

Agenda



Performance Scrutiny Committee - People

Date: Tuesday, 19 January 2021

Time: 10.00 am

Venue: Virtual Meeting

To: Councillors J Watkins (Chair), H Thomas, J Richards, S Marshall, T Watkins, C Townsend, J Cleverly, W Routley, Y Forsey and L Lacey

Item	Wards Affected
1	<u>Apologies</u>
2	<u>Declarations of Interest</u>
3	<u>Minutes of the previous meetings held on 3 November 2020 and 17 November 2020 (Pages 3 - 14)</u>
4	<u>2021-22 Budget and Medium Term Financial Projections (Pages 15 - 64)</u>
5	<u>Conclusions of Committee Reports</u> Following the completion of the Committee reports, the Committee will be asked to formalise its conclusions, recommendations and comments on previous items for actioning.
6	<u>Live meeting</u> To watch the live meeting, please click here

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Date of Issue: Tuesday, 12 January 2021

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Minutes

Performance Scrutiny Committee - People

Date: 3 November 2020

Time: 10.00 am

Present: Councillors J Watkins (Chair), H Thomas, J Richards, S Marshall, T Watkins, C Townsend, J Cleverly and W Routley

In Attendance: Chris Humphrey (Interim Strategic Director - People), Sally Ann Jenkins (Head of Children & Young Peoples Services) and Neil Barnett (Scrutiny Adviser)

1 Apologies

None.

2 Declarations of Interest

None.

3 Minutes of previous meeting held on 8 September 2020

The minutes of the meeting held on 8th September 2020 were approved as a true and accurate record.

Cllr Marshall reported he had received a response from Education and would disseminate to other members for information.

4 2020/21 Service Plan Mid-Year Reviews

Adult and Community Services

Attendees:

- Councillor Paul Cockeram - Cabinet Member for Social Services
- Chris Humphrey - Head of Adult and Community Services

The Head of Adult and Community Services reported that this year had brought unprecedented challenges to adult services and whilst the Covid 19 crisis continued, uncertainty would remain about how the medium to long term impact of the virus pandemic would affect the community and service delivery.

The pandemic had resulted in delays to work plans as focus had concentrated on adapting service provision and supporting partners to ensure service continuity.

In terms of the budget, the Service Area had started the year with a projected overspend but was now in an improved position, even with significant increased demands, partly supported by additional funding due to the pandemic.

The Head of Adult and Community Services reassured members that the Service Area had continued to support care homes and care providers, were heavily involved in the distribution of PPE and had standing operations to deal with hospital discharges. They had dealt with a

significant number of calls from the public and provided support and advice for adults who were shielding in practical terms such as delivering food and medicines as well as providing guidance and reassurance.

Members asked the following:

- Given the existing pressures on Adult and Community Services, what was being done to mitigate pressures on the service and what was the current situation regarding safeguarding?

The Head of Adult and Community Services responded that existing close working partnerships between Commissioning Teams, Environmental Health, Public Health Wales and ABUHB meant we were able to work in an integrated way in order to provide support and guidance, ensuring service continuity. Our 2 neighbourhood care hubs meant close working with local GPs and district nurses and provided support for people in their homes and communities. The opening of the Grange Hospital, planned for November 17th had been a huge challenge for all involved and our services were aligned to coincide with this. The Home First initiative would be situated there and the Service was supporting these changes.

In regards to Safeguarding, the 90% target for dealing with safeguarding enquiries continued to be exceeded with a recorded figure of 98.4% at the mid-year point. This represented very strong performance given the additional demands that Covid placed on the service. The Head of Adult and Community Services stated that there would be 6 police officers based in the Civic Centre who would have instant access to police databases and this would boost the Safeguarding Hub. The Cabinet Member for Social Services commented that as Newport had been the pilot for this initiative, we were well ahead for this exercise in best practice for Safeguarding.

- Members queried the support given to staff working in the Care Home setting and all staff throughout Head of Adult and Community Services.

The Head of Adult and Community Services stated that at the beginning of the financial year Newport was badly affected by the virus and the impact on care home settings was significant and devastating for the families of those affected and the staff. The ongoing work with care homes included the continued distribution of PPE and the allocation of additional funding from Welsh Government. Twice weekly multi agency meetings were held to continually monitor the situation in care homes with support being given to ensure they were now as safe as they could possibly be. All Carers were contacted in April to ensure they had up to date information about how to access services and support in an emergency and provided with a Carers emergency handbook.

As with all staff throughout the Service Area, safeguards were in place to provide support to staff with access to Occupational Health and counselling service advice to provide support if needed. Risk Assessments were completed if required and fast track Covid testing was also available. All staff also had access to a full range of PPE.

- A member asked how the service has had to change and adapt to the current situation and how would future requirements need to change?

The Head of Adult and Community Services confirmed that many of the services had continued as usual. Staff in assessment teams mainly worked from home but went

into the office when required. Day services had to change as caution was needed in bringing people in these groups together indoors so new ways of working in the community were introduced. Going forward into Winter this would be more difficult as outdoor activities would be unable to continue. The Head of Adult and Community Services reported that going into the winter period, it was difficult to accurately predict the ongoing impact on service provision but a huge amount of work had been completed and all protective measures were in place. Staff were familiar with remote ways of working and lines of communication with providers and statutory partners continued to operate effectively. The longer term demand for services from citizens was difficult to accurately predict. They were aware of the increased need for support with mental health issues and of the ongoing reluctance of some people to re-engage with services. Intention was to build on what had been learnt during this time with emphasis on being more flexible in how to support staff in doing their jobs in the best way whilst minimising impact on the workforce. The Cabinet Member stated that we had to be mindful that our carers needed as much support as we could provide as with an aging population, many of the carers were now also elderly themselves.

- Members asked the current position regarding the budget and performance measures.

The Head of Adult and Community Services confirmed that the projection was close to being a balanced budget. This was due to careful monitoring and targeting funds towards what was needed rather than on the 'nice to haves'. The service had to meet needs immediately as required. If the best outcomes were found at the first stage then this could prevent problems further down the line, thereby avoiding spending much more on long term care packages. Developing and sharing intelligence to catch risks at the earliest opportunity also assisted in these measures.

From a performance monitoring perspective, a new national reporting framework was originally planned for implementation from April 2020. This work had now been delayed. The Performance Team had worked extensively to ensure the performance measures were meaningful and relevant. Putting systems in place to extract the relevant information and make it comparable across 22 authorities had been a massive undertaking in readiness for the full implementation of the reporting framework in 2021.

The Chair thanked the Head of Adult and Community Services for her report and information provided to the Committee and all members gave their sincere thanks to all staff across the entire Service Area for their hard work and dedication during the Covid crisis.

Children and Young People Services

Attendees:

- Councillor Paul Cockeram - Cabinet Member for Social Services
- Sally Ann Jenkins - Head of Children and Young People Services

The Head of Children and Young Peoples Services reported that whilst the first six months of the year had inevitably been dominated by the pandemic, Children's Services had continued to operate throughout, providing safeguarding and support for the most vulnerable children, young people and families in Newport. Whilst pressures on Children's Services should not be understated, the Service had risen to the challenge and coped well.

Children's Services staff in all areas of service had sustained provision and responded positively to the challenges of working differently and with rapid shifts in guidance.

Members asked the following:-

- What measures were being taken to ensure better outcomes for looked after children?

The Head of Children and Young Peoples Services stated that Newport struggled with the provider market in this area, as was the case nationwide. We had taken strides in providing our own care homes for looked after children meaning we could focus more on the nature of care provided in these settings and then provide better outcomes for the children placed there. Plans were for Rosedale children's home to open before Christmas and work would commence on Windmill Farm in the New Year.

The Head of Children and Young Peoples Services reported that over the coming six months, plans were to support the roll out of MYST (My Support Team) as a service to increase the support available to children in placement particularly those children placed away from Newport

- Members asked for an update on safeguarding and numbers on the child protection register

The Head of Children and Young Peoples Services reported that despite increasing numbers of referrals to Children's Services, the number of looked after children had remained stable and thankfully there had been no overall increase in the number of children on the child protection register. The pressure on families over the past seven months had been immense, however social workers had continued to visit throughout and all safeguarding work had been undertaken in line with statutory responsibilities. We had provided increased support as vulnerable families felt the pressures of lockdown both physically, financially and mentally. The initiative to have 6 police officers based in the Civic Centre who would have instant access to police databases was welcomed and this would boost the Safeguarding Hub and improve child safeguarding issues. The Cabinet Member for Social Services commented that the long term effect of the pandemic on children's well being and mental health could not be overestimated and this would be a future concern to be borne in mind.

- A Member queried the adoption and fostering position and also the cost implications of historical claims against the Council.

The Head of Children's Services commented that guidance issued back in March for working safely was agreed and adoption services adapted and continued during this period. Children had continued to be matched and placed successfully. Robust safeguards and measures put in place to be able to continue work in this area such as self isolation prior to matching meetings made this possible. The service had put in substantial additional help for our foster carers during Covid. The period of lockdown was a challenging time for this sector but surprisingly, some said they found it a positive time as they were able to bond more fully with the children in their care. There had also been an increase in the number of requests and foster carers during this period and work continued in this area, vetting, placing and signing off.

In relation to historical claims, the Head of Childrens Services commented that it was impossible to foresee what may arise. Whilst requests from the police following FOI request asking us to look at our historic records were still received, not all these resulted in claims against the authority. It was, however, always a possibility and so remained a risk that a claim may be lodged for which there could be a financial penalty.

- A member asked how the Service Area engaged with vulnerable young people during lockdown?

The Head of Childrens Services commented that there had been issues in some areas and had been a challenging time but they had tried to run some schemes for vulnerable children in particular, with focussed activities to preoccupy and keep children engaged. The implications of lockdown on children's mental health were a concern as the effects were currently unknown with the full effects maybe being felt 2 years down the line. It was noted that the Service would need to keep this in mind and be ready for future issues in this area.

