above.

Some of these surveys were issued late in the consultation period, and the Education Service acknowledges therefore that this engagement was not as effective as it was intended. As a result, the Learner Voice is difficult to assess effectively in this case. Notwithstanding this, 66 responses were received by the deadline date as follows:

Proposal 1 - Sixteen responses were received with 15 (93.8%) identifying that they understood the proposal. The same number noted that they felt the proposal would affect them. Closer analysis identified that parents rather than pupils had submitted some of the responses. In all cases, the respondents referred to their close proximity to Caerleon Comprehensive School, established transition links and the fact that family members already attend the preferred school. The Council's response to these issues is already covered in the previous section.

Proposal 2 - Forty-six responses were received, with 39 (86.7%) identifying that they understood the proposal. Only 12 pupils (27.3%) felt that the proposal would affect them, and noted concerns including being unable to attend PE events at the current cluster secondary school. Should this proposal be taken forward however, similar events would likely be arranged at the new cluster secondary school. One comment also noted the distance to the alternative school. This proposal will not however preclude families from applying to any school of their choice.

Proposal 3 - Four responses were received and all confirmed that they understood the proposal. All respondents felt that the proposal would impact unnecessarily on Armed Forces families, and that the current arrangements should continue. As noted previously, Newport's current policy is far more generous than the statutory School Admissions Code requires. Notwithstanding this change, it is anticipated that the revised policy arrangements would continue to support those specific personnel that are required to move at short notice and, as a result, cannot comply with the usual school admission procedures.

Recommendations

It is recommended that the changes proposed via this consultation be taken forward for implementation with effect from September 2021.

This decision will be now referred to the Leader of the Council and taken through the Council's agreed democratic process.

This report is published electronically on Newport City Council's website at www.newport.gov.uk/schooladmissions

To request a hard (paper) copy of this document please contact Newport City Council by telephoning 01633 656656 or emailing school.admissions@newport.gov.uk

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Fairness and Equalities Impact Assessment (FEIA)

Version 3.6 May 2017

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

Completed by: Deborah Weston **Role:** Service Manager

Head of Service: Chief Education Officer **Date:** 05/03/2020

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

Yes / No

When you complete this FEIA, it is your responsibility to submit it to
 impact.assessments@newport.gov.uk

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

Newport City Council School Admissions Policy 2021/22

Under the School Standards and Framework Act 1998, the Council has responsibility for the discharge of the school admissions function for all community and voluntary controlled schools in Newport. As an admission authority, the Council acts in accordance with the Welsh Government School Admissions Code and the School Admissions Appeals Code.

It is a statutory requirement of the School Admissions Code that the Council carries out an annual consultation on its school admission arrangements. The consultation must conclude by 1st March each year so that the resulting admission arrangements can be determined, either in their original form or with such modifications as the Council think fit, by 15th April in the determination year. The determination year is the school year beginning two years before the school year in which the arrangements will apply.

Consequently, a consultation was launched on 8th January 2020 and concluded on 28th February 2020 in relation to the proposed admission arrangements for September 2021 onwards, and a consultation report has been drafted which describes the consultation process and feedback received. There is now a requirement to consider this feedback and as a result to determine the Council's school admission policy for September 2021.

The proposals for change are as follows:

1. To redefine the Caerleon Comprehensive School catchment area to align with the Newport City Council boundary, thereby removing all areas of Monmouthshire and Torfaen from the catchment area;
2. To move Somerton Primary School from the Lliswerry cluster and catchment area to the Llanwern cluster and catchment area;

3. To replace the guaranteed school place for children of UK service personnel in any school of their choice with the catchment school;
4. To remove the specific priority for children who are on the child protection register.

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

It is a statutory requirement of the School Admissions Code that the Council carries out an annual consultation on its school admission arrangements. The consultation must conclude by 1st March each year so that the resulting admission arrangements can be determined, either in their original form or with such modifications as the Council think fit, by 15th April in the determination year. The determination year is the school year beginning two years before the school year in which the arrangements will apply.

In September 2019, and in advance of the proposal being launched, both Monmouthshire and Torfaen LAs were notified that Newport was likely to take forward consultation on this basis. In November 2019, the proposed changes were presented to the Newport School Admissions Forum, a statutory committee that has a key role in ensuring a fair admission system.

Subsequently, in accordance with the Code, formal consultation was carried out between 8th January 2020 and 28th February 2020 with the following list of statutory and non-statutory consultees:

Statutory consultees	
The governing body of relevant schools	The governing bodies of all community and voluntary controlled schools in Newport
All neighbouring local authorities	Caerphilly County Borough Council Cardiff City Council Monmouthshire County Council Torfaen County Borough Council
Admission authorities for all other maintained schools in the area	The governing bodies of all voluntary aided schools in Newport
In the case of schools with a religious character, such body or person representing the religion or religious denomination in question	Diocesan Director, Church in Wales Diocesan Director, Roman Catholic
Non-statutory consultees	
The admission forum serving the area	Newport School Admissions Forum
Parents of children attending the primary schools likely to be affected	Parents of children attending: <i>Caerleon Lodge Hill Primary</i> <i>Charles Williams Church in Wales Primary</i> <i>Goytre Fawr Primary</i> <i>Langstone Primary</i> <i>Ponthir Church in Wales Primary</i> <i>Somerton Primary</i> <i>Usk Church in Wales Primary</i>

Headteachers	The Headteachers of all schools in Newport plus the following affected schools in Monmouthshire and Torfaen: <i>Goytre Fawr Primary</i> <i>Ponthir Primary</i> <i>Usk Church in Wales Primary</i>
Elected members	All Newport City Council elected members
Community councils	All community councils in Newport
Representatives of UK Service Personnel	The Regional Armed Forces Covenant Liaison Officer Newport Armed Forces Champion UK Service families attending Newport schools
Other organisations	Gwent Association of Voluntary Organisations Newport Early Years Development & Childcare Partnership
Newport City Council Teams	Children & Young People's Services Law & Regulation Family Information Service Flying Start Housing & Regeneration Integrated Transport Vulnerable People Relocation Project
Pupils attending the primary schools likely to be affected	Pupils attending the following schools: <i>Caerleon Lodge Hill Primary</i> <i>Charles Williams Church in Wales Primary</i> <i>Goytre Fawr Primary</i> <i>Langstone Primary</i> <i>Ponthir Church in Wales Primary</i> <i>Somerton Primary</i> <i>Usk Church in Wales Primary</i>
Pupils attending the relevant secondary schools	Pupils attending the following schools: <i>Caerleon Comprehensive</i> <i>Llanwern High</i> <i>Llisbury High</i>

The consultation document was also publicised through the Council's 'Have your say' web page and via their social media channels.

The Council is keen to gain the views of learners when proposing policy changes. As a result, whilst the School Admissions Code does not stipulate that consultation should include engagement with learners, attempts were made for this to be undertaken. This was the first year that this has been attempted in relation to the annual consultation on admission arrangements and was facilitated via an on-line SNAP survey that was circulated via the schools listed in the section above.

Some of these surveys were issued late in the consultation period, and the Education Service acknowledges therefore that this engagement was not as effective as it was intended. As a result, the Learner Voice is difficult to assess effectively in this case. Notwithstanding this, 66 responses were received by the deadline date.

Following conclusion of the consultation, a consultation report has now been drafted which describes the consultation process and feedback received. The report recommends that the changes proposed via this consultation be taken forward for implementation. This decision will be now referred to the Cabinet Member for Education and Skills and taken through the Council's agreed democratic process.

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

The School Admissions Code provides lists of bodies that admission authorities must and should consult with on changes to admission arrangements. A consultation document was prepared and distributed to these stakeholders. Comments and questions arising were submitted to the Council and are reflected within the consultation report.

Evidence used to complete the consultation report includes:

- Pupil Level Annual School Census (PLASC) data
- School specific data relating to Caerleon and Somerton (e.g. ALN and BAME data, LA projections and admissions trends)
- Consultation responses
- Online pupil survey responses


4. Equalities and Welsh language impact


Protected characteristic	Impact:			Provide further details about the nature of the impact in the section below. Does it: 1. Promote equal opportunity 2. Promote community cohesion 3. Help eliminate unlawful discrimination/ harassment/ victimisation?
	Positive	Negative	Neither	
Age	☒	☒	☒	<p>The proposal will affect children and young people of school age.</p> <p>Negatively: The proposal seeks to change secondary school catchment areas. This will likely impact negatively on primary-aged children currently living in the affected areas as the catchment area priority they are currently benefitting from will no longer apply. This could particularly affect pupils whose older siblings are already attending the preferred school and were admitted when it was their catchment school. Such pupils will however continue to be able to make an application for the school and could qualify for other priorities in accordance with the published oversubscription criteria, e.g. sibling priority or home to school distance, depending upon individual family circumstances.</p> <p>School-aged children of UK Service Personnel families that are moving to Newport as a result of the parent's discharge from service will no longer be given the advantage of a guaranteed a place at the school of their choice and, if the school is already full in the relevant year group, the application will be refused. However, they will be subject to the same conditions as all other applicants under the school admissions policy and as such, any refusal of a school place will trigger the applicant's right to appeal against the decision to an independent panel.</p>


Protected characteristic	Impact:			Provide further details about the nature of the impact in the section below. Does it: 1. Promote equal opportunity 2. Promote community cohesion 3. Help eliminate unlawful discrimination/ harassment/ victimisation?
	Positive	Negative	Neither	
				<p>Positively: Reducing the size of the Caerleon Comprehensive School catchment area, and thereby the number of in-catchment pupils, will increase the number of places available for non-catchment applicants, either from within or outside of Newport. This means that Newport pupils will no longer be designated a lower priority than non-Newport pupils. In addition, given that a significant proportion of Somerton pupils already elect a preference for Llanwern High School, the change in catchment will have a positive impact on the success of their application.</p> <p>Neither: As the Council has various arrangements in place to serve the interests of vulnerable children, it is anticipated that the proposal to remove the Child Protection statement will have a neutral impact on this protected characteristic.</p>
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<p>There is no evidence to suggest this proposal will have a disproportionate impact against this protected characteristic.</p> <p>This proposal applies to mainstream admission only and not to pupils placed in specialist learning resource bases. All Newport secondary schools run internal in-house provision to support mainstream pupils with a range of difficulties but these are funded from within school budgets. Consequently, all schools are able to provide the same standard of mainstream provision for pupils with additional learning needs.</p>
Gender reassignment/transgender	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	There is no evidence to suggest this proposal will have a disproportionate impact against this protected characteristic.
Marriage or civil partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	There is no evidence to suggest this proposal will have a disproportionate impact against this protected characteristic.
Pregnancy or maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	There is no evidence to suggest this proposal will have a disproportionate impact against this protected characteristic.
Race	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<p>There is no evidence to suggest this proposal will have a disproportionate impact against this protected characteristic.</p> <p>Gwent Education Minority Ethnic Service is able to provide the same standard of language support in all schools as such support is dependent upon need and languages available, regardless of school base.</p>



Protected characteristic	Impact:			Provide further details about the nature of the impact in the section below. Does it: 1. Promote equal opportunity 2. Promote community cohesion 3. Help eliminate unlawful discrimination/ harassment/ victimisation?
	Positive	Negative	Neither	
Religion or Belief or non-belief	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	There is no evidence to suggest this proposal will have a disproportionate impact against this protected characteristic.
Sex	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	There is no evidence to suggest this proposal will have a disproportionate impact against this protected characteristic.
Sexual Orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	There is no evidence to suggest this proposal will have a disproportionate impact against this protected characteristic.
Welsh Language	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<p>The schools will continue to follow the National Curriculum including Cwricwlwm Cymraeg. In addition, from September 2020, Welsh Second Language A-level courses will be on offer at Caerleon Comprehensive School and Llanwern High School. Students on roll at Lliswerry High School wishing to take A-level Welsh can access this through the collaboration with St Julians School.</p> <p>However, the proposal is unlikely to make a meaningful contribution to Newport's 5-Year Welsh Language target of increasing the number of Welsh speakers across the city.</p>

5 How has your proposal embedded and prioritised the sustainable development principle in its development?

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? Describe how.
 <p>Balancing short term need with long term needs</p>	<p>Newport's population is continuing to increase and with it the number of school age children. There has been a rise of 1,949 children in Newport schools between 2011 and 2019. Pupil population forecasts indicate that by 2024 there will be 14,097 primary school and 12,260 secondary school children in Newport, which represents an additional 2,038 children compared with 2019.</p> <p>Primary and secondary cohorts for the September 2019 annual admissions round were the largest to date with an unprecedented demand for Year 7 English-medium places across the city as a whole. In response to this demand, the Council negotiated additional Year 7 places across four English-medium secondary schools for this specific year group. A similar issue has since arisen in relation to the September 2020 Year 7 cohort, with additional provision created at two English-medium secondary schools.</p> <p>Welsh Government recommends 10% as the optimum level of surplus school places. In terms of English-medium places, Newport schools have only a 7.6% surplus at primary level and a 9.6% surplus across secondary schools. Whilst it would appear that this surplus at secondary level is broadly in line with Welsh Government's recommendation, it is worth noting that a significant element of this surplus is located in just two schools, both of which are located in the East of the City (Llanwern High and Lliswerry High). In addition, the actual number of surplus places are much lower in Years 7 and 8 than they are in Years 9, 10 and 11.</p> <p>This is also a concern in the context of the significant number of in-year school applications traditionally received in previous years. The Council is therefore seeking to maximise the number of school places available to Newport pupils across the city, through a variety of methods.</p>

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? Describe how.
 <p>Collaboration</p> <p>Working together to deliver objectives</p>	<p>Welsh Government has confirmed that the responsibility for designating alternative catchment schools lies with the Local Authority (LA) in which a pupil is resident. As a result, both Monmouthshire and Torfaen LAs were notified in September 2019 that Newport was likely to take forward consultation on this basis. Both LAs subsequently responded to the formal consultation. Torfaen noted that they would be unable to make provision for the displaced (Ponthir) pupils in readiness for September 2021. In response, Newport noted that they had made Torfaen aware of the proposal in September 2019, thus giving almost two-years notice of the change.</p> <p>Having already considered similar changes in 2019 to take effect in 2020, Monmouthshire was broadly in favour of Newport's proposal. However, they asked that consideration be given to two matters as follows:</p> <ul style="list-style-type: none"> • An area within Monmouthshire's boundary that currently falls within the catchment area for Charles Williams Church in Wales Primary School (this is a voluntary aided school responsible for its own admission arrangements). This area was omitted from Monmouthshire's proposal and therefore is now in danger of being without a denoted secondary catchment school. This was not identified as an issue by any party prior to the launch of Newport's consultation, and • That additional priority be afforded to pupils whose older siblings were admitted to Caerleon Comprehensive School when it was their catchment school. <p>Whilst sympathising with the issues raised in relation to the first point, this would lead to some disparity with other areas of Monmouthshire and Torfaen, and therefore after consideration it does not seem reasonable to accommodate this request. In response to the comment about sibling links, the Council would advise that the parents of pupils affected by this proposal would still be able to apply for a place at Caerleon Comprehensive School, albeit as out-of-catchment applicants. If the school is oversubscribed, all out-of-catchment applications will be assessed equally against the same criteria, and those with relevant siblings already attending the preferred school will have a higher priority in terms of securing a place</p> <p>Advance engagement took place with the governing bodies of Caerleon Comprehensive, Llanwern High, Lliswerry High and Somerton Primary but no formal responses were received during the consultation.</p> <p>The proposal was the subject of full public consultation between 8th January 2020 and 28th February 2020, in accordance with the requirements of the Welsh Government statutory school admissions code.</p>

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? Describe how.
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>It is a statutory requirement of the School Admissions Code that the Council carries out an annual consultation on its school admission arrangements. The consultation must conclude by 1st March each year so that the resulting admission arrangements can be determined, either in their original form or with such modifications as the Council think fit, by 15th April in the determination year. The determination year is the school year beginning two years before the school year in which the arrangements will apply.</p> <p>In advance of the proposal being launched, both Monmouthshire and Torfaen LAs were notified in September 2019 that Newport was likely to take forward consultation on this basis. In November 2019, the proposed changes were presented to the Newport School Admissions Forum, a statutory committee that has a key role in ensuring a fair admission system.</p> <p>Subsequently, in accordance with the Code, formal consultation was carried out between 8th January 2020 and 28th February 2020 with the list of statutory and non-statutory consultees outlined in the response to question 2. The consultation document was also publicised through the Council's 'Have your say' web page and via their social media channels.</p> <p>The Council is keen to gain the views of learners when proposing policy changes. As a result, whilst the School Admissions Code does not stipulate that consultation should include engagement with learners, attempts were made for this to be undertaken. This was the first year that this has been attempted in relation to the annual consultation on admission arrangements and was facilitated via an on-line SNAP survey that was circulated via the schools listed in the section above.</p> <p>Some of these surveys were issued late in the consultation period, and the Education Service acknowledges therefore that this engagement was not as effective as it was intended. As a result, the Learner Voice is difficult to assess effectively in this case. Notwithstanding this, 66 responses were received by the deadline date.</p> <p>Following conclusion of the consultation, a consultation report has now been drafted which describes the consultation process and feedback received. The report recommends that the changes proposed via this consultation be taken forward for implementation. This decision will be now referred to the Cabinet Member for Education and Skills and taken through the Council's agreed democratic process</p>

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? Describe how.
 <p data-bbox="233 792 333 815">Prevention</p> <p data-bbox="145 826 421 969">Putting resources into preventing problems occurring or getting worse</p>	<p data-bbox="459 302 1406 501">Newport's population is continuing to increase and with it the number of school age children. There has been a rise of 1,949 children in Newport schools between 2011 and 2019. Pupil population forecasts indicate that by 2024 there will be 14,097 primary school and 12,260 secondary school children in Newport, which represents an additional 2,038 children compared with 2019.</p> <p data-bbox="459 539 1406 804">Primary and secondary cohorts for the September 2019 annual admissions round were the largest to date with an unprecedented demand for Year 7 English-medium places across the city as a whole. In response to this demand, the Council negotiated additional Year 7 places across four English-medium secondary schools for this specific year group. A similar issue has since arisen in relation to the September 2020 Year 7 cohort, with additional provision created at two English-medium secondary schools.</p> <p data-bbox="459 842 1406 1140">Welsh Government recommends 10% as the optimum level of surplus school places. In terms of English-medium places, Newport schools have only a 7.6% surplus at primary level and a 9.6% surplus across secondary schools. Whilst it would appear that this surplus at secondary level is broadly in line with Welsh Government's recommendation, it is worth noting that a significant element of this surplus is located in just two schools, both of which are located in the East of the City (Llanwern High and Lliswerry High). In addition, the actual number of surplus places are much lower in Years 7 and 8 than they are in Years 9, 10 and 11.</p> <p data-bbox="459 1178 1406 1305">This is also a concern in the context of the significant number of in-year school applications traditionally received in previous years. The Council is therefore seeking to maximise the number of school places available to Newport pupils across the city, through a variety of methods.</p>
 <p data-bbox="245 1644 336 1666">Integration</p> <p data-bbox="145 1677 421 1821">Considering impact on all wellbeing goals together and on other bodies</p>	<p data-bbox="459 1310 1406 1413">This proposal supports the well-being objective to improve skills, educational outcomes and employment opportunities and the following well-being goals:</p> <ul data-bbox="507 1420 1082 1570" style="list-style-type: none"> • a resilient Wales; • a more equal Wales; • a Wales of more cohesive communities; • a globally responsible Wales. <p data-bbox="459 1608 1406 1771">These will be achieved by improving access to education across the city through the adoption of an improved, fair and consistent admissions policy, by aligning primary catchments and secondary clusters to support effective partnership working and effective transition, and through ensuring sufficiency of school places for Newport pupils.</p> <p data-bbox="459 1809 1406 2038">During the consultation, responses referred to concern over community cohesion in the wider-Caerleon area. Whilst the catchment area for Caerleon Comprehensive School has traditionally extended into the areas of Usk, Goytre and Ponthir, the demand for school places amongst Newport residents means that this is no longer sustainable. Notwithstanding this, parents will still be able to apply for a place at Caerleon Comprehensive School albeit as an out-of-catchment applicant.</p>

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

Whilst the proposed catchment area changes will specifically affect certain wards (Alway, Caerleon and Lliswerry), the proposed changes in relation to Armed Forces families and children on the child protection register are Citywide.

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

Parameter 1: Equal treatment while recognising difference

The proposal to change the catchment area for Caerleon Comprehensive School removes the priority that non-Newport pupils currently have over Newport pupils. If the proposal is approved, all non-catchment pupils whether resident within or outside of Newport will be deemed equal in terms of priority for admission to this school. It is important to note that this proposal does not exclude any applicants from expressing a preference for Caerleon Comprehensive School. Reducing the size of the catchment area simply increases the opportunity for out-of-catchment applications to be successful. As a result, such applicants may continue to apply for a place at this school, and some applications will undoubtedly be successful based on sibling priority and/or home to school distance.

The proposal in relation to Somerton Primary School is logical to enable the two schools within the Eveswell and Somerton Primary School Partnership to work within one single cluster. In taking this forward, consideration was given to two options – moving Eveswell into Lliswerry or moving Somerton into Llanwern. However, the latter is preferred due to the geographic location of Somerton Primary School, and the fact that the combined admission number of the year 6 cohorts in the current Lliswerry cluster primary schools exceeds the admission number of the secondary school.

The proposal in relation to children of UK service personnel aligns Newport's policy with the guidance outlined in the statutory School Admissions Code. Notwithstanding this change, it is anticipated that the revised policy will continue to support those specific personnel that are required to move at short notice and, as a result, cannot comply with the usual school admission procedures.

In terms of the proposal in relation to pupils on the child protection register, admission authorities must ensure that their arrangements will not unfairly disadvantage a child from a particular social group. As the Council has various arrangements in place to serve the interests of vulnerable children there is no requirement for a specific priority for children who are on the child protection register.

Parameter 2: Mutual obligations between citizens and local government

Welsh Government has confirmed that the responsibility for designating alternative catchment schools lies with the Local Authority (LA) in which a pupil is resident. As a result, both Monmouthshire and Torfaen LAs were notified in September 2019 that Newport was likely to take forward consultation on this basis.

Parameter 3: Interdependency and reciprocity within community relations

Whilst the catchment area for Caerleon Comprehensive School has traditionally extended into the areas of Usk, Goytre and Ponthir, the demand for school places amongst Newport residents means that this is no longer sustainable. Notwithstanding this, parents will still be able to apply for a place at Caerleon Comprehensive School albeit as an out-of-catchment applicant.

Parameter 4: Transparency and accountability in decision-making

This proposal has been subject to consultation in line with the guidance outlined in the School Admissions Code. It is recommended that the changes proposed via this consultation be taken forward for implementation with effect from September 2021. This decision will be now referred to the Cabinet Member for Education and Skills and taken through the Council's agreed democratic process.

8. Equality Impacts and Actions

In total, 52 responses were received during the consultation period, all of which related to the proposal to amend the catchment area for Caerleon Comprehensive School. Of these, 47 responses raised concerns regarding the proposal. The remaining five responses neither supported nor objected to the proposal but merely raised questions in relation to their particular circumstances. Respondents included pupils, parents and carers, members of the public, Community Councils, Governing Bodies, Members of Parliament, Elected Members, neighbouring Local Authorities and the Diocese of Monmouth. Whilst some respondents raised more than one issue in their response, a breakdown of the number and type of objections, along with the Council's responses, is summarised as follows:

Impact identified	Who does it affect?	What will you do to mitigate the impact? If you plan to take no action, please justify your rationale	Who is responsible?
Impact on local community cohesion and pupil wellbeing	Pupils living in Monmouthshire and Torfaen who will no longer be considered as living within the catchment area for Caerleon Comprehensive School	Whilst the catchment area for Caerleon Comprehensive School has traditionally extended into the areas of Usk, Goytre and Ponthir, the demand for school places amongst Newport residents means that this is no longer sustainable. Notwithstanding this, parents will still be able to apply for a place at Caerleon Comprehensive School albeit as an out-of-catchment applicant.	Newport City Council Torfaen County Borough Council Monmouthshire County Council
Distance to an alternative school and safety of home to school transport routes	Pupils living in Monmouthshire and Torfaen who will no longer be considered as living within the catchment area for Caerleon Comprehensive School	The parents of pupils affected by this proposal will still be able to apply for a place at Caerleon Comprehensive School, albeit as out-of-catchment applicants. If the school is oversubscribed, all out-of-catchment applications will be assessed equally against the same criteria, and those closer to the school will have a better chance of securing a place. In terms of alternative schools, your home local authority may provide home to school transport in accordance with their agreed policy.	Newport City Council Torfaen County Borough Council Monmouthshire County Council
Impact on transition and siblings	Pupils living in Monmouthshire and Torfaen who will no longer be considered as	The parents of pupils affected by this proposal will still be able to apply for a place at Caerleon Comprehensive School, albeit as out-of-catchment applicants. If the school is	Newport City Council Torfaen County Borough Council

	living within the catchment area for Caerleon Comprehensive School	oversubscribed, all out-of-catchment applications will be assessed equally against the same criteria, and those with relevant siblings already attending the preferred school will have a higher priority in terms of securing a place. Transition arrangements will continue to be facilitated between primary and secondary schools after the offer of a secondary school place has been made.	Monmouthshire County Council
Environmental impact and wellbeing of future generations	Pupils living in Monmouthshire and Torfaen who will no longer be considered as living within the catchment area for Caerleon Comprehensive School	Caerleon has been designated an air quality management area due the elevated levels of pollution caused by road traffic. Any reduction in the number of vehicles that travel through Caerleon will help elevate some of the pressure causing the high pollution levels. Furthermore, in the recent Centre for Cities report (https://www.centreforcities.org/city/newport), Newport has been identified as the third highest emitter of the greenhouse gas Carbon Dioxide per head of population. A reduction in the distance of the school commute will likely result in a reduction in the generation of greenhouse gases. Whilst both reductions (air pollution and carbon dioxide) are relatively minor in the grand scheme of things, every little action that can be taken to reduce commuting distances can contribute to an overall improvement. Given that there is no intention to increase the overall capacity of the secondary school, the number of pupils travelling to the school from outside Caerleon will not significantly change.	Newport City Council
Consultation process and methodology	Pupils living in Monmouthshire and Torfaen who will no longer be considered as living within the catchment area for	The consultation is compliant with Welsh Government's statutory School Admissions Code and is in line with similar arrangements in previous years.	Newport City Council

	Caerleon Comprehensive School		
Impact on educational standards	Pupils living in Monmouthshire and Torfaen who will no longer be considered as living within the catchment area for Caerleon Comprehensive School	There is no negative impact on standards anticipated because of this proposal at any of Newport's primary or secondary schools.	Newport City Council
Cost of alternative home to school transport	Pupils living in Monmouthshire and Torfaen who will no longer be considered as living within the catchment area for Caerleon Comprehensive School	Each Local Authority is responsible for agreeing an individual Home to School Transport policy to support access to school. Newport's policy provides free transport to those pupils living three miles or more from their catchment school or their nearest available school. If parents apply for their child to attend a school that is not their catchment or nearest available school, parents are fully responsible for all transport costs and arrangements. It is not anticipated therefore that the costs to Newport will increase because of this proposal but it is acknowledged that there may be an impact for other LAs.	Newport City Council Torfaen County Borough Council Monmouthshire County Council

9. Monitoring, evaluating and reviewing

In accordance with the statutory School Admissions Code, the Council's School Admissions Policy is reviewed and consulted upon annually. The effectiveness of admission arrangements is monitored by the Newport School Admissions Forum, which meets on a termly basis. An annual Admission Forum report is submitted to Welsh Government each Autumn term.