The Chair thanked the Head of Childrens Services for her report and information provided to the Committee and all members gave their sincere thanks to all staff across the entire Service Area for their hard work and dedication during the Covid crisis.

Conclusion

The Committee noted the Mid-Year Service Plan Report and agreed to forward the minutes to the Cabinet as a summary of the issues raised.

The Committee wished to make the following comments:

1. The Committee recognised the challenges faced by both Adult and Community Services and the Children and Young Peoples Service during the pandemic and applauded the continuity of service during this challenging period. The Committee recognised the recruitment of foster carers in Newport was vital and stressed the need for continued support for our in-house carers. They also welcomed the provision of our own care homes and stressed that support for the staff working in these settings was vital.
2. The committee wished to investigate further the Youth Offending Service and learn how they have been operating during the pandemic period in particular.

5 Forward Work Programme Update

The Adviser presented the Forward Work Programme, and informed the Committee of the topics due to be discussed at the next committee meeting:

17th November 2020
Education Mid Year Service Review

12th January 2021/22
Draft Budget Proposals

The meeting terminated at 11.30 am

Minutes



Performance Scrutiny Committee - People

Date: 17 November 2020

Time: 10.00 am

Present: Councillors J Watkins (Chair), H Thomas, J Richards, T Watkins, C Townsend, J Cleverly, Y Forsey and L Lacey

In Attendance: Sarah Morgan (Chief Education Officer), Andrew Powles (Assistant Head of Education - Engagement and Learning), Katy Rees (Assistant Head of Education - Inclusion), Deborah Weston (Service Development Manager) and Neil Barnett (Scrutiny Adviser)

1 Apologies

Councillors Stephen Marshall and William Routley

2 Declarations of Interest

Page 17, Item 7 Councillor Trevor Watkins declared an interest as Chair of Governors of Tredegar Park School

3 2020/21 Service Plan Mid-Year Reviews

Attendees –

- Sarah Morgan - Head of Education
- Andrew Powell - Deputy Chief Education Officer
- Deborah Weston - Service Manager Resources
- Katie Rees - Assistant Head of Education- Inclusion

The Cabinet Member for Education introduced the report and reported that the Education Service continued to develop and deliver effective leadership and provision, which had been reflected in the response of the service to the Covid 19 pandemic. Central Education worked with schools to provide childcare and support for children of critical workers and to vulnerable learners. In September 2020 schools reopened in line with Newport City Council recovery objectives and Welsh Government guidance linked to school operations and the development of blended learning. Central teams had continued to work with individual schools to review school finances and ensure value for money.

Members asked the following:

- What was the situation regarding the grant provision for GEMS?

The Head of Education explained that throughout Wales, including Newport, the Council were allowed a grant for supporting pupils of GRT background or who had English as an additional language. Welsh Government had announced that the

calculation of the grant would be reviewed and we were therefore expecting a reduction in WG contribution. This was expected to cause issues as we would be unable to support our current levels of staffing in this area, currently 100 % supported by grant income. However, in light of Covid, this recalculation had been delayed so we had managed to continue for now with the same level of grant. Head of Education said we had a good representation on the working party for Welsh Government and so hoped additional money would come through the system

- A member asked if attendance levels had dropped significantly during the period of the pandemic

The Deputy Chief Education Officer reported that attendance levels were very low at the start of September but had increased steadily up to half term in October, with the best attendance rate being around 83%. Although levels were still much lower than pre-Covid, we were 9th in ranking of the 22 Local Authorities. A media campaign had been launched to encourage families to send their children back to school but at the moment we were still not allowed to issue fines for non-attendance.

- A member asked what measures were being taken to support Additional Learning Needs (ALN) children and to ensure that all schools were operating 'on an equal playing field'

The Assistant Head of Education (Inclusion) responded that at the start of lockdown the Service worked with all schools to complete risk assessments for vulnerable pupils to ensure they were tracked and supported. Throughout the Summer a helpline was available to provide extra support to ensure pupils weren't dropping behind. Also set up were education psychologist support groups to ensure any pupil with ALN needs had their well being and learning checked. There had also been a grant to set up a health and support team that all schools could access and work with to ensure well being of all students as a whole school priority.

Sencom resources were utilised for pupils with sight/hearing difficulties to ensure they were supported and bespoke packages were investigated for those pupils with particularly complex needs. Counselling services were expanded for vulnerable learners with additional funding to expand this service and this was also offered to families as well as pupils. Autism outreach service had also been launched.

Throughout lockdown the SEN panel continued to work to ensure up to date advice and support had been available and the Educational Welfare Officers had continued to work from the Hubs to provide support to families of vulnerable children and carry out welfare checks etc. Educational psychologists were also available to provide additional support and advice to both staff and pupils. Since September those risk assessments that had been completed remotely were checked back on site to ensure that the right levels and type of support had been put in place. There had been constant contact throughout with Head Teachers to look for solutions for any issues that arose for ALN learners.

- The Head of Education Services reported that the teaching profession had worked very hard during lockdown period to ensure schools had right platforms, such as google classroom, to provide consistency. Over the summer, there had been co-ordination of all schools on how to teach, present and contact remotely. The Summer period was time for catching up and checking and the Autumn period time for refining and improving. The Service had just sent out a blended learning survey to all schools

in Newport to find out exactly what plans were now in place in case any further instances of lockdown were to be imposed. Moving forward there was a need to check that all schools had their quality assurance plans in place for blended learning and this would be checked to ensure a level of consistency across all Newport schools.

- A member queried if sufficient equipment had been issued across the City to all learners and how were those being home schooled monitored?

The Head of Education responded that a definitive reply could not be provided as it was up to each school to provide that. However, 800 reconditioned laptops and 3000 MiFi units had been loaned out and a large order for additional laptops had been made, but as demand was so great nationally, it was not expected that this order would be received for quite a few months yet. Approaches had been made to local businesses to source any surplus stock that could be donated and reconditioned for school use. Dialogue continued with schools to ensure that any pupil unable to access appropriate technology had access to printed resource packs.

The Head of Education Services explained that during the pandemic some families had chosen to home school due to high anxiety issues and we had had to make sure the families understood the consequences of them not having the resources provided to them such as blended learning and information packs. In normal circumstances, once they electively chose to home school than they would lose a place on the school register and need to reapply should they wish to re-enter the school system. During a period of isolation or circuit break the authority was able to provide short term assistance with learning but if it was the parent's choice to continue for a longer period of time then we did not have the resources and are not required to provide long term assistance. Education welfare offices carried out an annual check on those children but the Local Authority was not sufficiently resourced to carry out more detailed checks on those children who were electively home schooled. The parents effectively took on the role of ensuring the education provision of the child, and they took over the role of the local authority in that respect.

- Members asked if there were any major issues anticipated towards the end of the year with the budget and to outline the current situation with schools in deficit.

The Deputy Chief Education Officer commented that Secondary school finances had been a concern for a while. Five independent reviews had been completed by internal teams, BIP and supplemented by an independent expert. These focussed on secondary schools with significant deficits and assessed value for money. The reports noted that whilst it felt that some schools were addressing all aspects of issues appropriately and no changes were needed, others recommended schools reviewed their teaching and learning methods and some recommended a review of their leadership structures. Following a further question asking how many schools were either in debt or at risk of deficit, the Head of Education stated that she believed the numbers were currently 5 Secondary and 3 Primary schools in that position. However, although deficit remained, many had resolved their in- year deficit by taking on board recommendations thus preventing the accumulation of further debt. It was difficult to predict those at future risk because of the way schools utilised their budget. Schools may have been in a good position and could utilise their savings for a period of time, but once that saving was used, they would have to recognize that level of spending could not continue. In relation to the budget at the year end, it was envisaged that all indicators would be green by that time. In terms of risk, this would be down to Welsh Government funding and decisions taken by Cabinet.

Cabinet member Giles left the meeting at this point.

The Head of Education stated that although schools were attempting to reduce their deficits, this did not necessarily mean teaching staff redundancies. The Service Area were able to look at best practice and provide schools with ideas how to best balance their books and this could be looking at goods and services, contracts etc. When asked if Newport was the worst funded Authority in Wales, the Head of Education stated that this statement was incorrect and that in her professional opinion the data was skewed by the use of ambiguous and out of date benchmarking data and that Newport was in fact, not as disadvantaged as the Welsh Government tables appeared to show.

- A member asked about the action plan and mitigation measures regarding school place pressures.

The Service Manager for Resources reassured members that there were enough spaces across the City but that they were not necessarily in the areas where there was most parental demand. There was an allocation working group that specifically monitored demand and they worked with other Departments such as Planning to ensure that sufficient Section 106 funding was agreed before new housing developments commenced. She added that a consultation had just finished into proposals to increase capacity at Bassaleg school where demand was high. They could also amend catchment areas when and where necessary.

- A member asked what was in place to support the mental health of children and staff.

The Head of Education stated that for all staff the Care First service was available together with occupational health referrals when required and the National Academy for Leadership provided headteachers support. The senior leadership team were on hand to provide any additional support and advice as needed. Meetings were held with a large group of headteacher groups on a regular basis to provide information and to discuss issues such as PPE, face coverings, school transport, cleaning etc. All school staff had been incredible during this period which had been critical to maintain learning. The Assistant Head of Education- Inclusion added that they had received extra funding from Welsh Government to expand the counselling service for young people. They had in place drop in video and chats facility, virtual community counselling, telephone counselling services for both parents and pupils. Educational psychologists also met with staff to identify individual needs and provide support.