10. Involvement

As outlined, the admission arrangements for 2021 have been subject to consultation with stakeholders and a consultation report has been drafted which outlines the method of consultation and the feedback received.

The report recommends that the changes proposed via this consultation be taken forward for implementation with effect from September 2021. This decision will be now referred to the Cabinet Member for Education and Skills and taken through the Council's agreed democratic process.

In accordance with the statutory School Admissions Code, these changes must be determined by 15th April and confirmed to stakeholders by 29th April. The new policy will be published on the Newport City Council by this date.

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Decision Schedule

Leader of the Council

TO ALL MEMBERS OF NEWPORT CITY COUNCIL

Decision Schedule published on 8 April 2020

The Chair of Cabinet Member took the following decision on 8 April 2020. This decision will take effect immediately under the urgent decision-making procedures because the Admission Arrangements need to be determined before 15 April and, therefore, this decision cannot await the “call-in” period.

Leader 03/20

School Admission Arrangements 2021/22

Options Considered/Reasons for Decision

The report considered the responses received during the recent consultation exercise and determined the Council’s school admission arrangements for the academic year commencing September 2021

In accordance with Welsh Government’s statutory School Admissions Code, the Council was required to undertake an annual consultation on admission arrangements in the school year beginning two years before the school year in which the arrangements would apply.

Accordingly, a consultation was launched on 8 January 2020 and concluded on 28 February 2020 in relation to the proposed admission arrangements for September 2021 onwards. A consultation report was drafted which described the consultation process and feedback received.

The decision report referenced the content of Appendix 1 accompanying the report and recommended that the admission arrangements be determined as outlined in the consultation document. In accordance with the statutory code, these arrangements were to be determined by 15 April 2020.

Decision

To determine and set the Council’s school admission arrangements for September 2021 as outlined in the recent consultation with stakeholders.

Consultation

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

Implemented by: Chief Education Officer

Implementation Timetable: Immediate

LEADER OF THE COUNCIL, COUNCILLOR J MUDD

8 April 2020

Report

Leader of the Council

Part 1

Date: 6 April 2020

Subject **National Non-Domestic Rates: Discretionary Relief: Retail, Leisure and Hospitality Rate Relief Scheme 2020-21**

Purpose The purpose of this report is for to agree that Newport City Council adopts the Welsh Government's Retail, Leisure and Hospitality Rate Relief Scheme for 2020-21.

Author Head of Finance

Ward All

Reason for Urgency

Due to the Covid-19 coronavirus situation, a number of businesses are prohibited from trading, others have seen their trade drastically reduced. In response, Welsh Government has issued details of a fully funded scheme to give 100% rate relief for one year for businesses occupying properties in the retail, leisure or hospitality industry.

Business rate bills have already been issued for 2020-21 and payments will start to become due in early April 2020. It is therefore vital that the business rate relief is applied as soon as possible to these businesses to relieve the financial burden of making rate payments at a time when they are not allowed to trade.

For this reason and to expedite the help available for businesses this report is being treated as urgent.

Summary In response to the Covid-19 coronavirus emergency situation the Welsh Government has made available grant funding for billing authorities to deliver in 2020-21, the Retail, Leisure and Hospitality Rate Relief Scheme to reduce the rates payable to zero for qualifying 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 800 businesses will benefit from not having to pay rates by way of this relief.

The scheme will deliver:

1. Full relief from business rates for 2020-21 for qualifying properties which are broadly used for retail, leisure or hospitality and have a rateable value of less than £500,000.

Proposal **It is proposed that the Leader of the Council agrees to adopt the Welsh Government's Retail, Leisure and Hospitality Rate 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

In response to the coronavirus covid-19 emergency Welsh Government has made available funding for billing authorities to deliver in 2020-21, an all Wales Retail, Leisure and Hospitality Rate Relief Scheme.

The Scheme is fully funded by Welsh Government and will enable those businesses that are in the retail, leisure or hospitality sector to benefit from not having to pay any business rates in 2020-21.

The scheme covers all businesses that occupy premises with a rateable value of less than £500,000 and operate in the retail, leisure or hospitality sector.

The means of making the awards of Retail, Leisure and Hospitality Rate Relief is the Council's discretionary powers under section 47 of the Local Government Finance Act 1988.

Under normal operating conditions the Council would 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. However this is not possible due to the coronavirus emergency and the need to award the relief as soon as practicable to relieve the financial burden on affected businesses, therefore the Leader of the Council will make the determination on behalf of the Council.

The Council will be 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 Retail, Leisure and Hospitality Rate Relief Scheme forms part of a package of Welsh Government measures available to support businesses during the coronavirus covid-19 emergency.

The relief will be applied directly to all businesses identified as operating in one of the named sectors and no application is required. It is anticipated that there will be a small number of businesses where it is not possible to identify from rating records the nature of their business, these businesses will need to contact the Business Rates Team to claim the rate relief.

If the scheme is adopted, around 800 businesses will benefit from not having to pay rates in 2020-21 and an adjusted 2020-21 rates bill will be issued before the first payment is due in April 2020. Any businesses subsequently identified that meet the criteria of the scheme will be issued with adjustment notices 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,. 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 awarded and rate bills reduced to zero.	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 Retail, Leisure and Hospitality Rate Relief Scheme 2020-21
- Decide not to adopt the Scheme

Preferred Option and Why

Adopt the Scheme so that as many retailers as possible may benefit from not having to pay business rates.

Comments of Chief Financial Officer

This is a key part of the UK/WG support package for businesses and needs to be agreed by the Leader in absence of full Council meetings. This will enable the relief to be given before any payments are due and taken. The scheme is fully funded by Welsh Government and whilst the detail of that is not yet in place, the principle is.

Comments of Monitoring Officer

The proposed decision is in accordance with the Council's statutory powers under the Local Government Finance Act 1988 to grant discretionary business rates relief. This is a national scheme, which is fully funded by Welsh Government and will enable the Council to grant rate relief for qualifying businesses in the retail, leisure or hospitality sector. Full Council is required to make a formal determination under Section 47(1) (a) of the 1988 Act and a formal decision under Section 47(3) to adopt the scheme. 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.

Because of the suspension of Council meetings during the COVID-19 lock-down period, then this decision will need to be taken by the Leader of the Council in accordance with the urgent decision making powers under Standing Order 24.1, where a decision can be taken outside the

budget framework when it is not practical to call a quorate meeting of full Council. The decision can be ratified by Council in due course and the reasons for the urgency in adopting the scheme in this way will be reported to Audit Committee in due course.

Comments of Head of People and Business Change

There are no HR related issues arising directly from this report.

Adoption of the Welsh Government's Retail, Leisure and Hospitality Rate Relief Scheme is in line with the Council's Well-being Objective to "Promote economic growth and regeneration whilst protecting the environment" and will support the "Newport Offer" intervention within Newport's Well-being Plan.

Comments of Cabinet Member

I have read through the report and fully understand the urgency of the required action. As Leader of the Council I agree, on behalf of the council, to adopt the Welsh Government's Retail, Leisure and Hospitality Rate Relief Scheme for 2020-21

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 Retail, Leisure and Hospitality Rate Relief Scheme 2020-21, 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 Retail, Leisure and Hospitality Rate Relief Scheme 2020-21 is available here:



MA-RE-0992-20 -
Retail, Leisure and F

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 2020-21 '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 businesses operating in the retail, leisure and hospitality sector in Wales, for example shops, pubs, restaurants and cafes.

The Welsh Government will provide relief, eligible retailers occupying premises with a rateable value of £500,000 or less in the financial year 2020-21.

Properties that will benefit from this relief will be occupied properties such as shops, hotels, restaurants, cafes and drinking establishments, with a rateable value of £500,000 or less on 1 April 2020.

Level of Support

Eligible ratepayers must be occupying premises and have a rateable value of less than £500,000 for the financial year 2020-21 and meet the criteria set out by Welsh Government, see appendix for full details.

State Aid

Whilst the UK left the EU on 31 January 2020, the Withdrawal Agreement negotiated by the UK Government and the EU provides that during a transition period State Aid rules will continue to apply as now and will be subject to control by the EU Commission as at present.

The UK Government has notified the EU of its intention to bring forward an immediate change to the UK's tax treatment of non-domestic property, in response to the ongoing Covid-19 emergency, and to seek clearance under Article 107(3)(b) of the Treaty on the Functioning of the European Union. Subject to this approval, the Expanded Retail Discount Scheme will become a notified state aid scheme. Once the notification has been approved by the European Commission, it will supersede the de minimis regulation as the appropriate cover for awarding the discount, meaning existing de Minimis limits will no longer restrict the provision of support.

APPENDIX

Retail, Leisure and Hospitality Rates Relief in Wales 2020-21 Guidance

About this guidance

1. This guidance is intended to support county and county borough councils (“local authorities”) in administering the Retail, Leisure and Hospitality Rates Relief scheme (“the relief”). On 18 March, the Minister for Finance and Trefnydd announced the expansion of the relief on a temporary basis for 2020-21. This guidance applies to Wales only.
2. This guidance sets out the criteria which the Welsh Government will use to determine the funding for local authorities for relief provided to retail, leisure and hospitality properties. The guidance does not replace any existing non-domestic rates legislation or any other relief.
3. Enquiries about the scheme should be sent to: localtaxationpolicy@gov.wales
4. The relief is being offered from 1 April 2020 and will be available until 31 March 2021.

Introduction

5. This relief is aimed at businesses in Wales in the retail, leisure and hospitality sectors, for example shops, pubs and restaurants, gyms, performance venues and hotels.
6. The Welsh Government will provide grant funding to the 22 local authorities in Wales to provide the Retail, Leisure and Hospitality Rates Relief scheme to eligible ratepayers for 2020-21. The scheme aims to provide support for eligible occupied properties by offering a discount of 100% on the non-domestic rates bill for a property, to all eligible premises. The scheme will apply to all eligible ratepayers with a rateable value of £500,000 or less.
7. This document provides guidance on the operation and delivery of the scheme.

Section 1

Retail, Leisure and Hospitality Rates Relief - How will the relief be provided?

8. As this is a temporary measure, we are providing the relief by reimbursing local authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988. It will be for individual local authorities to adopt a scheme and decide in each individual case when to grant relief under section 47. The Welsh Government will reimburse local authorities for the relief that is provided in line with this guidance via a grant under section 31 of the Local Government Act 2003 and 58A of the Government of Wales Act 2006.

How will the scheme be administered?

9. It will be for local authorities to determine how they wish to administer the scheme to maximise take-up and minimise the administrative burden for ratepayers and for local authority staff.

10. Local authorities are responsible for providing ratepayers with clear and accessible information on the details and administration of the scheme. If, for any reason, an authority is unable to provide this relief to eligible ratepayers from 1 April 2020, consideration should be given to notifying eligible ratepayers that they qualify for the relief and that their bills will be recalculated.

Which properties will benefit from relief?

11. Properties that will benefit from this relief will be occupied retail, leisure and hospitality properties – such as shops, pubs and restaurants, gyms, performance venues and hotels across Wales. More detailed eligibility criteria and exceptions to the relief are set out in paragraphs 13 to 20.

12. Relief should be granted to each eligible business as a reduction to its rates bill based on occupation between 1 April 2020 and 31 March 2021. It is recognised that there may be some instances where a local authority is retrospectively notified of a change of occupier. In such cases, if it is clear that the ratepayer was in occupation on or after the 1 April 2020, the local authority may use its discretion in awarding relief.

13. 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. Hereditaments 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)
- Charity shops
- 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. Hereditaments 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. Hereditaments 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
- Bars or Wine Bars

14. We consider assembly and leisure to mean:

i. Hereditaments that are being used for the provision of sport, leisure and facilities to visiting members of the public (including for the viewing of such activities) and for the assembly of visiting members of the public.

- Sports grounds and clubs,
- Sport and leisure facilities,
- Gyms
- Tourist attractions,
- Museums and art galleries,
- Stately homes and historic houses,
- Theatres,
- Live Music Venues
- Cinemas
- Nightclubs,

ii. Hereditaments that are being used for the assembly of visiting members of the public.

- Public halls,
- Clubhouses, clubs and institutions

15. We consider hotels, guest & boarding premises and self-catering accommodation to mean:

i. Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business:

- Hotels, Guest and Boarding Houses,
- Holiday homes,
- Caravan parks and sites

Other considerations

16. To qualify for the relief, the hereditament should be wholly or mainly used for the qualifying purposes. In a similar way to other reliefs, 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. For the avoidance of doubt, hereditaments which closed temporarily due to the government's advice on Covid-19 should be treated as occupied for the purposes of this relief.

17. The above list is not intended to be exhaustive as it would be impossible to list all the many and varied retail, leisure and hospitality uses that exist. There will also be mixed uses. However, it is intended to be a guide for local authorities as to the types of uses that the Welsh Government considers for this purpose to be eligible for relief. Local authorities should determine for themselves 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.

18. As the grant of the relief is discretionary, local authorities may choose not to grant the relief if they consider that appropriate, for example where granting the relief would go against the local authority's wider objectives for the local area.

Types of hereditaments that are not considered to be eligible for Retail, Leisure and Hospitality Rates Relief

19. Any hereditament with a rateable value over £500,000.

20. The following list sets out the types of uses that the Welsh Government does not consider to be retail, leisure or hospitality use for the purpose of this relief and which would not be deemed eligible for the relief. However, it will be for local authorities to determine if hereditaments are similar in nature to those listed and if they would not be eligible for relief under the scheme.

i. Hereditaments that are being used wholly or mainly for the provision of the following services to visiting members of the public

- 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 offices
- Children's play centres
- Day nurseries
- Kennels and catteries
- Casino and gambling clubs
- Show homes and marketing suites
- Employment agencies

There are a number of further types of hereditament which the Welsh Government believes should not be eligible for the relief.

ii. Hereditaments that are not reasonably accessible to visiting members of the public

If a hereditament is not usually reasonably accessible to visiting members of the public, it will be ineligible for relief under the scheme even if there is ancillary use of the hereditament that might be considered to fall within the descriptions in paragraphs 13 to

iii. Hereditaments that are not occupied

Properties that are not occupied on 1 April 2020 should be excluded from this relief. However, under the mandatory Empty Property Relief, empty properties will receive a 100% reduction in rates for the first three months (and in certain cases six) of being empty.

iv. Hereditaments that are owned, rented or managed by a local authority

Hereditaments owned, rented or managed by a local authority, such as visitor centres, tourist information shops and council-run coffee shops or gift shops attached to historic buildings, are exempt from this scheme.

How much relief will be available?

21. The total amount of government funded relief available for each property under this scheme for 2020-21 is 100% of the remaining bill, after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, excluding those where local authorities have used their wider discretionary relief.

Powers introduced by the Localism Act 2011 which are not funded by section 31 grants¹. Retail, Leisure and Hospitality Rates Relief should be applied against the net bill after other reliefs have been applied.

As required in the NDR3 guidance notes, the former categories of discretionary relief prior to the Localism Act 2011 (ie. charitable/CASC top-up) should be applied first in the sequence of discretionary reliefs and, therefore, before the retail, leisure and hospitality rates relief.

22. The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis. The following formula should be used to determine the amount of relief to be granted for a particular hereditament in the financial year.

Amount of relief to be granted = V , where V is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any other discretionary reliefs, excluding those where local authorities have used their discretionary relief powers introduced by the Localism Act 2011 which are not funded by section 31 grants.

23. This should be calculated ignoring any prior-year adjustments in liabilities which fall to be liable on the day.

24. Ratepayers who occupy more than one property will be entitled to Retail, Leisure and Hospitality Rates Relief for each of their eligible properties.

25. Retail, leisure and hospitality properties which are excluded from Small Business Rates Relief due to the multiple occupation rule are eligible for this relief scheme.

Changes to existing hereditaments, including change in occupier

26. Empty properties becoming occupied after 1 April 2020 will qualify for this relief.

27. If there is a change in occupier part way through the financial year, after relief has already been provided to the hereditament, the new occupier will qualify for the relief on a pro-rata basis based on the remaining days of occupation using the formula in paragraph 22 of this guidance.

28. The discount should be applied on a day-to-day basis using the formula set out above. A new hereditament created as a result of a split or merger during the financial year, or where there is a change of use, should be considered afresh for the discount on that day.

State Aid

29. Whilst the UK left the EU on 31 January 2020, the Withdrawal Agreement negotiated by the UK Government and the EU provides that during a transition period State Aid rules will continue to apply as now and will be subject to control by the EU Commission as at present.

30. The UK Government has notified the EU of its intention to bring forward an immediate change to the UK's tax treatment of non-domestic property, in response to the ongoing Covid-19 emergency, and to seek clearance under Article 107(3)(b) of the Treaty on the Functioning of the European Union. Subject to this approval, the Expanded Retail Discount Scheme will become a notified state aid scheme. Once the notification has been approved by the European Commission, it will supersede the de minimis regulation as the appropriate cover for awarding the discount, meaning existing de Minimis limits will no longer restrict the provision of support.

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Decision Schedule

Leader of the Council

TO ALL MEMBERS OF NEWPORT CITY COUNCIL

Decision Schedule published on 6 April 2020

The Leader of the Council took the following decision on 6 April 2020. It will take immediate effect. The reason for the urgency being that this report must be considered urgent due to the Covid-19 coronavirus situation, a number of businesses are prohibited from trading, others have seen their trade drastically reduced. In response, Welsh Government has issued details of a fully funded scheme to give 100% rate relief for one year for businesses occupying properties in the retail, leisure or hospitality industry.

Business rate bills have already been issued for 2020-21 and payments will start to become due in early April 2020. It is therefore vital that the business rate relief is applied as soon as possible to these businesses to relieve the financial burden of making rate payments at a time when they are not allowed to trade.

For this reason and to expedite the help available for businesses this report is being treated as urgent.

The decision is not subject to the 'Call-in- Process.

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

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

L 04/208

National Non-Domestic Rates: Discretionary Relief: Retail, Leisure and Hospitality Rate Relief Scheme 2020-21

Options Considered/Reasons for Decision

In response to the Covid-19 coronavirus emergency situation the Welsh Government has made available grant funding for billing authorities to deliver in 2020-21, the Retail, Leisure and Hospitality Rate Relief Scheme to reduce the rates payable to zero for qualifying 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 800 businesses will benefit from not having to pay rates by way of this relief.

The scheme will deliver:

Full relief from business rates for 2020-21 for qualifying properties which are broadly used for retail, leisure or hospitality and have a rateable value of less than £500,000.

Decision

It is proposed that the Leader of the Council agrees to adopt the Welsh Government's Retail, Leisure and Hospitality Rate 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.

Consultation

Head of Finance, Head of Law and Regulation, Head of People and Business Change, Head of Regeneration, Investment and Housing

Implemented by: Head of Finance

Implementation Timetable: Immediate

LEADER OF THE COUNCIL, COUNCILLOR J MUDD

6 April 2020



Llywodraeth Cymru
Welsh Government

Non-Domestic Rates

Retail, Leisure and Hospitality Rates Relief in Wales – 2020-21

Guidance

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Non-Domestic Rates – Retail, Leisure and Hospitality Rates Relief

Guidance

About this guidance

1. This guidance is intended to support county and county borough councils (“local authorities”) in administering the Retail, Leisure and Hospitality Rates Relief scheme (“the relief”). On 18 March, the Minister for Finance and Trefnydd announced the expansion of the relief on a temporary basis for 2020-21. This guidance applies to Wales only.
2. This guidance sets out the criteria which the Welsh Government will use to determine the funding for local authorities for relief provided to retail, leisure and hospitality properties. The guidance does not replace any existing non-domestic rates legislation or any other relief.
3. Enquiries about the scheme should be sent to:
localtaxationpolicy@gov.wales
4. The relief is being offered from 1 April 2020 and will be available until 31 March 2021.

Introduction

5. This relief is aimed at businesses in Wales in the retail, leisure and hospitality sectors, for example shops, pubs and restaurants, gyms, performance venues and hotels.
6. The Welsh Government will provide grant funding to the 22 local authorities in Wales to provide the Retail, Leisure and Hospitality Rates Relief scheme to eligible ratepayers for 2020-21. The scheme aims to provide support for eligible occupied properties by offering a discount of 100% on the non-domestic rates bill for a property, to all eligible premises. The scheme will apply to all eligible ratepayers with a rateable value of £500,000 or less.
7. This document provides guidance on the operation and delivery of the scheme.

Section 1

Retail, Leisure and Hospitality Rates Relief

How will the relief be provided?

8. As this is a temporary measure, we are providing the relief by reimbursing local authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988. It will be for individual local authorities to adopt a scheme and decide in each individual case when to grant relief under section 47. The Welsh Government will reimburse local authorities for the relief that is provided in line with this guidance via a grant under section 31 of the Local Government Act 2003 and 58A of the Government of Wales Act 2006.

How will the scheme be administered?

9. It will be for local authorities to determine how they wish to administer the scheme to maximise take-up and minimise the administrative burden for ratepayers and for local authority staff.
10. Local authorities are responsible for providing ratepayers with clear and accessible information on the details and administration of the scheme. If, for any reason, an authority is unable to provide this relief to eligible ratepayers from 1 April 2020, consideration should be given to notifying eligible ratepayers that they qualify for the relief and that their bills will be recalculated.

Which properties will benefit from relief?

11. Properties that will benefit from this relief will be occupied retail, leisure and hospitality properties – such as shops, pubs and restaurants, gyms, performance venues and hotels across Wales. More detailed eligibility criteria and exceptions to the relief are set out in paragraphs 13 to 20.
12. Relief should be granted to each eligible business as a reduction to its rates bill based on occupation between 1 April 2020 and 31 March 2021. It is recognised that there may be some instances where a local authority is retrospectively notified of a change of occupier. In such cases, if it is clear that the ratepayer was in occupation on or after the 1 April 2020, the local authority may use its discretion in awarding relief.
13. 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. **Hereditaments 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)
 - Charity shops

- 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. Hereditaments 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. Hereditaments 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
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- Bars or Wine Bars

14. We consider assembly and leisure to mean:

i. Hereditaments that are being used for the provision of sport, leisure and facilities to visiting members of the public (including for the viewing of such activities) and for the assembly of visiting members of the public.

- Sports grounds and clubs,
- Sport and leisure facilities,
- Gyms

- Tourist attractions,
- Museums and art galleries,
- Stately homes and historic houses,
- Theatres,
- Live Music Venues
- Cinemas
- Nightclubs,

ii. Hereditaments that are being used for the assembly of visiting members of the public.

- Public halls,
- Clubhouses, clubs and institutions

15. We consider hotels, guest & boarding premises and self-catering accommodation to mean:

i. Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business:

- Hotels, Guest and Boarding Houses,
- Holiday homes,
- Caravan parks and sites

Other considerations

16. To qualify for the relief, the hereditament should be wholly or mainly used for the qualifying purposes. In a similar way to other reliefs, 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. For the avoidance of doubt, hereditaments which closed temporarily due to the government's advice on Covid-19 should be treated as occupied for the purposes of this relief.

17. The above list is not intended to be exhaustive as it would be impossible to list all the many and varied retail, leisure and hospitality uses that exist. There will also be mixed uses. However, it is intended to be a guide for local authorities as to the types of uses that the Welsh Government considers for this purpose to be eligible for relief. Local authorities should determine for themselves 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.

18. As the grant of the relief is discretionary, local authorities may choose not to grant the relief if they consider that appropriate, for example where granting the relief would go against the local authority's wider objectives for the local area.

Types of hereditaments that are not considered to be eligible for Retail, Leisure and Hospitality Rates Relief

19. Any hereditament with a rateable value over £500,000.

20. The following list sets out the types of uses that the Welsh Government does not consider to be retail, leisure or hospitality use for the purpose of this relief and which would not be deemed eligible for the relief. However, it will be for local authorities to determine if hereditaments are similar in nature to those listed and if they would not be eligible for relief under the scheme.

i. Hereditaments that are being used wholly or mainly for the provision of the following services to visiting members of the public

- 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 offices
- Children's play centres
- Day nurseries
- Kennels and catteries
- Casino and gambling clubs
- Show homes and marketing suites
- Employment agencies

There are a number of further types of hereditament which the Welsh Government believes should not be eligible for the relief.

ii. Hereditaments that are not reasonably accessible to visiting members of the public

If a hereditament is not usually reasonably accessible to visiting members of the public, it will be ineligible for relief under the scheme even if there is ancillary use of the hereditament that might be considered to fall within the descriptions in paragraphs 13 to 15.

iii. Hereditaments that are not occupied

Properties that are not occupied on 1 April 2020 should be excluded from this relief. However, under the mandatory Empty Property Relief, empty properties will receive a 100% reduction in rates for the first three months (and in certain cases six) of being empty.

iv. Hereditaments that are owned, rented or managed by a local authority

Hereditaments owned, rented or managed by a local authority, such as visitor centres, tourist information shops and council-run coffee shops or gift shops attached to historic buildings, are exempt from this scheme.

How much relief will be available?

21. The total amount of government funded relief available for each property under this scheme for 2020-21 is 100% of the remaining bill, after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, excluding those where local authorities have used their wider discretionary relief

powers introduced by the Localism Act 2011 which are not funded by section 31 grants¹. Retail, Leisure and Hospitality Rates Relief should be applied against the net bill after other reliefs have been applied.

22. The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis. The following formula should be used to determine the amount of relief to be granted for a particular hereditament in the financial year.

Amount of relief to be granted = V , where

V is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any other discretionary reliefs, excluding those where local authorities have used their discretionary relief powers introduced by the Localism Act 2011 which are not funded by section 31 grants.

23. This should be calculated ignoring any prior-year adjustments in liabilities which fall to be liable on the day.
24. Ratepayers who occupy more than one property will be entitled to Retail, Leisure and Hospitality Rates Relief for each of their eligible properties.
25. Retail, leisure and hospitality properties which are excluded from Small Business Rates Relief due to the multiple occupation rule are eligible for this relief scheme.