- A member asked who was responsible for specifying the size of 'bubbles' within schools and the legitimacy of any isolation measures

The Head of Education responded that the schools themselves determined the bubble size. It was easier in the primary setting to have smaller bubbles but more difficult in secondary schools where there were such large numbers of pupils needing specialist teaching by subject. Welsh Government had verified that it was legitimate to have the whole of a year group as a bubble but this of course was a double-edged sword. Whilst it meant that the pupils were able to have a broad and balanced curriculum with specialist teaching and regular breaks, if the Track, Trace and Protect process identified a positive case, then the whole year group needed to isolate. The schools were doing the best they could with the risk assessments put in place in order to provide as much teaching continuity as they could during these times.

The Head of Service confirmed her support for the TTP measures and advised that the Council were bound to follow the rules imposed by WG regarding isolations periods, face coverings etc. With 370 different year groups across secondary schools, the previous week there had been 16 in self isolation. It was unfortunate that some schools seemed to have more instances of positive cases than others but it was out

of anyone's control. Headteachers were aware of parents frustrations but under the circumstances could not see any other way of providing the service they would want to by introducing smaller contact groups.

- The Committee asked for an update on Policies originally scheduled for implementation by the Autumn -

Self Harm and Suicide Protocol –Newport was part of a regional working party on this. It was currently with Environmental Health to finalise their relevant parts and then it would be ready to release.

Safeguarding for Staff Training – as this was a standard programme provided online, all relevant staff were able to complete the necessary training modules

Weapons Policy – awaiting final feedback for the Police Service on certain points, however everything previously piloted was now in use and the guidelines were in place which schools were now following.

The Chair thanked the Head of Education for her report and information provided to the Committee and on behalf of all members present asked that their sincere appreciation be passed on to all staff working in the Schools and throughout the Service Area for their hard work and dedication during the Covid crisis.

Conclusion - Comments to the Cabinet

The Committee noted the Mid-Year Service Plan Report and agreed to forward the minutes to the Cabinet as a summary of the issues raised.

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

1. The Committee recognised the challenges faced by the Education Service during the pandemic and applauded the continuity of service during this challenging period.
2. The committee wished to investigate further the Youth Council and the Youth Justice Service and learn how they had been operating during the pandemic period in particular.
3. The Committee wished to receive a headline report on the results of the survey into the plan for blended learning

4 Forward Work Programme Update

Invitees

- Neil Barnett – **Governance Officer**

The officer presented the Forward Work Programme, and informed the Committee of the topics due to be discussed at the next committee meeting:

19th January 2021/22

- Draft Budget Proposals

The meeting terminated at 12.30 pm

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Scrutiny Report

Performance Scrutiny Committee – People

Part 1

Date: 19 January 2021

Subject 2021-22 Budget and Medium Term Financial Projections

Author Scrutiny Adviser

The following have been invited to attend for this item:

Role / Areas of responsibility	Lead Officer
Budget Overview and Process	Meirion Rushworth, Head of Finance
Overall Budget for People Directorate	Chris Humphrey, Acting Director of Social Services
Service Specific Proposals:	
Adult and Community Services	Chris Humphrey, Acting Director of Social Services
Children and Family Services	Sally Jenkins, Head of Children and Young People Services

Section A – Committee Guidance and Recommendations

1 Recommendations to the Committee

The Committee is asked to:

- (i) Consider the budget proposals relevant to the People Service Areas;
- (ii) Determine if it wishes to make recommendations or comments to the Cabinet on the Proposals within the People Service Areas;
- (iii) Determine if it wishes to make any comments on the budget process or the public engagement (to be forwarded to the Overview and Scrutiny Management Committee for consideration).

2 Context

- 2.1 In accordance with the constitution, the Cabinet is required to consult on the proposals before recommending an overall budget and required council tax to the Council for approval in February.

Scrutiny Committees must be consulted as part of this process. The timetable for the consultation on the budget is as follows:

Cabinet agrees budget proposals as a basis for consultation	8 January 2021
Consultation period	8 January 2021 to 12 February 2021
Cabinet considers feedback from consultation and agrees final budget proposals and recommends resulting overall budget and council tax required to full Council	22 February 2021
Council approves the 2021/22 overall budget and resulting council tax level required	3 March 2021

Structure of Scrutiny of the Budget Proposals

2.2 Each Committee will meet to discuss the budget proposals in detail and formulate comments relating to their portfolio:

Committee	Date	Role
Performance Scrutiny Committee - Place and Corporate	18 January 2021	Savings proposals within the Place and Corporate Service Areas
Performance Scrutiny Committee - People	19 January 2021	Savings proposal within the People Service Areas
Overview and Scrutiny Management Committee	29 January 2021	<ul style="list-style-type: none"> • Coordination of comments from all Scrutiny Committees • Comments on the budget process • Comments on public engagement

2.3 Recommendations from the Committee meetings on 18 and 19 January will be reported to the Overview and Scrutiny Management Committee (OSMC) at its meeting on 29 January 2021 to confirm the list of comments that will be submitted from Scrutiny to the Cabinet. The Chair of this Committee will be invited to attend the meeting of the OSMC where the Committee's recommendations are discussed.

2.4 The role of the Overview and Scrutiny is to coordinate the comments from Scrutiny to ensure that there are no overlaps in what is being recommended and ensure that scrutiny as a whole provides a cohesive and consistent response to Cabinet. It also has overall responsibility for comments on the budget process, and public engagement, which it will be focusing on at its meeting.

2.5 At its meeting on 8 January, the Cabinet agreed draft proposals for consultation. The full Cabinet Report and Appendices are available on the website ([Link](#)).

Appendix 1 - Budget investments

- Appendix 2 - New budget savings for consultation
- Appendix 3 - New budget savings implemented under delegated authority (Cabinet Member and Head of Service)
- Appendix 4 - Budget savings previously approved
- Appendix 5 - Budget savings for consultation – proposals
- Appendix 6 - Demand models for social care
- Appendix 7 - Fees & charges for consultation
- Appendix 8 - Financial resilience ‘snapshot’
- Appendix 9 - Medium term financial projections
- Appendix 10 - Projected earmarked reserves
- Appendix 11 - Corporate Risk Register Update – Quarter 2

Cabinet Proposals – Business Cases

- 2.6 A summary of the proposals for consultation are contained within **Appendix 2** and Detailed Business Cases for the Proposals relevant to the People Service Areas have been extracted and included as **Appendix 5** to this report for the Committee’s consideration.
(The numbering of these appendices has remained the same as the Cabinet report for ease of reference.)

Cabinet Member Decisions

- 2.7 **Appendix 3** of the Cabinet report contains the proposals delegated to Cabinet Member and Head of Service Decisions. The Cabinet Member Decisions will be subject to the usual democratic decision making process and all Member consultation. These proposals do not form part of the public consultation and as such are not attached to the Agenda for this meeting, but can be viewed via the link to the Cabinet report included in Section 2.5 above, for information.

The Head of Service decisions are operational and are taken under delegated authority by the relevant Head of Service.

Fees and Charges

- 2.8 **Appendix 7** of the Cabinet Report contains the proposed fees and charges for consultation and can be viewed via the link to the Cabinet Report included in **Section 2.5 above**.

3 Information Submitted to the Committee

- 3.1 The following attachments are included for the Committee’s consideration:

Appendix A – Cabinet Report 2020/21 Budget and Medium Term Financial Projections (MFTP)

Appendix 2 – Budget Savings Proposals - Summary table

Appendix 5 – Detailed Business Cases for Consultation

(Note – the numbering of attached Appendices has remained the same as the Cabinet Report for ease of reference)

4. Suggested Areas of Focus

4.1 Role of the Committee

The role of the Committee in considering the report is to:

- **Assess and make comment** on the proposals relevant to the People Service Areas in terms of:
 - How **reliable** the savings forecasts are;
 - How **achievable** the proposals are;
 - Have **risks** / impact on service users been appropriately mitigated;
 - Is there sufficient and consistent information within the Business cases to enable Cabinet to make an informed decision;
 - How does it fit into the **longer term strategic planning** and vision of the Council;
 - Has the **FEIA** been completed and used to develop the proposal;
 - The extent to which the **Wellbeing of Future Generations Act** has been considered.

- **Conclusions:**
 - Feedback the Committee’s assessments of the proposals and highlight what the Cabinet need to be mindful of when taking the decision on the proposals.
 - Feedback to Overview and Scrutiny Management Committee on the budget process and public engagement.

Suggested lines of Enquiry

- 4.2 Councillors have a fundamental democratic right to commission financial information and provide challenge to executives and officers about finances. Scrutiny councillors are not expected to be financial experts, but they have a key role in ensuring **accountability** and **value for money** are demonstrated to the public.
- 4.3 The following has been adapted from Section 3.1-3.4: Source: Grant Thornton – Local Government Financial Resilience Review 2012 (“Towards a tipping point?”) to provide examples of the questioning and lines of enquiry that the Committee may wish to consider:

Individual Proposals	<ul style="list-style-type: none"> • How reliable are the proposed savings? • Is there sufficient evidence within the business cases to have confidence that the proposals are achievable? • Is it clear how this proposal will be delivered and how the savings will be achieved? • Timing of the implementation – will this achieve a full year’s savings? Will anything delay implementation (such as the consultation process for any redundancies)
Links to Strategic Planning	<p>How does the proposal contribute to the achieving corporate priorities?</p> <p>How do these proposals fit into an overall budget strategy / what is the long term approach to budget at the Council?</p>

Assessing Impact	What is the anticipated impact of the budget proposal on: <ul style="list-style-type: none"> ○ Services ○ Performance (including performance indicators and standards) ○ Clients / services users
	If there is a risk identified, has this been appropriately mitigated? Is this clear within the business case, and is it achievable?
	How will we measure the success / impact of this proposal?
Fairness and Equalities Impact Assessments	Have these been completed?
	Have any impact identified within the FEIA been considered within the business case?