Changes to existing hereditaments, including change in occupier

26. Empty properties becoming occupied after 1 April 2020 will qualify for this relief.
27. If there is a change in occupier part way through the financial year, after relief has already been provided to the hereditament, the new occupier will qualify for the relief on a pro-rata basis based on the remaining days of occupation using the formula in paragraph 22 of this guidance.
28. The discount should be applied on a day-to-day basis using the formula set out above. A new hereditament created as a result of a split or merger during the financial year, or where there is a change of use, should be considered afresh for the discount on that day.

State Aid

29. Whilst the UK left the EU on 31 January 2020, the Withdrawal Agreement negotiated by the UK Government and the EU provides that during a transition period State Aid rules will continue to apply as now and will be subject to control by the EU Commission as at present.
30. The UK Government has notified the EU of its intention to bring forward an immediate change to the UK's tax treatment of non-domestic property, in response to the ongoing Covid-19 emergency, and to seek clearance under Article 107(3)(b) of the Treaty on the Functioning of the European Union. Subject

¹ As required in the NDR3 guidance notes, the former categories of discretionary relief prior to the Localism Act 2011 (ie. charitable/CASC top-up) should be applied first in the sequence of discretionary reliefs and, therefore, before the retail, leisure and hospitality rates relief.

to this approval, the Expanded Retail Discount Scheme will become a notified state aid scheme. Once the notification has been approved by the European Commission, it will supersede the de minimis regulation as the appropriate cover for awarding the discount, meaning existing de Minimis limits will no longer restrict the provision of support.

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Briefing Note

Audit Committee

Part 1

Date: 19th November 2020

Item No: 8

Subject Unsatisfactory Audit Opinion – Gwent Music Support Service 2019/20 – Audit Committee Call In

Purpose To inform the Members of the Council’s Audit Committee of:

- i) The action taken by management in the Service Area to date and progress against the agreed action plan in respect of the Unsatisfactory audit opinion for *Gwent Music Support Service*;
- ii) Specifically, why there is no tracing of assets such as for musical instruments.

Author Emma Archer – Music Service Manager
On behalf of Sarah Morgan, Chief Education Officer

Ward General

Summary

Date of Final Audit Report: 29/01/20
Opinion: Unsatisfactory

Date of Internal Audit Follow Up Visit: Scheduled for Qtr 4 2020/21 (subject to any impact from Covid-19)

Gwent Music Audit Response

Gwent Music welcomes the findings of the audit and is committed to taking forward all actions to remedy the unfavourable outcome. The service acknowledges that in prioritising key functions of delivery in terms of facilitating tuition, examinations and extracurricular activities, that some aspects of the key administrative processes have been neglected.

Following the publishing of the audit report all Gwent Music staff were furloughed in April 2020 which has resulted in timescales agreed in the original audit action plan requiring to be revised. Four members of the Gwent Music staff returned to work in September 2020 to reopen the service which has included developing covid-safe approaches to music tuition and to progress management actions detailed in the audit plan. Tutors returned part-time in October 2020 to receive training on the risk assessment work required to take place with schools to generate blended learning approaches to music tuition and, again, to support actions detailed in the audit report. All contracted Gwent Music staff are due to return to work full time in November 2020. Some original timescales and management actions detailed in the audit plan have been revised to reflect the current working situation in Gwent Music and to account for the entire

service being furloughed from April to September 2020. Revised deadlines are underlined in the following action plan.

The date of the last audit was November 2011, and since that time the music service has undergone fundamental change in both level of funding, structure, and key operational functions. In line with the audit findings we are now thoroughly re-evaluating the processes and key tasks.

Prior to the furloughing of the service, the intention had been to complete a thorough stock take of both the instrumental stock and all other assets listed on the asset register.

The last instrument stock take was completed in September 2017 - April 2018. However, this was not communicated to the audit team and is therefore not referenced on the final audit report.

In answer to the Audit Committee's question regarding why there is no tracing of assets as for musical instruments:

- The 'Asset Register' (Access database) held by Gwent Music, was previously used as the main source of logging all entries both musical instruments and other items when purchased, and prior to them being allocated to individual tutors/ pupils. Following the findings of the audit, it has been established that it had not regularly been updated since June 2014.
- The service acknowledges that this was in part due to a lack of oversight of key role responsibilities that should have been identified in employee appraisals; regular KPI reports are now being generated to ensure that this is addressed.

Musical Instruments

In 2016, all musical instruments were transferred to our centrally managed system 'Paritor'. This was in order that individual musical instruments, regularly on loan or hire to schools and pupils could be linked to individual locations, pupil and payer details held in Paritor.

A full stocktake was started prior to furlough of staff in April 2020 and has recommenced this term as staff returned to work. The stocktake will continue as tuition resumes in November 2020 and restrictions in accessing schools and other buildings are lifted. It is on course to be completed by January 2021.

A cross check of the Asset Register against musical instruments logged on Paritor has now been completed, and work commenced on rationalising the process on recording assets. We have identified 4,906 instruments have been correctly logged on Paritor and have been de-duplicated.

Office Equipment, & Sheet Music

Equipment such as office furniture, IT equipment, and sheet music stored at Gwent Music offices was not transferred to Paritor in 2016 on the basis that these items were not relocated on a regular basis.

To address this concern, the 1434 non-musical instrument items, including sheet music, will be stock checked against the Asset Register after the 'fire-break' restrictions are lifted and updated on the asset register. Once that has been completed, they will be transferred to Paritor. Any new purchases of instruments from 2016 have been added directly to Paritor as part of the instrument loan procedure.

GWENT MUSIC SUPPORT SERVICE (2019/20) – EXTRACT FROM ACTION PLAN

Ref.	Weakness & Risk	Agreed Management Action	By When	Current Status (November 2020)
1.04	<p>A copy of the Support Agreement with Paritor was not held by Gwent Music. There was no formal contract in place for the use of the system. The Terms & Conditions of use, which were subsequently received, had not been updated to reflect changes to the Data Protection Act 2018 or the GDPR.</p> <p><i>Disagreements or unavailability of the service may not be resolved without a contract being in place. The annual fee payable could not be confirmed. Non-compliance with the Data Protection Act could lead the Authority open to fines from the Information Commissioner's Office.</i></p>	<p>Contact Paritor to put a plan in place to resolve.</p> <p>Source draft contract from Paritor.</p> <p>Ask Information Management, Corporate Procurement and Legal to review and feedback.</p> <p>Negotiate with Paritor – email sent to Paritor 22/10/20</p> <p>New agreement to be in place.</p>	<p>09/01/2020</p> <p>10/01/2020</p> <p>15/01/2020</p> <p>30/04/2020</p> <p><u>6/11/2020</u></p>	<p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Reviewed with Legal, Procurement and Info Mgt. Consolidated change requests sent to Paritor 22/10/2020.</p>
1.05	<p>Access to the admin areas of the Paritor system was not restricted to authorised personnel and access had also been provided to a 3rd party.</p> <p><i>Unauthorised persons could access and amend data. Non-compliance with the Data Protection Act could lead the Authority open to fines from the Information Commissioners Office.</i></p>	<p>Disable 3rd party account.</p> <p>Disable duplicate accounts.</p> <p>Agree access levels to be set up.</p> <p>Set up and allocate users.</p> <p>Trial and verify.</p>	<p>09/01/2020</p> <p>15/01/2020</p> <p>13/01/2020</p> <p>17/01/2020</p> <p>24/01/2020</p>	<p>Completed</p>

GWENT MUSIC SUPPORT SERVICE (2019/20) – EXTRACT FROM ACTION PLAN

Ref.	Weakness & Risk	Agreed Management Action	By When	Current Status (November 2020)
1.06	<p>Signed service level agreements (SLAs) / evidence of agreement was not always held for non-parent billed schools.</p> <p><i>The legal basis for charging not being held could result in non-payment or services provided which were not agreed causing a dispute. Loss of income.</i></p>	<p>Ensure Paritor record for each SLA school has a Head-teacher email address.</p> <p>Ensure email notifications of proposed SLA are sent to Head-teachers as well as other school contact emails.</p> <p>Where no agreement has been received within 30 days of sending the first email, a reminder will be sent, stating clearly that if no response is received the proposed SLA will be assumed to be agreed. Ensure the Head-teacher receives at least two email notifications.</p>	<p>30/03/2020</p> <p><u>30/11/2020</u></p> <p><u>21/12/2020</u></p>	<p>13/10/20 Completed- ongoing process in place for checking contacts with each LA annually</p> <p>Due to the service being furloughed, SLAs for this half term are now being completed using this process. The normal timeline is inconsistent due to furlough.</p> <p>No SLAs will commence for this half term unless returned email form HT received. Normal practice will be resumed for 2021.</p>

GWENT MUSIC SUPPORT SERVICE (2019/20) – EXTRACT FROM ACTION PLAN

Ref.	Weakness & Risk	Agreed Management Action	By When	Current Status (November 2020)
1.07	<p>Application forms and evidence of obtaining quotations was not always present for the sample of purchases examined which had been made via the Instrument Purchase Scheme. Purchase orders were sometimes raised after invoices had been received.</p> <p><i>Non-compliance with Contract Standing Orders. The budget holder may be unaware of the commitments made where purchase orders are not raised in advance.</i></p>	Add a new form to the Paritor pupil record which documents step-by-step process for authorising and processing instruments under the Assisted Instrument Purchase Scheme (AIPS). Train team to complete details.	30/09/20	Completed
		Perform monthly review of AIPS payments made in the month to check details are completed and correspondence saved on the pupil record.	<u>06/11/2020</u>	Completed for 2019-20. AIPS scheme not currently operating.
		Develop on-line form to replace the paper AIPS form.	28/02/2020	Completed – However, AIPS scheme not currently operating.
1.08	<p>Not all members of Gwent Music staff have attended Information Security or Financial Regulations training courses.</p> <p><i>Staff may be unaware of the requirements of the policies which could result in poor or ineffective administration.</i></p>	<u>Information Security</u>		
		Arrange training for all Gwent Music contracted staff team	31/01/2020	Completed 12/02/2020 - Delivered to 8 out of 9 staff on 12/02/2020. 06/01/2021 re-booked for whole team.
		<u>Financial Regulations</u>		
	Admin and managers booked on training to be delivered on 19/03/2020.	19/03/2020 <u>17/11/20</u>	Cancelled due to furlough Rebooked	
	Add fields to Paritor staff records to record training delivery and add to weekly management review.	30/01/2020	Completed	

GWENT MUSIC SUPPORT SERVICE (2019/20) – EXTRACT FROM ACTION PLAN

Ref.	Weakness & Risk	Agreed Management Action	By When	Current Status (November 2020)
1.09	<p>No cross check was completed to the Free School Meal (FSM) database to ensure eligibility for the Music Access Fund (MAF).</p> <p><i>Eligibility for the Music Access Fund cannot be confirmed. Non-FSM pupils may be accessing funding that they are not entitled to.</i></p>	Contact Benefits Team to discuss / arrange access to NCC database for verification.	15/01/2020	Completed
		Email a report of current MAF pupils to each school asking for verification.	31/03/2020	Report tested with one school. As all pupils are re-enrolling there are no pre-existing pupils to report on. This will next be relevant before invoicing for Spring tuition in Dec 2020.
		Contact Monmouthshire County Council (MCC) and Torfaen County Borough Council (TCBC) to establish equivalent access.	<u>23/10/20</u>	TCBC contact responsible for MCC/TCBC shared service. Redrafting parent T&Cs to resolve Privacy Policy issues. Not yet resolved.
1.10	<p>Financial contributions from the Gwent Local Authorities were not made on a consistent basis to the Music Access Fund. Where a Local Authority had over/underspent on their contribution this was not recovered/repaid.</p> <p><i>Additional budget pressures.</i></p>	Review year to date position each month as part of monthly forecast review.	15/02/2020 / monthly thereafter	Completed
		Report financial year out-turn to directors annually.	<u>6/11/20</u>	On target for completion

GWENT MUSIC SUPPORT SERVICE (2019/20) – EXTRACT FROM ACTION PLAN

Ref.	Weakness & Risk	Agreed Management Action	By When	Current Status (November 2020)
2.02	<p>There was no documented approval process / agreement of the Gwent Music Fees & Charges.</p> <p><i>Charges to parents / schools may not be formally agreed. No basis for charging.</i></p>	<p>Submit proposed charges for 2020/21 academic year to the Finance Business Partner to be included in the budget approval process.</p> <p>Refer to Cabinet Member for approval.</p>	<p><u>30/11/20</u></p>	<p>Agreed with regional Directors. Due to be presented to the Cabinet Member in November 2020</p>

GWENT MUSIC SUPPORT SERVICE (2019/20) – EXTRACT FROM ACTION PLAN

Ref.	Weakness & Risk	Agreed Management Action	By When	Current Status (November 2020)
2.03	<p>Gwent Music had a high level of 'Unauthorised' debt relating to tuition previously provided. Income due / debts had not been collected in a timely manner, nor had tuition been stopped for non-payment.</p> <p><i>Loss of income. Costs of providing tuition are not recovered. Adverse effect on the budget.</i></p>	Set up daily reporting of debt, identifying accounts for action.	17/09/2019	Completed
		A new procedure has been introduced where no tuition will be allowed to start until payment has been received. Pupils receiving lessons are now invoiced 30 days before lessons start.	Done from 17/09/2019	Completed – ongoing process
		Call, text and send personalised emails to top debtors with pupils still receiving tuition.	Done from 17/09/2019	Completed – ongoing process
		Review all Debt Allowances more than 40 days old weekly.	Done from 08/10/2019	Completed – ongoing process
		Finish tuition for non-payers and pass debt to NCC Debtors.	Done from 21/10/2019	Completed – ongoing process
		Send weekly past-due invoice chase emails from Paritor.	Done from 19/11/2019	Completed – ongoing process
		Give notice to debtors without tuition that debt will be passed to NCC Corporate Debtors Team.	Done from 12/12/2019	Completed – ongoing process
		Review disputed outstanding invoices weekly.	24/01/2020	Completed – ongoing process
Complete passing debtors without tuition to NCC Debtors.	28/02/2020	<p><u>02/11/20</u> All pre-Sep unauthorised debt will be with NCC Debtors by beginning of November</p>		

GWENT MUSIC SUPPORT SERVICE (2019/20) – EXTRACT FROM ACTION PLAN

Ref.	Weakness & Risk	Agreed Management Action	By When	Current Status (November 2020)
2.04	<p>Schools were not being invoiced for their SLA charges on a regular basis. There was a high amount of non-invoiced debt.</p> <p><i>Potential loss of income. Negative impact on budget. Allegations of favouritism / bias where debts are not collected on a consistent basis.</i></p>	<p>Raise all invoices for the backlog of AY 2018-19.</p> <p>Raise invoices for Autumn 2019.</p> <p>Send Spring 2020 billing advices.</p> <p>Raise all invoices for Spring 2020.</p> <p>Monitor completion of key milestones for future terms:</p> <ol style="list-style-type: none"> 1. Issue billing advices by end Sep, Jan, May. 2. Issue invoices by end Oct, Feb, Jun. 	<p>31/01/2020</p> <p>31/01/2020</p> <p>31/01/2020</p> <p>28/02/2020 <u>06/11/20</u></p> <p>31/01/2020</p>	<p>Completed</p> <p>Completed – ongoing process</p> <p>Completed – ongoing process</p> <p>Awaiting purchase order for one only</p> <p>Completed – ongoing process</p>

GWENT MUSIC SUPPORT SERVICE (2019/20) – EXTRACT FROM ACTION PLAN

Ref.	Weakness & Risk	Agreed Management Action	By When	Current Status (November 2020)
3.02	<p>An up-to-date inventory of assets was not in place detailing all items held at Gwent Music Headquarters or other locations. Assets held in the storage unit were not insured.</p> <p><i>No comprehensive list of assets held for insurance purposes in the event of fire, flood and theft. Increased risk of theft / loss of items going undetected. Non-compliance with Financial Regulations. Where no insurance is in place, items may not be replaced.</i></p>	<p>Transfer assets from the Access database to Paritor (instrument were transferred in July 2016 and maintained on Paritor since).</p> <p>Conduct annual stock take of assets held at Gwent Music and evidence check.</p> <p>Identify and activate appropriate level of insurance cover based on location and usage of assets</p> <p>Use V5 of Paritor to scan in / out instruments and automatically update the records.</p>	<p><u>31/12/20</u></p> <p><u>18/12/20</u></p> <p><u>30/11/20</u></p>	<p>Non-musical instrument assets being stock checked against the Access database and an updated register created.</p> <p>This will be uploaded to Paritor when confirmed and accurate. Stocktake at East Bank, Gwent Music HQ and Caerleon Comprehensive bases complete. Others scheduled. Parents holding loan instruments emailed 20/10/2020.</p> <p>Updated list of all assets being stored at GM HQ and East bank Road have been provided to NCC for insurance quote. Awaiting response to underwriting due to constant movement of assets between locations.</p> <p>V5 has not yet been launched by Paritor Testing commenced 24/02/2020 Paritor unable to start migration until 01/11/2020 earliest.</p>

GWENT MUSIC SUPPORT SERVICE (2019/20) – EXTRACT FROM ACTION PLAN

Ref.	Weakness & Risk	Agreed Management Action	By When	Current Status (November 2020)
3.03	<p>The access arrangements to Gwent Music HQ were not secure and the signing in / out record was not being completed.</p> <p><i>Increased risk of theft of assets. Where no signing in / out records are held there would be no record in the case of fire as to who was in the building.</i></p>	<p>Repair the front door so that the access control is operational.</p> <p>Reposition the gate and door controls to be co-located.</p> <p>Repair fire-proof curtain on reception window.</p> <p>Arrange support team staffing so that the gate and door entry phones are manned during published opening hours.</p> <p>Evaluate iPad based signing in system as used in schools as an alternative to paper-based sign in. If we continue with paper-based records ensure these are fully completed.</p> <p>Arrange admin staffing so that the check-in process is monitored during opening hours.</p>	<p>16/01/2020</p> <p>28/02/2020</p> <p>28/02/2020</p> <p>28/02/2020</p> <p>28/02/2020</p> <p>28/02/2020</p>	<p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed- agreed with Audit team that paper sign in sufficient</p> <p>Will resume once HQ open for access again</p>

GWENT MUSIC SUPPORT SERVICE (2019/20) – EXTRACT FROM ACTION PLAN

Ref.	Weakness & Risk	Agreed Management Action	By When	Current Status (November 2020)
3.04	<p>The service had long term hire arrangements in place for the storage of musical instruments despite there being areas of Gwent Music HQ not being fully utilised.</p> <p><i>The service may not be obtaining value for money with long term hire arrangements where cheaper / free of charge alternatives could be used.</i></p>	The container is now surplus to requirements and will be vacated and the contract terminated.	28/02/2020	Completed Cabin contract cancelled 09/09/20. Cabin emptied 11/09/20. Cabin collected 17/09/20
		East Bank Road at capacity, requires stock take.	31/08/2020	Completed 18/09/20 Stock take completed and storage rationalised
		Transfer keys to a new locked location with keys held only by Business Support Team.	15/01/2020	Completed
3.05	<p>There was a lack of control surrounding the Instrument Loan Scheme, namely; (a-i below)</p> <p><i>Non-compliance with Financial Regulations.</i></p>	Remedial actions are listed below against 3.05 (a) to (i)		
		<p>On-going management controls will be instigated to monitor the KPIs listed below. This will be reviewed by the SLT monthly to measure and manage progress towards achieving an accurate database:</p> <p>Conduct annual stock checks of all stock locations.</p>	<p>15/02/2020</p> <p><u>18/12/20</u></p>	<p>Completed – ongoing</p> <p>In progress for this year</p>

GWENT MUSIC SUPPORT SERVICE (2019/20) – EXTRACT FROM ACTION PLAN

Ref.	Weakness & Risk	Agreed Management Action	By When	Current Status (November 2020)
3.05 (a)	<p>The Instrument Loan database had a high number of outstanding loans dating back to 2006 (13 years).</p> <p><i>Assets may not be held by the person listed and prevents it from being allocated to a current pupil. Increased risk of theft / loss of assets.</i></p>	<p>Ensure that Instrument Loan Database is maintained by regularly completing the following KPI actions:</p> <ol style="list-style-type: none"> 1. Contact all parents with live loan to confirm continuation if within approved loan period 2. Terminate any loans accordingly 3. Update the database to reflect current status as informed by parent responses. 4. If not confirmed within 30 days from date of email, update record in preparation for write off subject to Head of Service Approval. 	<p>18/12/20</p> <p><u>31/01/21</u></p> <p><u>18/12/20</u></p> <p><u>18/12/20</u></p>	<p>In progress, for completion by end of term</p> <p>Completed – 22/10/20</p> <p>In progress</p> <p>In progress</p> <p>In progress</p>
3.05 (b)	<p>Pupils no longer on roll at schools within Newport were identified as having an instrument with an outstanding loan.</p> <p><i>Assets may not be held by the person listed and prevents it from being allocated to a current pupil. Increased risk of theft / loss of assets.</i></p>			

GWENT MUSIC SUPPORT SERVICE (2019/20) – EXTRACT FROM ACTION PLAN

Ref.	Weakness & Risk	Agreed Management Action	By When	Current Status (November 2020)
3.05 (c)	<p>The Instrument Loan database did not contain all required information, with some information missing.</p> <p><i>Increased risk of theft of assets. Assets may not be recovered if lost / stolen. Incomplete information held.</i></p>	<p>Reports generated for each scenario identified, tutors contacted to provide missing details.</p> <ol style="list-style-type: none"> 1. Instrument details missing 2. No Gwent Music ID ref 3. No school recorded 4. No parent details 5. No tutor name 6. Instruments held by university students 7. Instruments held by primary school pupils who are in year 7 and higher 	<u>18/12/20</u>	<p>Being progressed</p> <p>Delay in commencing due to furlough of service.</p> <p>In progress In processing email responses from parents as per 3.05(a) data is being updated, instruments returned or marked as location 'unknown'. Tuition is due to commence 2/11/20 which will enable more contact with parents and tutors to accelerate progress, and update records as necessary.</p>
3.05 (d)	<p>Instrument loans had been made to pupils no longer receiving tuition i.e. some were at university. According to the database these remained outstanding.</p> <p><i>Assets may not be held by the person listed and prevented from being allocated to a current pupil. Increased risk of theft / loss.</i></p>	<p>See 3.05 (c)</p> <ol style="list-style-type: none"> 6. Instruments held by university students 	<u>18/12/20</u>	<p>In progress, emails sent to all live loans with students now at university, followed up with phone call if no response. All responses updated on Paritor in readiness for next stage of stock take.</p>

GWENT MUSIC SUPPORT SERVICE (2019/20) – EXTRACT FROM ACTION PLAN

Ref.	Weakness & Risk	Agreed Management Action	By When	Current Status (November 2020)
3.05 (e)	<p>The database was not updated to reflect pupils moving from primary to secondary schools.</p> <p><i>Assets may not be held by the person listed and prevented from being allocated to a current pupil. Increased risk of theft of assets. Out of date information is held on the database.</i></p>	<p>See 3.05 (c)</p> <p>7. Instruments held by primary school pupils who are in year 7 and higher</p>	18/12/20	<p>See 3.05 (c)</p> <p>In progress, parents emailed as per 3.05(a) pupil data updated in line with school transition lists. Tuition commencing 02/11/20 will enable confirmation with schools on pupils transferring from primary to secondary and updates made</p>
3.05 (f)	<p>Instrument loans were not being reviewed on a periodic / regular basis.</p> <p><i>Assets may not be held by the person listed and prevented from being allocated to a current pupil. Increased risk of theft / loss of assets going undetected.</i></p>	<p>Issue termly report to tutors of loans to:</p> <ol style="list-style-type: none"> 1. tutors, 2. their pupils 3. schools they teach in 4. centres they staff <p>Request feedback confirming or correcting details and update database accordingly.</p> <p>Record the date instrument loan and location was last checked on Paritor.</p>	<p>30/03/2020</p> <p>5/01/2020</p>	<p>Completed</p> <p>Completed – ongoing process</p> <p>Due to furlough this process has been suspended, will be reinstated once tuition resumes</p>
3.05 (g)	<p>The database was not up-to-date and instrument loans issued during the previous 15 months had not been input.</p> <p><i>Assets may not be held by the person listed and prevented from being allocated to a current pupil. Increased risk of theft of assets.</i></p>	<p>Process the backlog of instrument loan forms held in the office.</p> <p>See also 3.06</p>	30/11/2019	Completed

GWENT MUSIC SUPPORT SERVICE (2019/20) – EXTRACT FROM ACTION PLAN

Ref.	Weakness & Risk	Agreed Management Action	By When	Current Status (November 2020)
3.05 (h)	<p>The total number, overall value and location of musical instruments held / owned by the service could not be confirmed.</p> <p><i>The whereabouts of assets is not known. Assets may not be held by the person listed and prevented from being allocated to a current pupil. Increased risk of theft / loss of assets going undetected.</i></p>	Produce report from Paritor once 3.05 actions are completed.	<u>18/12/20</u>	<p>In progress for completion. Value of instruments in any location can be reported once location confirmed, already completed for GM HQ, and East Bank Road facility for insurance quote as per 3.02</p> <p>Once all locations have been checked full report for any location will be available</p>
3.05 (i)	<p>Deposits or charges for the hire of musical instruments were not made.</p> <p><i>Impact on the service area budget where instruments are not returned / returned damaged and have to be replaced. Loss of potential income.</i></p>	Review the feasibility of re-trialling invoicing for instrument loan.	<u>30/3/21</u>	Due to COVID, schools have not yet resumed lessons fully, and pupil numbers due to financial hardship are very low.
3.06	<p>Where musical instruments are loaned / used by tutors there was no signing in / out procedure to ensure the assets were accounted for.</p> <p><i>Increased risk of theft / misappropriation of assets.</i></p>	<p>Provide a sign in/out sheet in the general office.</p> <p>Instruct all tutors to log instrument movements on the sheets, or request a member of the support team to log the movements on Paritor in real time.</p> <p>Support team will transfer all movements from the log sheet to Paritor daily.</p>	<p>10/01/2020</p> <p>10/01/2020</p> <p>10/01/2020</p>	<p>Completed- ongoing once normal service resumes</p> <p>Completed- ongoing once normal service resumes</p> <p>Completed- ongoing once normal service resumes</p>

Briefing Note

Audit Committee

Part 1

Date: 19th November 2020

Item No: 9

Subject **Second Consecutive Unsatisfactory Audit Opinion – Special Guardianship Orders (SGO) / Kinship Payments 2019/20 – Audit Committee Call In**

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

- i) The action taken by management in the Service Area to date and progress against the agreed action plan in respect of the Unsatisfactory audit opinion for *Special Guardianship Orders (SGO) / Kinship Payments*.