Wellbeing of Future Generation (Wales) Act

4.4 The Committee's consideration of the Draft budget proposals should consider how services are maximising their contribution to the five ways of working. Below are examples of the types of questions to consider:

5 Ways of Working	Types of Questions to consider:
<p>Long-term</p> <p>The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs.</p>	What consideration have you given to the long term trends that could affect your proposal or; how could your proposal impact these trends?
	How will the needs of your service users potentially change in the future?
<p>Prevention</p> <p>Prevent problems occurring or getting worse.</p>	What is the objective (or the desired outcome) of this proposal?
	How are you addressing these issues to prevent a future problem?
	How have the decisions, so far, come about? What alternatives were considered?
<p>Integration</p> <p>Considering how public bodies' wellbeing objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies.</p>	Are there any other organisations providing similar / complementary services?
	Have you consulted with the health board, third sector, emergency services, businesses and anyone else you think might be impacted?
	What practical steps will you take to integrate your project with existing plans and strategies of other public organisations to help us all contribute fully to the seven national well-being goals?
<p>Collaboration</p> <p>Acting in collaboration with any other person (or different parts of the organisation itself).</p>	Who have you been working with? Why? Who have you collaborated with in finding out more about this problem and potential solutions?

	How are you co-working with other sectors?
	How are you using the knowledge / information / good practice of others to inform / influence the Council's work?
<p style="text-align: center;">Involvement</p> <p>The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.</p>	How have you involved the people who are being impacted by this decision?
	How have you taken into account the diverse communities in your decision making?
	How have you used different / alternative methods to reach people and involve them?
	How will you communicate the outcome of your decision?

Section B – Supporting Information

5 Links to Council Policies and Priorities

Well-being Objectives	Promote economic growth and regeneration whilst protecting the environment	Improve skills, educational outcomes & employment opportunities	Enable people to be healthy, independent & resilient	Build cohesive & sustainable communities
Corporate Plan Commitments	Thriving City	Aspirational People		Resilient Communities
Supporting Function	Modernised Council			

6. Background Papers

- [The Essentials – Well-being of Future Generation \(Wales\) Act](#)
- [Corporate Plan 2017-22](#)

Report Completed: 19 January 2021

APPENDIX A

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Report

Cabinet

Part 1

Date: 08 January 2021

Subject 2021/22 Budget and Medium Term Financial Plan (MTFP)

Purpose To highlight key issues affecting the development of the Council's 2021/22 budget and Medium Term Financial Plan (MTFP) and present the draft proposals for the 2021/22 budget. Cabinet are asked to agree the proposals in order to commence the budget consultation process for this year. Consultation results will be reported back to Cabinet in February 2021, when Cabinet will agree a final budget and recommend the required / corresponding council tax level to full Council.

Author Head of Finance

Ward All

Summary This report presents the draft budget proposals for 2021/22. It has been the subject of significant work over the last few months; much of it done within a challenging context of very little or no information from UK or Welsh Government (WG) regarding core and short term Covid-19 related funding for 2021/22 and uncertainty coming out of Brexit. The Council only received details of its draft 'Revenue Support Grant' (RSG) on 22 December and given the significant uncertainties mentioned above, finalised proposals after that. The result of that is a slightly later start to budget consultation but the remaining budget-setting timetable has been adjusted to maximise the time available for consultation and residents, service users and stakeholders, such as the independent Fairness Commission, will have four full weeks to take part in the consultation.

Details of the budget are shown within this report and its appendices and as always, both savings and an increase in local council tax are key elements of the proposed budget to ensure it is sustainable and able to maintain key services as best as possible for both Newport as a whole and the most vulnerable in our communities.

Section:

- 1 Our financial challenge
- 2 Setting the budget
- 3 Financial planning assumptions
- 4 Budget savings
- 5 Budget process and consultation
- 6 Risk, financial resilience and performance
- 7 Report review and statutory comments

Appendix:

- | | |
|------------|----------------------------------------------------------|
| Appendix 1 | Budget investments |
| Appendix 2 | New budget savings for consultation |
| Appendix 3 | New budget savings implemented under delegated authority |
| Appendix 4 | Budget savings previously approved |
| Appendix 5 | Budget savings for consultation – proposals |
| Appendix 6 | Demand models for social care |
| Appendix 7 | Fees & charges for consultation |

Appendix 8	Financial resilience 'snapshot'
Appendix 9	Medium term financial projections
Appendix 10	Projected earmarked reserves
Appendix 11	Corporate risk register summary - Quarter 2

Proposal

1. **Cabinet is asked to agree the following draft proposals for public consultation:**
 - i) Budget savings proposals in appendix 2 (summary table) and appendix 5 (detailed proposals), including the decision making point (either full Cabinet or Head of Service) for each one
 - ii) Approve implementation of the delegated decisions in appendix 3 by Heads of Service with immediate effect, following the usual Council decision making processes
 - iii) A council tax increase of 5%, a weekly increase of £0.77 - £1.02 for properties in Band A to C, the most common bands in Newport, as set out in paragraphs 3.21 – 3.24
 - iv) Proposed fees and charges in appendix 7
 - v) The budget investments shown in appendix 1
 - vi) The budget investment provision in schools of up to £4,937k, which is based on an assumed teachers/ NJC pay increase and provides for a fully funded increase funding requirement, based on that, plus the cost of new/ expanding school provision as noted in paragraph 3.14 – 3.20. Specifically here, Cabinet agrees to confirm and finalise this when there is certainty on Teacher's pay from September 2021 with the intention of retaining the objective described above, within the funding provision available.

2. **Cabinet is asked to note:**
 - i) The position on developing a balanced budget for 2021/22, acknowledging that the position will be subject to ongoing review and updates especially in light of the late announcement from WG in respect of the final 2021/22 funding
 - ii) The medium term financial projections, assumptions contained within and that projections contain investments required to implement the Corporate Plan promises
 - iii) That initial Fairness and Equality Impact Assessments have been completed for all those requiring one
 - iv) The need to prioritise the development of a 'strategic change programme' in order to develop a long-term sustainable financial footing for services.

Action by Chief Executive / Heads of Service

Timetable Immediate:

1. Delegated decisions in appendix 3 will be implemented with immediate effect, in line with internal decision making protocols
2. Decisions subject to consultation in appendix 2, fees and charges, and schools funding position to form the basis of the budget consultation process.

This report was prepared after consultation with:

- Cabinet Member for Community & Resources
- Chief Executive
- Head of Finance
- Head of Law and Regulation
- Head of People and Business Change

Signed

1 Our Financial Challenge

- 1.1 The medium term financial plan (MTFP) included within the Council's 2020/21 budget report identified a potential budget gap of £5 million (m) in 2021/22 and £9.9m over the period 2021/22 to 2022/23. This report provides an update to the planning assumptions made over the medium term, includes a further two years to 2024/25 and outlines the 2021/22 budget strategy and associated timetable. It highlights considerations directly associated with the coronavirus pandemic that will need to be kept under close review from a financial planning perspective over the coming months as well as an assessment of the Council's financial resilience given the continued challenges the Council faces in these unprecedented times.
- 1.2 The Council provides over 800 services, for over 156,000 people, living in over 69,000 households. Newport's population is growing and increasing demand and pressure for services means that the council continues to face financial challenges, namely:
- increasing inflationary costs e.g. contracts and pay;
 - costs of funding the Council's increasing levels of planned debt, linked to its substantial capital programme in its commitment to improving the city and its infrastructure plus the reduction in its 'internal borrowing' capacity;
 - increasing demand for services and therefore costs. These stem from demographic and societal changes and are most acute in the larger budget areas of social services and education;
 - local government funding in Newport sees the 'Revenue Support Grant (RSG)' funding over 75% of its net budget. Funding is therefore controlled largely outside of the Council's influence, resulting in a disconnect from its own spending pressures, requirement and priorities. In addition, the lack of any medium term indication of the grant level and increasingly late notification of the following years value is not helpful for medium term financial planning and increases uncertainty;
 - a historically low relative council tax level, which based on 2020/21 rates would provide a further £8.3m and if calculated at 100% council tax base would provide equivalent to £9.2m as set out in paragraph 3.21. If it was set at that level assumed by Welsh Government (WG) when setting the Councils 'standard spending assessment' compared to current levels or £8m if it was at the average rate in Wales.
- 1.3 In addition, the Council has demonstrated its ability and willingness to invest in services over the longer term, linked to priorities as set out in the Corporate Plan in order to fulfil its ambition of 'Improving People's Lives'. The Council's Corporate Plan sets out 20 clear promises and, in some cases, these require financial investments, which are included in the 2021/22 budget and the MTFP as appropriate.
- 1.4 The council has made savings of £35m over the last 5 years and in order to achieve this has helped people to live independently, rationalised the Council's estate, invested in prevention and early intervention and seen a significant reduction in the number of staff supported by digitalisation and automation of processes.
- 1.5 The public sector has faced a prolonged period of real term reductions in funding levels for a number of years and core spending is still below 2008/9 levels, in real terms. Unprecedented challenges lie ahead for services across local government, not least because of the coronavirus pandemic. Despite Newport being one of the better off councils last year and this year in terms of funding allocation, this uncertainty coupled with increasing demand and therefore costs, in particular within social care / schools, means that, prior to the acceptance of the proposed savings, further savings must still be found – at least £9m by 2024/25 based on current planning assumptions and projections.

2 Setting the budget

- 2.1 This section outlines the key contextual areas and events, which influence the Councils medium term financial planning and within that; next year's budget. This year has brought some new and very significant challenges over and above previous years, the future year impact of which is

currently unknown but could well be significant. The key context areas which have shaped the thinking and the preparation of the draft proposals include:

- the significant economic challenge, resulting from UK Government response to the Covid -19 pandemic;
- the UK national context coming out of the annual spending review and what that meant for WG funding for 2021/22;
- the local Newport City Council context given the draft RSG funding which was confirmed on the 22 December and issues coming out of how the Council is funded and lack of medium term certainty on funding availability;
- the Council Corporate Plan, which drives priorities. These factors are explained in more detail below.