Author Joanne Llewellyn Service Manager Resources
On behalf of Sally Jenkins Head of Service-Children and Families

Ward General

Summary

Date of Final Report: 24/03/20
Opinion: Unsatisfactory

Date of Follow Up: Scheduled for Qtr 4 2020/21 (subject to any impact from Covid-19)

The original audit in May 2018 advised that links would be made with finance to ensure that the SGO payment system is robust. However, I started in post in January 2019 and undertook a restructure of this aspect of children's services and this caused some delays.

The Family and Friends Team was established in early 2019; however, recruitment of staff to posts was an ongoing process into the summer of 2019. The first batch of financial assessments transferred to Family and Friends in September 2019. The transfer to the team was a gradual process due to the high numbers of assessments to transfer and the need to link to several different social work teams to enable cases to be transferred. There are currently 193 financial assessments within the Family and Friends Team.

In addition, some cases which needed financial assessments were also open to social workers in other teams because of additional care and support needs. To transfer a case to a new social worker is more time consuming than a financial only case transfer as files needed auditing, social workers to agree transition points and meetings with families. This is a necessary delay to ensure that the family

continues to receive the correct level of support. However, this did mean that some of the financial assessment were not within the team in September 2019. There were also some issues with recruiting staff to the Family and Friends Team who could casehold; this is now resolved. By the end of October 2019 most cases had transferred.

Initial assessments were re audited but due to the small number of assessment completed by Family and Friends, due to minimal referrals from the childcare teams, the process could not be audited and therefore change could not be evidenced.

Financial assessments are reviewed once a year as a minimum and more frequently if the LA is notified of change by the SGO carer. Consequently, assessments prior to October 2020 may not have been undertaken within the Family and Friends Team as they would only need reviewing after 12 months. This meant that in September 2019 the Family and Friends Team could not evidence a change in systems as they had not undertaken a year of financial reviews. All cases that have been held by Family and Friend for 12 months would be reviewed in the new system.

Covid has had an impact as the SWA's have not been able to visit families to undertake the assessment and so alternatives such as video calls and using technology have been used to undertake the assessments. The assessments have still been undertaken.

SPECIAL GUARDIANSHIP ORDERS (SGO) / KINSHIP PAYMENTS – EXTRACT FROM ACTION PLAN

Ahead of the follow-up review it was management's intention that from September 2019, the Friends and Family Team would be responsible for all SGO financial assessments, as well as the management and review of on-going payments. This co-ordination did not happen as intended. Due to the lack of system information and availability of records, Internal Audit were unable to verify that the previously identified issues had been successfully addressed. The previous issues were as follows:

Ref.	Weakness & Risk	Agreed Management Action	By When	Current Status
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SPECIAL GUARDIANSHIP ORDERS (SGO) / KINSHIP PAYMENTS – EXTRACT FROM ACTION PLAN

Ref.	Weakness & Risk	Agreed Management Action	By When	Current Status
1.05	<p>There was a lack of central coordination of the SGO financial assessment process as roles and responsibilities were not clearly defined.</p> <p><i>Inaccurate payments are made to special guardians as financial assessments are not undertaken consistently and correctly and allowances are not paid and monitored effectively by Social Services teams.</i></p>	<p>It is acknowledged that there is currently a lack of co-ordination and oversight of the SGO financial assessment activity. We will seek to identify a suitable officer to undertake this co-ordinating role. It may be necessary to look outside of C&YPS, to an officer with a more finance focused background, to fulfil this role. This will be considered as part of a wider review to determine the most appropriate officers to undertake the SGO financial assessments (see 2.07).</p>	September 2018	<p><i>I, Joanne Llewellyn, now have oversight of the SGO budget. I hope the above information indicates that there are now clear roles and responsibilities for the financial process as all cases are within the Family and Friends Team. All new SGO cases transfer straight to the Family and Friends Team and so there should be no future issues with financial assessments. There may be some cases whereby the child requires support from the Disabled Children’s Team (DCT) and therefore joint working between Family and Friends and DCT will be required; although the financial aspects are undertaken by the Family and Friends Team.</i></p> <p><i>The SWA’s in Family and Friends have allocated assessments to undertake and are supervised by a senior practitioner in the team who has oversight of their work.</i></p>

SPECIAL GUARDIANSHIP ORDERS (SGO) / KINSHIP PAYMENTS – EXTRACT FROM ACTION PLAN

Ref.	Weakness & Risk	Agreed Management Action	By When	Current Status
1.06	<p>The declaration on the financial assessment form did not include the requirement to verify and share the data provided and that action could be taken in the event of providing false information.</p> <p><i>Non-compliance with the Data Protection Act. The Authority may be unable to take any further action when false information has been provided.</i></p>	<p>The declaration on the financial assessment form will be revised to include this information. This will be in consultation with the Information Management team ready for implementation of GDPR in May 2018.</p>	April 2018	Declaration has been included.
1.07	<p>Evidence that information about the SGO process was issued to all relevant parties was not always available.</p> <p><i>Parents and special guardians may enter into an SGO without being fully aware of all stages of the process.</i></p>	<p>The SGO leaflet will be reviewed and, if required, revised and a copy will be issued to all parents and prospective special guardians at the time the Connected Persons Report is compiled.</p>	April 2018	<p>Carers are sent letters and these are now saved upon the S drive and wccis. Policies are available and conversations are underway with comms team regarding website information being available. Updated leaflets with information regarding different types of care have been signed off by CSMT on 27.10.2020. These can then be given to all potential carers once Comms have completed the graphics. These are available to use without graphics.</p>

SPECIAL GUARDIANSHIP ORDERS (SGO) / KINSHIP PAYMENTS – EXTRACT FROM ACTION PLAN

Ref.	Weakness & Risk	Agreed Management Action	By When	Current Status
2.09	<p>The evidence sighted to confirm the details recorded on the financial assessment form was not copied or noted and no further verification of the information was conducted.</p> <p><i>Incorrect or false information may be recorded on the form resulting in incorrect payments being made or payments being made when they are not due.</i></p>	<p>The financial assessment form will be revised to note the evidence sighted for all relevant income and allowable expenditure. The income and expenditure declared will then be verified to bank statements.</p>	April 2018	<p>This detail is now kept on the s drive and wccis – although covid has impaired the ability to manage this as well as previously as some carers are not computer literate to send these in- this causes complications. However, once visits return to previous levels this will be in place for all cases.</p>
2.10	<p>The financial assessment forms were not always signed and dated by the special guardians.</p> <p><i>The information included is not reviewed by the applicant, which could lead to errors and omissions not being identified and incorrect payments being made. The applicant has not read and understood their obligations and it may be more difficult to take recovery action should a future overpayment arise as a result.</i></p>	<p>A reminder will be issued to all staff to ensure the special guardians physically sign the financial assessment form and the signed copy to be retained on ESCR.</p>	Immediate	<p>As this is now managed by the F&F Team and by designated officers; this is now taking place. Copies are retained on file.</p>

SPECIAL GUARDIANSHIP ORDERS (SGO) / KINSHIP PAYMENTS – EXTRACT FROM ACTION PLAN

Ref.	Weakness & Risk	Agreed Management Action	By When	Current Status
2.11	<p>Independent checks of financial assessment calculations were not accurately completed prior to payment being made.</p> <p><i>Without an independent and accurate check on the financial assessment calculation spreadsheet any potential errors will not be identified and corrected prior to the payment being made.</i></p>	<p>Independent checks will now be conducted on all financial assessment calculations including those completed by the Quality Assurance team.</p> <p>Refresher training will be provided by the Consultant Social Worker in conjunction with Social Services Accountancy.</p>	<p>April 2018</p> <p>June 2018</p>	<p>The SWA's within F&F will check each others work and also link with the finance officer to ensure that checks are taking place.</p>
2.12	<p>DSS1-2 forms were not always signed and dated by the authorising officer.</p> <p><i>Unauthorised payments may be made.</i></p>	<p>Staff will be reminded to ensure the DSS1-2 forms are properly authorised prior to the payment being processed on the Swift system and the signed copy retained on ESCR.</p>	<p>Immediate</p>	<p>This is now in place and documents saved to WCCIS.</p>
2.13	<p>Annual re-assessments were not aligned to the 1st April each year to reflect changes to state benefits and allowances.</p> <p><i>Incorrect amounts may be paid until the re-assessment is calculated due to the uprating of state benefits and the Annex A rates not being accounted for from the correct effective date.</i></p>	<p>Annual re-assessments will now be conducted in the first quarter and the revised allowance will be backdated to the 1st April.</p> <p>Re-assessments will also be completed on the child's 5th and 16th birthdays and the revised allowance will be backdated to the effective date of change.</p>	<p>June 2018</p>	<p>All the financial cases are reviewed in April if an increase in annual SGO rates is applied. The individual cases are also reviewed annually, so each case is reviewed twice a year, unless their annual review date also falls in April. Carers are advised in the change of payments in line with any changes to fostering allowances and these changes are made. Carers are advised to inform the LA of an changes that impact on their payments and agree to pay back any over payments.</p>

SPECIAL GUARDIANSHIP ORDERS (SGO) / KINSHIP PAYMENTS – EXTRACT FROM ACTION PLAN

Ref.	Weakness & Risk	Agreed Management Action	By When	Current Status
2.14	<p>Not all the required information relating to the financial assessments was scanned or saved in ESCR.</p> <p><i>There is no evidence to support the allowance calculated and that the payment has been authorised, potentially leading to incorrect payments being made.</i></p>	<p>Staff will be reminded to ensure all documents relating to the financial assessments are scanned into ESCR.</p>	<p>Immediate</p>	<p>ECSR is no longer used. Documents are saved onto the S drive and WCCIS.</p>
3.08	<p>Follow up letters were not issued to special guardians of SGO children who were more than 16 years of age and, when applicable, evidence that the child will remain in education was not available.</p> <p><i>SGO payments may continue to be made when they are not due and the resulting overpayments may not be repaid.</i></p>	<p>Staff will be reminded to follow up the initial phone call with a letter asking the special guardian to confirm whether or not the SGO child will remain in education post 16 and, if they are, to provide evidence.</p>	<p>Immediate</p>	<p>Follow up letters for age 16 are sent.</p>

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Report

Audit Committee

Part 1

Date: 19 November 2020

Item No: 10

Subject **Lessons Learned – 2019/20 Accounts Closedown and Financial Statements Preparation**

Purpose This report presents the findings of an initial lessons learned review carried out by finance officers following the 2019/20 accounts closedown. It gives an assessment on the findings of the lessons learned review and the plans in place to implement for 2020/21 and the key risks to the closedown process for 2020/21.

Author Assistant Head of Finance

Ward General

Summary Following the closedown of the 2019/20 accounts, a lessons learned review was undertaken to put into place further improvements for the closedown of the accounts process. This lessons learned review is taken as a matter of course, and with the issues that arose from the audit of the 2019/20 accounts, this review is of high importance to ensure improvements are delivered for 2020/21. The review is even more significant this year given the circumstances surrounding the Covid-19 pandemic and how Newport City Council and Audit Wales are adapting to remote working whilst still working to statutory deadlines.

We have met with Audit Wales to have a discussion on lessons learned and a further meetings will take place with Audit Wales to discuss what additional processes needs to be put in place to ensure the earlier closing deadline is met and to confirm which areas of the accounts can be audited early for the 2020/21.

Proposal **Committee is recommended:**

To note the lessons learned process that has been carried out to date and agree the proposed plan for 2020/21 closedown.

Action by Head of Finance/Assistant Head of Finance – implement proposals and processes highlighted in the report.

Timetable Immediate

This report was prepared after consultation with:

Finance Teams
Audit Wales Office

Signed

Background

2019/20 closedown of accounts and preparation of the Statement of Accounts has been very challenging in the backdrop of the Covid-19 pandemic. With the country going into lockdown at the end of March, the finance team were faced with closing down the financial year end and producing a draft statement of accounts while working from home and without the usual access to a number of files and contacts. There were also significant competing demands across accountancy and other service areas in the response to the Covid-19 pandemic.

Despite the challenges the finance team were able to utilise remote working technology such as 'Teams'; and continued access to the Councils networks and financial ledger to produce and publish a draft Statement of Accounts on 6th July 2020, just over three weeks after the statutory deadline for approval of 15th June 2020.

The audited statement was due to be completed by 15th September, however again due to the challenges arising from the Covid-19 pandemic this was not achievable, and this was signed off electronically on the 30th September.

Understandably, it is common across Wales and the UK that either deadline was not met this year. Despite the challenges faced this year, alongside Audit Wales, we were able to build on previous improvements, especially in relation to early audit review of capital items, the number of amendments in relation to these have reduced from previous years.

Whilst progress was made again within 2019/20 there are still a number of improvements that can be implemented to ensure a better process and completion of accounts by the further earlier closing deadline in 2020/21. These are discussed further in the report.

Early discussions have taken place with Audit Wales, a meeting has taken place to discuss lessons learned with Finance Officers, and another will be arranged to review work that could be undertaken early by both the Accountancy Teams and Audit Wales to ensure that the revised deadlines can be met.

Outcome – Certification of the Accounts

The opinion from the Independent Auditors report was that the accounts gave a true and fair view and have been properly prepared in accordance with the Code of Practice. This was in relation to both the single entity accounts and group accounts.

Process for improvement

The process for challenge and improvement for 2020/21 accounts closedown and financial statements has already begun and key officers involved in the accounts closedown have been asked to provide their thoughts of:

- What went well?
- What didn't go well?
- What can be improved on?
- Key risks.

These have been completed and the next stage of this process is now to review these findings and timetable the improvements that can be implemented prior to planning the preparation of 2020/21 year end accounts. Some of the key themes that have come from the initial review are as follows:

- A number of the notes and tasks were again completed earlier in the closedown process/during the financial year, such as income and expenditure testing for the first 11 months of the year, accumulative absence provision, sections of the Officer Remuneration note, depreciation, a number of areas of Property, Plant and Equipment note and review on certain leases.

- Norse provided revaluation information earlier than previous years which allowed additional work within the Statement of Accounts to be done earlier. We are working closely with Norse again to ensure that the same process is followed in 2020/21 and information has already been provided to us which will enable us to continue to look at Property, Plant and Equipment notes before March 2021. By completing this exercise in 2018/19 and now 2019/20, it showed us areas that could be improved which will be implemented for 2020/21.
- Coding of expenditure and income were improved from 2019/20, but work still needs to continue to help make year-end closing more efficient.
- Continued improvement of working papers
- Weekly meetings with External Auditors meant that there was good, open engagement from both sides. Issues were raised early which enabled review and discussion with key Finance staff. Early testing will also mean that any issues raised can be corrected for the publication of the draft accounts.
- The use of Microsoft Teams has meant communication between service areas, third parties and the finance team has been able to continue however it has been different and difficult at times as everyone has had to adapt to remote working. We also need to explore the opportunities that new technologies give us to share information with audit and training is provided where applicable.
- Audit Wales highlighted the issue of creditors in the report with 3 out of 19 sampled creditors being incorrectly accrued for. Again the closedown process was hampered by Covid-19 and without access to a number of pieces of information service areas and the accounting teams were required to make a number of assumptions when carrying out accruals at year-end. We will enforce the message on accurate accrual accounting across the service areas for 2020-21 to ensure this improves in the future.
- Audit highlighted a number of simple amendments that had to be corrected. To avoid these being repeated in the future, more checks will be built into the process to ensure these are captured where possible
- Audit Wales have been provided with all necessary access to the IT systems NCC use to undertake a significant amount of testing themselves, but only on one laptop. Since remote working has been introduced it has illustrated that one laptop is not sufficient as it cannot be shared within the team.
- Whole of Government Accounts (WGA) brought out a new system for figures to be input and be able to share information easily such as Counter Party Inter Transactions more straightforwardly. On reflection as the Statement of Accounts is pulled together a reconciliation on what figures are input to the WGA will assistance in identifying any incorrect figures or balances.
- There was two uncorrected misstatement on the ISA260, these were
 - Overstatement of soft loans by £1.9m
 - Accounting treatment of loan modifications under IFRS 9
 Both of these were technical in nature and non-cash and had no impact on the general fund

The next stage is to look at each of these in detail and assign the delivery of these improvements with individual officers/teams to ensure delivery where applicable.

Key Risks

There are also a number of key risk areas that need to be focussed on and agreed with Audit Wales at an early stage which will need to be discussed with Audit Wales in the immediate future, these are:

- Communication and Information sharing due to operational changes and stepped up digitisation
- Continued early review of provisions, leases and PPE valuations
- Notes/accounts that can be reviewed by Audit Wales prior to year end
- Changes in accounting policies - IFRS 16 Leases, whilst this standard does not come in until 2021/22, we will have to include the potential impact this will have within the 2020/21 statement of accounts.
- Information required from third parties to complete statement of accounts (especially group)
- QA undertaken by Members as part of the draft and final accounts timetable
- Declaration of Interest for members
- Ensure enough time is built into the timetable for an effective review

I. Review of provisions and leases

A review of certain provisions such as accumulated absence was undertaken by finance staff during early 2020 to enable Audit Wales to review early prior to the end of the year. Building on the work that was completed early, the same work and early review is planned for early 2021. All other provisions and lease reviews will also be completed within the same timescales.

II. Notes/accounts that can be reviewed by Audit Wales prior to year end

Discussions will be had with Audit Wales about which testing can be undertaken prior to the sign off of the draft accounts. This will include notes such as capital disposals/additions/impairments, provisions, leases, creditors and early income/expenditure testing.

As stated previously, Officers have also had a meeting with Newport Norse to agree what information can be provided earlier in respect of revaluation of assets. As this information will be provided before year end, estimates will have to be used, but the processes and the data which will be used as the basis has been discussed with Audit Wales. Allowing an early review will mean that a number of issues can be resolved before the draft statement is produced.

III. Changes in accounting policies – IFRS 16 Leases

The early work and review will be especially important in regards to leases due to the new IFRS 16 standard which replaces the earlier leasing standard IAS 17. Due to COVID-19 the new standard will come into force in 2021/22 however the authority will also be required to state what the likely impact of adopting IFRS 16 will be within the 2020/21 Statement of Accounts. Whilst the new standard does not come into force until the 2021/22 financial year, IFRS 16 could lead to major changes in the way local authorities account for assets used under lease arrangements and the obligations under those leases.

IV. Information required from third parties to complete statement of accounts

There is a significant amount of information required from third parties in order to complete the statement of accounts. In 2019/20, information was received in a timely manner in order for us to complete single entity and group accounts by the end of May. However, this remains a risk, especially in 2020/21 when the deadlines are brought forward by a further two weeks. Dates for any required information will be sent to the parties concerned imminently to parties concerned and reminders will be sent throughout the year leading up to year end.

V. QA of the Statement of Accounts

A review and quality assessment (QA) of the Statements of Accounts is carried out at every level. However this year has taught us that a QA needs to be more effective on the statement of Accounts and the working papers. Not only should it be reviewed to cross check that figures and balances match but also that it is

understood how that figure has been attained and does it seem sensible. Checklists are being drawn together to put in place to help resolve errors and avoid miscalculations.

VI. Review of Statement of Accounts

Some work has already been undertaken to try and streamline the accounts and we have merged some notes where it was appropriate. We will also undertake a further review of the accounts and notes within to assess whether the accounts can be “streamlined” further by removing other notes to the accounts altogether. This will look at materiality and also whether the information provided adds value to the reader of the accounts and is required by the Code of Practice. This may save on both the time to prepare the accounts and also the auditing of the accounts.

VII. QA undertaken by Members as part of the draft and final accounts timetable

Members’ involvement as part of the QA done during both the draft and final statement of accounts would ensure that the number of audit queries raised at audit committee would be minimal. This will also help with early closure of the accounts. This would be especially relevant for the Head of Finance narrative, this will be planned to be completed earlier in the process and time for QA will be built into the accounts timetable.

Communication

Communication will be essential throughout this process in 2020/21 as we all continue to learn and adapt to remote working and new technologies, and we will need to engage the appropriate officers to take these improvements forward. Liaison with Audit Office during the lessons learned and planning stages is also key to a smooth closedown and audit process to understand how remote working will be working for them going forward, what the preferred communication method is and how information sharing can be improved.

Following the initial lessons learned meeting discussions which need to take place with Audit Wales include:

- Agreement to transactions and proposed methodologies/processes that can be completed earlier in the year (clarification of estimations and judgements used)
- Communication and agreement on upcoming policy changes
- Early review of provisions, leases and other relevant notes
- Agreement on level of working papers and timings - review of deliverables document
- Early discussions on earlier closing and working together to succeed

Timetable for improvement

October 2020	Carry out lessons learned review with relevant officers on accounts closedown 2017/18 – Completed
October 2020	Meeting with Norse to agreed required information and deadlines – completed
November 2020	Communication with third parties to provide them with the requirements for earlier closing
November 2020	Meeting with Wales Audit Office to agree lessons learned and action plan
November - December 2020	Review of Oracle system to review coding structure, classification of expenditure and balances on accounts. Update word document and excel tables in preparation for 2020/21. Review of income and ensure that internal recharges are being dealt with correctly and consistently.

Early December 2020	First “closing” meeting set up with relevant officers to discuss lessons learned log, assign responsibilities, and discuss closing timetable.
December 2020 – January 2021	Provisions, leases and PPE valuations reviewed. Revaluations received from Newport Norse
January 2021	Review deliverables document with AW with AW undertaking early review of relevant notes where agreed.
Early February 2021	FINAL timetable and memo to be agreed with responsible officers and HoF
February 2021	Final timetable and memo sent out to appropriate officers
February/March 2021	Completion of earlier closedown tasks to take pressure off closedown periods
3rd week April 2021	ALL transactions relating to Outturn to have been completed
4th week April 2021	All “technical” transactions to be complete
Continuous	Working Papers to be completed at earliest opportunity rather than waiting for Outturn to be closed off – if not changing complete – checks to be made.
Throughout May	Put financial statements together as per agreed timetable.
Third week May	Completed draft SOA ready for QA and review QA undertaken by members
Last week of May	Approval of SOA by HoF – dates of Audit Committee to be confirmed

Financial Summary

There are no direct financial implications arising from this report.

Risks

There are a number of key risks to the closedown process that need to be mitigated against. The following table highlights these.

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?
Delayed accounts due to reliance on third parties	M	L	Estimations/judgements may be required where the information isn't available from third parties i.e. accruals Ensure third parties are aware of timetable deadlines	Finance
New policies/treatments	L	L	Knowledge of changes to the 'Code' and impact on the Authority's financial statements. Attendance at relevant year end courses. Discussions with auditors at early stage of process.	Finance
Failure to approve and publish the accounts before the 31 July deadline increases	M	L	The Council works with its Auditors to ensure the Accounts are prepared and suitably reflect the financial position of the authority	Assistant/Head of Finance

the risk of qualification, and increases reputational external perception risks.				
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* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

Effective financial management is essential if an organisation is to achieve its stated objectives.

Options Available and considered

Note and agree process of planned improvement following lessons learned review.

Preferred Option and Why

As above

Comments of Chief Financial Officer

Comments of the Chief Finance Officer are included in the above report.

Comments of Monitoring Officer

There are no specific legal issues arising from the Report. Under the Public Audit (Wales) Act and the Accounts and Audit Regulations, for 2019/20 the Council was required to prepare their draft statement of accounts for the previous financial year by 15th June and publish the final statement of accounts by 15th September. There have been further identified improvements in the process for closure of the accounts for 19/20 as a result of implementing a number of actions agreed with Audit Committee from the lessons learned last year. The final accounts have been certified as a true and fair record by the Audit Wales in accordance with the CIPFA Code of Practice. This Report sets out further lessons and recommended improvements for the 20/21 accounts closure and financial statements process, for approval by Audit Committee. From 2020/21 the Council will be required to prepare the draft statement of accounts for the previous year by 31st May and publish the final statement of accounts by 31st July.

Comments of Head of People and Business Change

Undertaking lessons learned reviews are important to demonstrate continuous improvement and ensuring this administration maintains strong corporate governance and internal controls. The outcomes of this review also provides assurance to the Council’s external and internal auditors of the process undertaken by the Council remain robust and effective.

There are no HR related matters arising directly from this report.

Comments of Cabinet Member

N/A

Local issues

There are no local issues arising from this report.

Scrutiny Committees

N/A

Equalities Impact Assessment and the Equalities Act 2010

N/A

Children and Families (Wales) Measure

N/A

Wellbeing of Future Generations (Wales) Act 2015

To support the delivery of the Wellbeing of Future Generations Act, public sector bodies including local authorities should be considering the seven corporate areas of change including finance. This report submitted to the Audit Committee is a demonstration of how the Council's finance team are self-reflecting on their performance and improving their delivery. This is also a good demonstration of having a collaborative approach with the Council's service areas and External Audit (Audit Wales) to implement their improvements and to have sufficient assurance that the processes are effective and efficient to meet the necessary legislative requirements

Crime and Disorder Act 1998

N/A

Consultation

N/A

Background Papers

Statement of Accounts 2019/20 - available to public.

ISA 260 Audit of Financial Statements 2019-20 – available to public

Dated: 04/11/2020

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Report

Audit Committee

Part 1

Date: 19 November 2020

Item: 11

Subject Draft Work Programme

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

Author Democratic & Services Officer

Ward General

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

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

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

Action by Audit Committee

Timetable Immediate

Background

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

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

28 January 2021
Internal Audit Plan – Progress (Quarter 3)
Financial Memorandum on the 2019-20 Financial Audit
Treasury Management Report

Corporate Risk Register (Quarter 2 July to September)
Internal Audit Unsatisfactory Audit Opinions (6 monthly report)
Referrals to Audit Committee

Financial Summary

Please see comments from Chief Financial Officer below.

Risks

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

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

Comments of Chief Financial Officer

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

Comments of Monitoring Officer

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

Staffing Implications: Comments of Head of People and Business Change

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

Background Papers

None.

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

28 January 2021
Internal Audit Plan – Progress (Quarter 3)
Financial Memorandum on the 2019-20 Financial Audit
Treasury Management Report
Corporate Risk Register (Quarter 2 July to September)
Internal Audit Unsatisfactory Audit Opinions (6 monthly report)
Referrals to Audit Committee

25 March 2021
Corporate Risk Register (Quarter 3) & Risk Appetite Statement
SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 3, October to December)
WAO Annual Report on Grants Works 2019-20
Annual Governance Statement (draft statement)
Member Development Self Evaluation Exercise
Referrals to Audit Committee

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