2.2 There are two main elements to the council's financial planning:

- strategic planning; the MTFP
- within that, the annual council budget.

2.3 The Council reviews its budgetary position regularly and produces a rolling four-year plan known as the medium term financial plan (MTFP). This plan considers the financial climate at both the local and national level together with forecast available resources and budgetary pressures in arriving at a financial strategy. Importantly, it is linked to the Councils Corporate Plan to ensure that key priorities are funded, where additional funding is required. The Council is required by law to set a balanced budget every year. For over a decade councils across Wales have faced continued financial pressures, therefore meaning that savings are to be found to meet the funding gap between the funding available (RSG grant and local council tax), and expenditure on the wide variety of services provided.

2.4 To meet this gap, in putting together the budget proposals each year we review:

- budget commitments (both investments and savings) agreed in the MTFP previously;
- new areas in need of investment and growth;
- new proposals for savings and efficiencies;
- new proposals on our fees and charges.

2.5 As in previous years, Cabinet will be asked to keep the medium term position in mind, and in February will approve the new medium term savings and investments over the life of the MTFP, to be added to those already approved / in progress.

Economic Context

2.6 As a result of the pandemic, Wales and the UK experienced an unprecedented collapse in economic output (gross domestic product (GDP)) in the second quarter of this calendar year, followed by a large recovery in the third quarter. On this basis, economic recovery is extremely uncertain and the longer-term impact of national and local lockdowns and ongoing public health measures remains to be seen.

2.7 Further adding to the uncertainty is Brexit. Although the UK left the European Union (EU) on the 31 January 2020, it was only at the end of 2020 that the UK completed its formal separation from the EU. The medium to longer-term economic impact of the new arrangements is still uncertain at this time.

2.8 Government support for jobs and businesses during the pandemic has had a significant impact on public sector borrowing. In September, UK debt reached almost £2.1 trillion for the first time and further heavy borrowing is anticipated. At the end of September, debt was 103.5% of GDP, the first time it has exceeded 100% in almost 60 years. The significance of this and the need to restore debt to more sustainable levels clearly has the potential to affect spending on public services in the future. Having said this, the Chancellor states within the spending review announced at the end of November that the coronavirus health emergency is not over and that the "economic emergency has only just begun".

National Context

2.9 The Chancellor has conducted the 2020 Comprehensive Spending Review (CSR) in unprecedented conditions as the nation continues to deal with the impact of the Covid-19 pandemic on people, the economy and public finances. The Treasury had initially planned to carry out a three year review, however, the 2020 pandemic has thrown public finances into such uncertainty that it opted for another single year review. The key headlines, for local government, as set out within the spending review include:

- forecasts from the Office for Budget Responsibility (OBR) show that the economy will contract by 11.3% this year, the biggest decline in three centuries;
- it will take until the end of 2022 for the economy to return to its pre-pandemic size;
- Welsh Governments core resource Departmental Expenditure Limit has risen £694m, an increase of 4.6% in cash terms. In addition, the Chancellor also confirmed additional funding in relation to Covid-19, which will provide an extra £766m. The extra cash means new funding for Wales will rise to £1.3 billion next year to deal with ‘exceptional circumstances’;
- the Chancellor announced that public sector pay outside of the NHS and the lowest paid would be frozen. However, uncertainty exists as he also acknowledged that Local Government had its own pay review arrangements and decisions on teachers, doctors and nurses pay in Wales will rest with ministers in Cardiff. Pay pressures remains a key budget risk, in particular as local council workers/ teachers work through some of the most challenging conditions to support their communities and vulnerable residents.

The Welsh Government budget was published on the 21 December 2020 with the Minister for Finance stating that the budget has been based on ‘the needs of the people of Wales to deliver the fairest possible settlement for Welsh public services’.

Local Context

2.10 Local Government in Wales do not receive medium term funding allocations even though the sector has asked for this over many years. For the second year running, due to delays in concluding the UK spending review, the WG draft budget has been significantly delayed and this has unavoidably delayed the notification of Councils draft RSG, which makes up 76% of Council core funding.

2.11 In light of the above issues, this Council, like others, are planning in a void with no certainty on the level of funding they will receive over the medium term, and for the following year didn’t receive the allocation until recently. The settlement dates were/ are as follows:

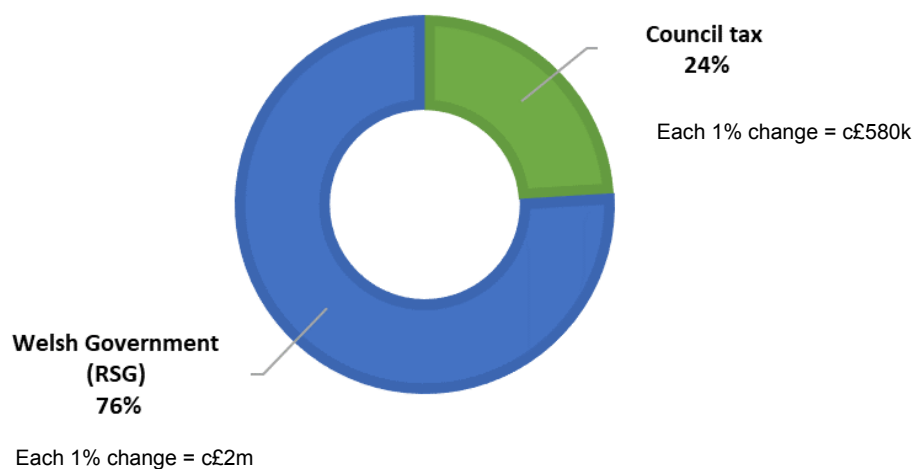
22 December 2020	Provisional local government settlement for 2021/22 published
2 March 2021	Final local government settlement for 2021/22 published

2.12 The outcome of this announcement has been pivotal to agreement of the Council’s 2021/22 draft budget as this accounts for the largest part of council’s funding, and the 5.48% uplift is welcome and has enabled the Council to deal with a number of pressures, including a number that will assist in reducing the budget gap over the medium term. This funding is provided through a non-hypothecated grant – the Aggregated External Finance (more commonly referred to as the “Revenue Support Grant”- RSG). In addition to this, other grants provide funding for specific purposes. The scale of the budget challenge is very sensitive to changes, both current and future, to RSG funding as shown in table 5. Less than a quarter of a councils funding is raised through local council tax, representing a small proportion of funding that is under the councils own decision-making. Given the above scenario in Wales, there is a relatively weak connection between individual Council’s own decision-making on spending priorities / pressures and its ability to raise the funds required to meet that. Consequently, the lack of medium term funding from this source adds to uncertainty and challenges in financial planning.

2.13 In Newport, the RSG funding makes up 76% of its net budget, with council tax at 24%. As the RSG makes up such a large proportion of the councils budget, what happens to this grant is

crucial, as any reductions cannot be easily offset by an increase to council tax. For example, it would take a 3.5% increase in council tax to offset a 1% reduction in the RSG.

Chart 1: Newport Council funding sources – 2020/21



- 2.14 The headlines of the draft settlement received on the 22 December confirms:
- Whilst WG core resource Departmental Expenditure Limit has risen by £694m in 2021/22, an increase of 4.6% in cash terms, core budget for day to day spending per person in 2021/22 will remain more than 3% lower in real terms than in 2010/11;
 - £766m additional funding in Wales for Covid-19 next year which is far below the £5bn allocated to Wales this year;
 - An increase of £10m to the social care workforce grant in 2021/22 to £50m to support the delivery of sustainable services and sustainability of the workforce;
 - £176m to support pressures on schools and social services;
 - A further £40m to support the Housing Support Grant, over £20m to meet sixth form and further education demographic pressures;
 - £58.6m (£30.6m revenue) in flood and coastal defence;
 - Additional £3m revenue to support our high streets, and town and city centres recognising the important contribution they make to the economy;
 - An additional £13.4m to support children and young people, including £8.3m for curriculum reform;
 - Extra £40m investment in education infrastructure, including £5m for the net-zero carbon schools pilot and boosting active travel funding by £20m, and providing a total investment of £274.7m in rail and metro.
- 2.15 Overall, the draft RSG was positive compared to previously modelled assumptions, and confirmed that the council would receive £240,796k for 2021/22. After allowing for new specific grant transfers into the RSG, this is a cash increase of £12.5m (+5.48%) from current funding, compared to a Welsh average of +3.8%. There remain a number of uncertainties around specific grants; however, these should be confirmed between this report and the final settlement from WG early March 2021.
- 2.16 A key contributing factor to the significant growth in Newport's RSG is due to the correction and rebasing of population data for authorities, which drives a significant amount of the share of the overall core funding for Local Government in Wales. Newport's population growth estimates have been under-estimated and whilst over the last few years, while being one of the better off Councils in terms of annual RSG uplift, was still lower than it should have been. Like the current 2020/21 financial year, Newport's RSG change for next year is the highest across Wales, due to it having the fastest growing population. This comes with pressures on budgets as noted above, in particular on our schools. The distributional impact of this correction is estimated to have contributed around £4m to our overall increase as noted above.

- 2.17 The Council's final RSG settlement will be announced on 2 March 2021. Apart from late transfers of specific grants into/ out of the final settlement, which are 'neutral' in their impact, the main changes would usually come from Council's confirmation of their individual 'tax bases' – i.e. the number of Band D equivalent properties. The late draft settlement has meant that any adjustments required to allow for the 'equalisation' process for council tax base has already been included, which usefully takes away that particular uncertainty in the final settlement. At this point therefore, we will be assuming that the final grant settlement will not change from the draft other than for 'cost neutral' issues.
- 2.18 The Head of Finance (HoF) has set the tax-base for 2021/22 and it will increase by 0.4%, which is similar to the all Wales average over the last two years. This council tax base is net of a decrease of 0.4% in collection rates reflecting the historical and current increasingly challenging task of collecting council tax income, which will increase further due to the ongoing economic uncertainty. This is consistent with all Councils across Wales and given that Newport's budgeted collection rates continue to be one of the highest in Wales the impact of the pandemic on collection has been particularly challenging and will continue to be reviewed. Council tax 'equalisation' is a key feature of the Local Government grant settlement process and provides some challenges to those Councils, like Newport, who have significant cost pressures resulting from housing and population growth. The impact on the RSG funding for Newport council this year is a reduction of £286k from this.

Implementing the Corporate Plan

- 2.19 The Council's business and financial planning is underpinned by the Council's Corporate Plan 2017-22 that sets out a clear set of aspirations and plans for the future under our mission of 'Improving Peoples Lives'. This provides a focus for decisions around spending and will direct activity across the council.
- 2.20 The current medium term financial projections included in appendix 9 and the detailed budget investments in appendix 1 includes funding for the key priorities and promises set out in the plan, as needed. The Council has yet to develop a 'strategic change programme', which outlines the key areas and initiatives, which will guide services and the Council in the future to deliver sustainable services. Such a programme's financial impact would be reflected in the Council's MTFP, contribute towards delivering a balanced / sustainable medium term financial position, and is recognised as a priority throughout the organisation.

3 Financial planning assumptions

- 3.1 Whilst the above section highlights challenges for this and other Councils in carrying out effective medium term financial planning, it nonetheless needs to be completed. Clearly, a number of important assumptions are required in order to do this. This section deals with the key areas affecting the MTFP and the budget for next year. These are:

- the impact of increasing costs and demand on the Councils budget;
- the impact of the Councils significant capital programme on its need to increase borrowing to fund that and resulting increased revenue costs to pay for that;
- the impact of increased costs in the Councils schools budgets, and in particular from new/ growing schools;
- Council tax funding which makes up 24% of the Councils core funding and is the only element of funding controlled by the Council.

Increasing costs and demand

- 3.2 Financial pressures and demands on our services have increased over a number of years and this increase is projected to continue. The main issues include:
- inflationary cost increases – of the council's £300m net revenue budget, over three quarters of expenditure relates to pay and contracts subject to inflationary increases year on year and whilst a one year pay freeze was announced by the Chancellor in the UK spending review,

he has confirmed that Local Government has its own pay review arrangements. In addition, WG decides on teacher's pay in Wales, advised by a pay review body and a stated commitment to at least match any pay increase in England. This is a high risk area of the budget and therefore provision in pay budgets for an inflationary increase has been made for 2021/22 (and future years) but the extent to which what, if any, of it will be required in 2021/22 will not be known until well into the Spring 2021.

- significant increases in demand led services – specifically social care;
- cost of new and growing schools, linked to the continued growth of the city.

3.3 Unavoidable pay and inflationary cost increases, excluding schools, equate to £5,196k in 2021/22 and £19,482k over the four-year period to 2024/25, based on current planning assumptions.

3.4 In addition to these cost increases, the council has also seen a significant increase in demand led service pressures since 2015/16. Whilst independent fostering continues to forecast overspends against budget there are also two other areas facing significant demand and will continue to be monitored closely:

- Independent fostering £373k overspend
- Emergency placements £493k overspend
- Leaving care £354k overspend

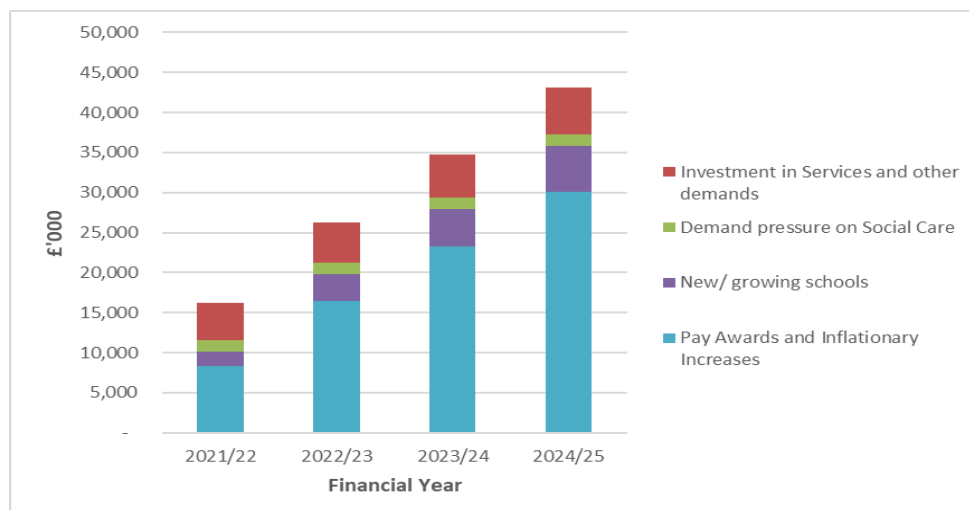
3.5 During 2020/21 these three areas alone are contributing over £1.2m to service area forecast overspend. Despite investment in independent fostering agency placements in 2020/21, demand continues to accelerate beyond the budget available. As a result of the demands in key areas, specifically emergency placements, investments in areas across children's social care are proposed within 2021/22 to support the level of demand that is being experienced and to ensure a robust and deliverable budget.

3.6 Detailed demand models for social care have been included within appendix 6 and form the basis of the investments proposed for inclusion within the medium term projections.

3.7 For 2021/22 specifically, the council is currently planning to invest almost £8m in the draft budget over and above an allowance for pay and pricing inflation. More details on proposed investments are included in appendix 1 and some of the key items include:

- £1,848k investment in school budgets
- £1,476k for increasing demand in social care demand for both children and adult services
- £305k investment to deliver the promises set out within the Corporate Plan such as the delivery of digital aspirations and a new household waste recycling centre

Chart 2: Cumulative pressures up to 2024/25 by source



- 3.8 The financial pressures facing the Council continue to increase significantly over the four-year period. Despite Newport receiving a favourable settlement in recent years even with different and more optimistic funding assumptions in the future, the budget pressures remain higher and savings therefore are likely to be needed. The following table illustrates the cumulative funding assumed over the 4 year period compared to the investment required for the council to achieve a 'stand still' position i.e. investments for unavoidable pay and pricing inflationary increases and committed investments for new and growing schools – things that the council have no choice over. This confirms that savings of over £3m are required over the life of the MTFP before taking account of additional investment to support demand in social care and to deliver corporate plan promises.

Table 1: Savings requirement over the medium term to achieve 'stand still' position

MTFP Summary	2021/2022 £'000	2022/2023 £'000	2023/2024 £'000	2024/2025 £'000
RSG Increase +5.58% in 21/22, +1.85%, +1.18% and 1% thereafter	(12,719)	(17,016)	(19,771)	(22,121)
Council tax increase	(2,956)	(5,390)	(7,922)	(10,555)
Change in Income	(15,675)	(22,406)	(27,693)	(32,676)
Standstill/ committed pressures	10,133	19,804	27,931	35,854
Cumulative savings requirement (before non-pay and pricing investments)	(5,542)	(2,602)	238	3,178

- 3.9 As can be seen, the increase/ change in RSG funding has a significant impact and provides significant increased funding to potentially reduce savings required. Notwithstanding this, in the context of what might actually happen given no medium term funding certainty and what might happen to public service funding over the medium term as explained above, it is important that the council continues to carefully review all budget pressures/ investments and that services operate in such a way as to managing/ minimise demands to the extent possible.

Capital programme and financing / Cardiff Capital Region City Deal

- 3.10 The capital expenditure undertaken by the Council gives a long-term and fixed commitment to fund the associated revenue costs for the provision of the repayment of that borrowing (Minimum Revenue Provision (MRP)) and interest costs – together called 'capital financing costs'. The current Council's capital financing costs make up for almost 7.8% of the net revenue budget, which is high when compared to other Welsh local authorities. The MTFP period includes £3,088k of pressures for the increasing cost of capital financing due to the borrowing required to complete the Council's current capital programme, ending in 2022/23. The Council's very significant capital programme in its commitment to improving the city and its infrastructure requires a significant increase in borrowing with the associated increase in costs outlined above.
- 3.11 The Capital Strategy, which details the capital programme and the long-term impact of capital expenditure, is approved by full Council, alongside the budget report setting the Council Tax level.
- 3.12 Within the capital programme is the Council's contribution to the Cardiff Capital Region City Deal (CCR). The CCR is funded by both UK Treasury and its ten constituent Councils and for the latter; a total 'funding envelope' was agreed over its life.
- 3.13 The Council's contribution to the City Deal was agreed by full Council in 2017/18. Newport City Council contributes just under 10% of the Local Authorities contribution to its overall funding. Whilst this Council, like others, has medium term capital programmes, this is the one individual project within it, which spans over multiple programme periods and the funding commitment for this goes into 2035/36. Funding is made up of two aspects:

- making capital funds available to the CCR. This will incur capital financing costs of MRP and Interest for this Council as it will need to 'borrow' funds itself to pass it on to the CCR
- making capital funds available in advance of UK Treasury funding. In this respect, this Councils capital financing costs is just the interest element, as borrowing will be reimbursed when funds are made available by Treasury in line with current agreements.

The CCR latest business plan requires accelerating proposed funding in order for them to increase spending at an earlier date than previous estimates given. This Councils contribution therefore have been pulled forward and capital expenditure of £8.2m is required to 2022/23 and a further £17.4m is required across the life of the MTFP to cover capital funds in advance of UK Treasury funding. This is estimated to have brought forward revenue costs into the current MTFP of c£500k.

Schools funding

- 3.14 The current position provides for a cash increase for the overall school budget. This has been developed within the context of significant uncertainty around teacher's/ non-teaching staff pay from September/ April 2021 respectively. As pay is the most significant cost heading within school budgets, any funding decision needs to be informed by any change to this. Whilst the UK Chancellor indicated there would be no pay increases for this part of the public sector, the Council is taking a prudent view and making provision within these budget plans for a pay increase from September 2021. The Welsh Government were explicit in informing Councils that the draft funding settlement would need to fund any pay increases. The actual change in pay is a matter for the relevant Welsh Minister, informed by an independent pay advisory body and Councils will have no choice but to implement.
- 3.15 The draft budget makes provision for schools to receive investment of up to £4,937k in 2021/22, which represents a 4.6% growth in schools budget. This is based on an assumed level of inflationary pay award increase as noted above plus the additional costs of new/ expanding schools as the table below shows. In this respect, it represents a 'standstill increase in budget' and fully funds the pay increase (to that assumed) and new/ expanding schools. It is proposed that all of the budget increase provision will be added to the 'Individual School Budgets' with the exception of the allowance for the pay award increase, which will be considered by Cabinet when a final figure is known/ agreed, up to the value of the budget provision made. The intention of fully funding cost increases in the school budget sector remains.
- 3.16 The context for this proposed funding is the challenging financial management position within schools. Throughout the 2020/21 and previous two year financial years in particular, the level of in year overspending at schools has been highlighted as a risk. However in the latest monitoring position, schools are forecasting to be underspent against budget, mainly due to the impact of Covid-19 which has seen many schools closed/ substantially closed for prolonged periods and specific costs reimbursed. Excluding the temporary impact of this current situation, their baseline / core position continue to be a significant area of concern given that £2.7m has been transferred from schools reserves over the last 2 years to fund overspending on their budgets. Current projections of £542k underspending would see reserve balances increase to £1,655k, which based on previous financial positions is not a sustainable position. Officers continue to work closely with schools to ensure that deficit recovery plans are in place and that action is taken to reduce spend.
- 3.17 Whilst the proposed budget increase seeks to fully fund the cost increases in the school sector, it represents a 'standstill' budget increase. Therefore, it is not sufficient to deal with the extent of accumulated deficits in schools at this time and therefore schools will need to find robust solutions to ensure they manage within available budget and repay these accumulated deficits. This resolution is critical as current spending levels in schools is not sustainable and has the potential to cause a significant and adverse impact on the councils overall finances if it continues as previous years.
- 3.18 Assessed budget pressures in school budgets over the life of the MTFP amount to £16.4m based on current assumptions on teacher's pay and new/ expanding schools costs. These will, like

other MTFP assumptions, need to be reviewed regularly and any actual proposed funding increases confirmed through the budget process.

Table 2: School budget pressures 2021/22 to 2024/25

	2021/2022	2022/2023	2023/2024	2024/2025
	£'000	£'000	£'000	£'000
Teaching staff - pay award - 2.75% Sept 2021, 2% there	1,398	1,285	960	986
Teaching staff - increments	712	605	489	375
Non Teaching school staff - pay award - 2% per annum	642	659	674	688
Non Teaching school staff - increments	165	101	82	42
Contract & Income Inflation	172	179	186	194
New and growing Schools	1,115	865	846	1,050
Secondary School Transitions	733	682	463	25
	4,937	4,375	3,700	3,360

- 3.19 Final allocations of specific grant are yet to be determined across the Education Achievement Service (EAS) region. Officers will assess these allocations once confirmation has been received.
- 3.20 Whilst it is recognised that schools have experienced significant financial challenge, school funding in overall terms is better than other parts of the council, and has increased by 19% over the last 5 years. This includes specific grants and is shown in the table below.

Table 3: School budgets by sector – 2015/16 to 2020/21

Year	Nursery £'000	Primary £'000	Secondary £'000	Special £'000	Total £'000
2015/16	519	52,924	47,480	3,724	104,647
2016/17	494	54,627	48,619	4,040	107,780
2017/18	512	54,959	47,505	4,247	107,223
2018/19	562	57,396	47,497	4,773	110,228
2019/20	496	58,492	49,619	5,091	113,698
2020/21	484	64,118	54,851	5,144	124,597

Increase in funding over 5 year period (incl. specific grants)	19%
----------------------------------------------------------------	-----

Increase in funding (excl. specific grants & delegations)	24%
-----------------------------------------------------------	-----

Council tax

- 3.21 It is well documented that Newport's council tax is low compared to others in Wales, generating 24% of our income. This council's current year budget is well below its 'standard spending assessment', a relative spending needs assessment between all Welsh councils, by £9.2m, which is almost entirely due to our low level of council tax funding. If Newport's council tax were set at the average rate in Wales this would generate additional income of £8m.
- 3.22 A base 4% increase in council tax is already included in our MTFP each year. This year, the draft budget proposals include an additional 1% increase to council tax in 2021/22 (appendix 2 & 5) bringing the proposed increase to 5%. This is subject to consultation and a final recommendation to Council on the council tax level and will be confirmed in the Cabinet's February 2021 meeting.
- 3.23 For contextual purposes, the table below shows the weekly increases in council tax based on a 5% increase. Given the low starting point on Newport council's tax, it will still be lower than most (if not all) of the neighbouring authorities, even at a 5% increase and the actual monetary increases in tax are low in themselves. Newport City Council proposed tax increase would maintain its position as one of the lowest in Wales.

Table 4: Scenarios illustrating weekly council tax increases

Band	A	B	C	D	E	F	G	H	I
Annual increase based on 5% increase	£39.93	£46.58	£53.24	£59.89	£73.20	£86.51	£99.82	£119.79	£119.79
Weekly increase based on 5% increase	£0.77	£0.90	£1.02	£1.15	£1.41	£1.66	£1.92	£2.30	£2.30

3.24 Given that over half of Newport’s chargeable properties are banded A – C the majority of households would see an increase of between £0.77 and £1.02 per week based on a 5% increase.

Summary of key budget assumptions

At this point, the following assumptions are included.

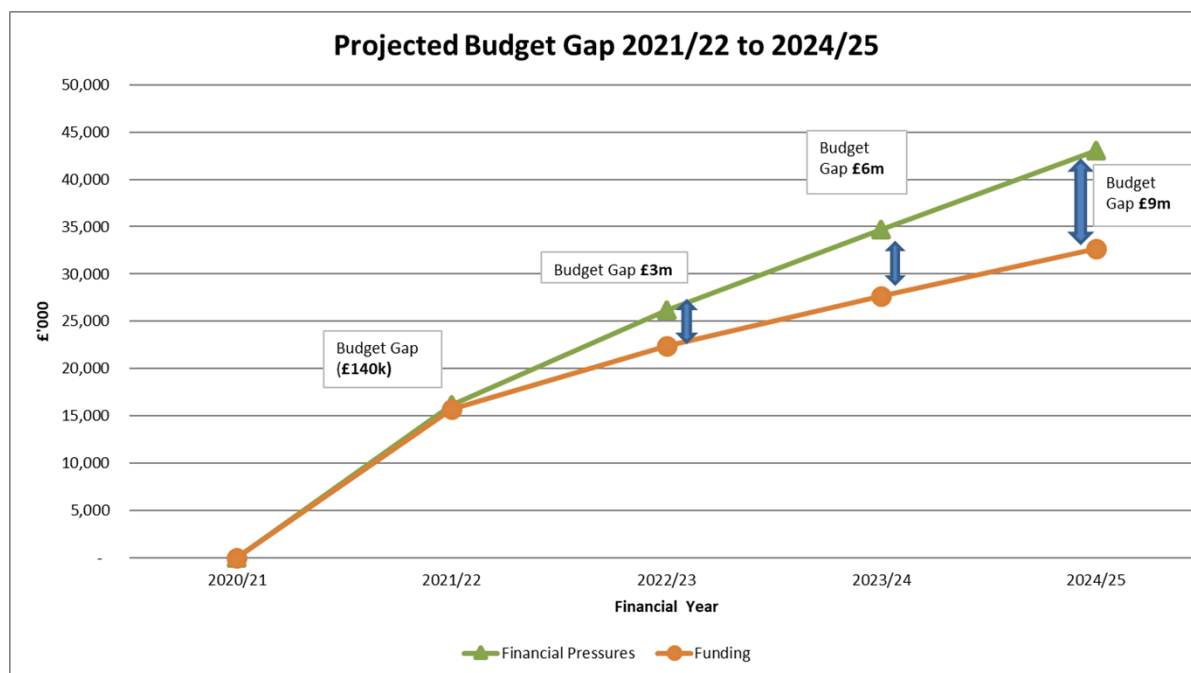
Table 5: Summary of key assumptions

MTFP Summary	2021/2022 £'000	2022/2023 £'000	2023/2024 £'000	2024/2025 £'000
RSG Increase +5.58% in 21/22, +1.85%, +1.18% and 1% thereafter	(12,719)	(4,297)	(2,755)	(2,350)
Council tax increase +5% in 21/22 and 4% pa thereafter	(2,956)	(2,434)	(2,532)	(2,633)
Budget pressures/ investments (appendix 1)	16,184	9,959	8,519	8,398
Previously agreed budget savings (appendix 4)	(649)	(563)	0	0

Resulting budget gap and sensitivity of assumptions

3.25 In summary, the following chart shows the impact that the above assumptions lead to in terms of the Councils medium term financial gap projection.

Chart 3: Projected budget gap 2021/22 to 2024/25



3.26 Clearly, the gap is based on assumptions, listed above, over the life of the MTFP. In light of the final settlement received on the 2 March 2021, Cabinet will need to consider and review key funding assumptions over the medium term.

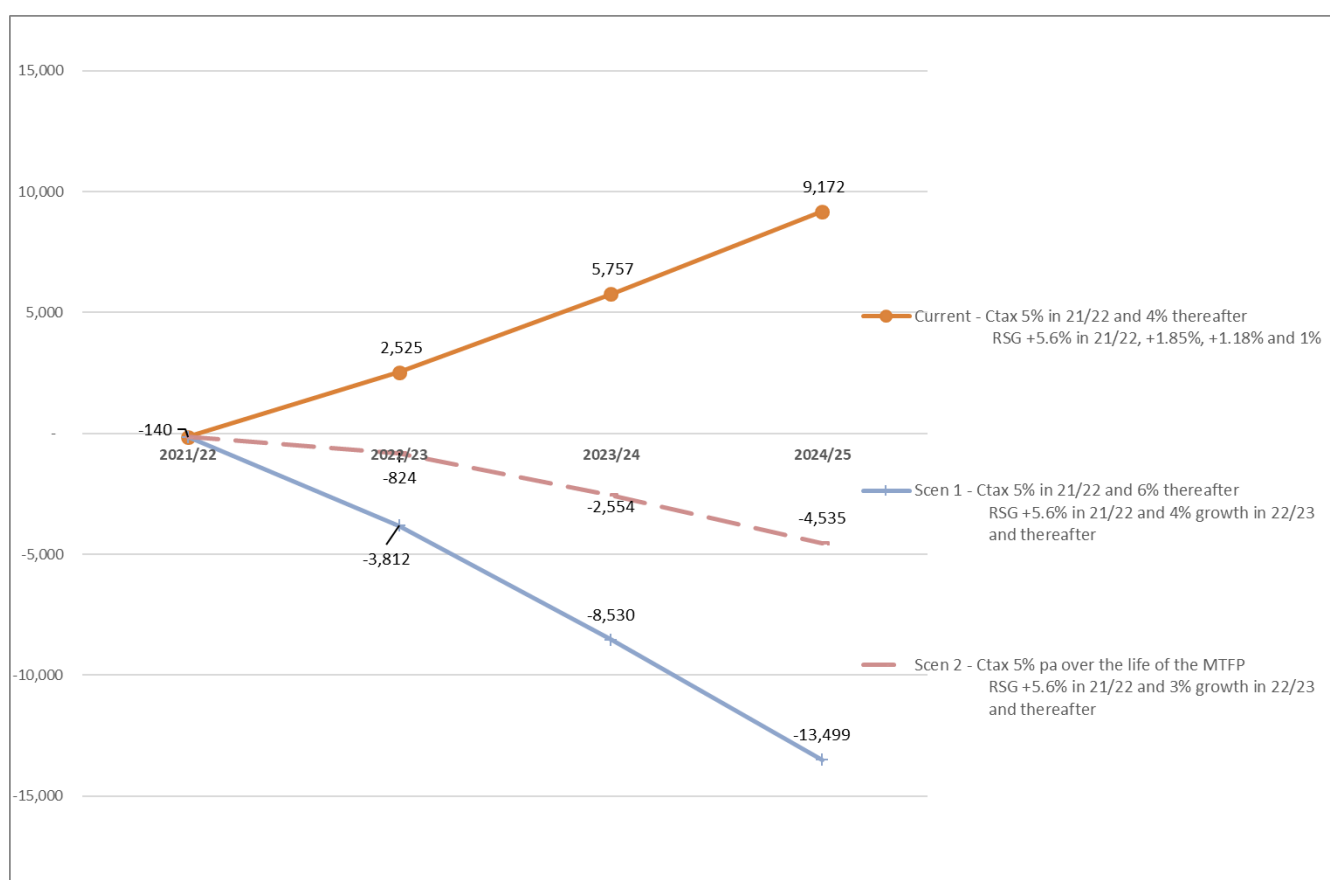
3.27 The HoF will continue to work with the corporate management team and Cabinet to develop the budget strategy over the medium term, however, some of the key issues, currently, are:

- on-going financial issues on school budgets;
- increasing demand within service areas over and above provision already made within the MTFP;
- increasing costs of funding the Council's increasing levels of planned debt, linked to its substantial capital programme and the reduction in its 'internal borrowing' capacity
- uncertainty around future funding from WG;
- on-going impact of covid-19 and subsequent economic recovery;
- Brexit.

Sensitivity analysis

3.28 As table 5 above confirms, the budget gap is significantly affected by funding assumptions - the WG grant and council tax increases projections. The graph and table below show the sensitivity that the council faces in respect of these.

Chart 4: Sensitivity analysis – budget gap based on RSG and council tax assumptions



3.29 The table below shows how sensitive each of the variables are to changes in assumptions. The key elements within the medium terms projections, which also have the greatest level of sensitivity, include RSG funding, council tax increases, pay and contract inflation.

Table 6: Sensitivity analysis – key projections

RSG Sensitivity	£'000
RSG growth +/- 1%	2,281
Council Tax Sensitivity	
Council tax change +/- 1%	578
Pay Sensitivity	
Pay inflation - NJC staff +/- 1%	1,024
Pay inflation - Teachers and soulbury +/- 1%	519
Contract Inflation Sensitivity	
Contract inflation - +/- 1%	1,245

4 Budget savings

- 4.1 The draft proposed savings identified for 2021/22 to date total £3,360k. The table below provides a summary of the savings by decision over the 4-year planning horizon.

Table 7: Summary of projected savings

Savings Decision Type	2021/2022 £'000	2022/2023 £'000	2023/2024 £'000	2024/2025 £'000	Staff Impact FTE
Budget savings for full Cabinet decision (appendix 2 & 5)	924	239	0	0	24.09
Budget savings delegated to officers (appendix 3)	1,787	19	0	0	6.9
New Budget Savings	2,711	258	0	0	31.0
Previously agreed budget savings (appendix 4)	649	563	0	0	0.0
Total Budget Savings	3,360	821	0	0	31.0

- 4.2 Under the constitution and our scheme of delegation, the Cabinet takes some budget decisions collectively. These proposals total £924k for 2021/22 and £1,163k over the life of the MTFP. Some lower level, operational and efficiency type budget proposals are delegated to Heads of Service for decision and implementation. These proposals, totalling £1,787k for 2021/22 and £1,806k over the life of the MTFP are listed in appendix 3.
- 4.3 In previous years, only those proposals requiring Cabinet decisions were subject to public consultation. This process was changed last year and an impact-based approach adopted whereby each proposal is considered on a case-by-case basis, regardless of where the decision approving the saving is taken. The list of new savings in appendix 2 and 3 identifies if the proposal is subject to public consultation or not. Regardless of their categorisation, the normal protocols for staff, unions and any other required consultation are being adhered to in respect of all savings.
- 4.4 The savings already agreed in the February 2020 MTFP are either in progress of implementation or due to be implemented in 2021/22. The pandemic has had an impact upon delivery in some areas therefore delaying the implementation to 2021/22. No further details are shown for these savings, as they have already been approved.

Fairness and Equality Impact Assessments (FEIAs)

- 4.5 All budget proposals have been reviewed against our Equality and Welsh language duties, and, where appropriate, have had an initial Fairness and Equality Impact Assessment completed. The initial FEIA identifies potential negative or positive impacts in relation to protected characteristics,

as defined by the Equality Act 2010, and on Welsh language. These FEIAs will be further informed as a result of public consultation, and developed in line with the new Socioeconomic Duty, coming into force on the 31 March 2021. FEIAs for all proposals requiring one can be found [here](#).

Medium term strategic change

- 4.6 Whilst good progress has been made on the 2021/22 budget, challenges remain over the medium term, even with more optimistic assumptions around funding as the sensitivity analysis above shows. In particular, significant spending pressures remain to be tackled, particularly in Adults and Children's social care because of growing demand. Containing and then reducing such pressures will require a whole council response, and the active collaboration of our partners such as health services, as part of our new longer-term strategy in going forward.
- 4.7 The success of this longer-term approach will depend on the councils starting with a stable financial platform, and the budget proposals and draft budget set out in this report are designed to do this. A key element of this is taking a longer-term strategic view on how funds are deployed to contribute towards sustainable services, as well as meet priorities. Proposals for major change in service delivery will be considered early in the New Year and will include the need for investment in service redesign, new technological tools and the re-skilling of our staff at all levels to improve productivity and job security.

5 Budget process and consultation

- 5.1 This report presents the draft proposals for the 2021/22 budget. The report asks Cabinet to note:
- the position on developing a balanced budget for 2021/22, acknowledging that the position will be subject to ongoing review and updates;
 - agree that delegated decisions in appendix 3 will be implemented with immediate effect;
 - in addition, where appropriate that all proposals have had an initial Fairness and Equality Impact Assessments completed.
- 5.2 The report also asks Cabinet to agree a series of proposals for public consultation. This includes:
- budget savings proposals in appendix 2 (summary table) and appendix 5 (detailed saving proposals);
 - proposed fees and charges in appendix 7;
 - the position regarding the proposed school funding for 2021/22 in section 3.

Budget engagement

- 5.3 As part of the budget engagement strategy there has been a targeted engagement approach with members of the public to inform budget priorities for the next three years. This will help with budget and service planning. However, the outbreak of Covid-19 and subsequent restrictions in 2020 has meant that the usual pre-budget engagement activities have not been possible. For example, outreach engagement work and events like the over 50's information day were cancelled and bus Wi-Fi surveys were suspended whilst passenger numbers dropped considerably. Instead, engagement resources have focused on ascertaining which services have been most important in supporting households and the wider communities. Community engagement sessions were held with eight of the groups worst affected by Covid-19 as identified in the community impact assessment. This focused engagement will inform the budget setting process as Covid-19 looks set to shape Council strategic and financial planning at least for the medium term.
- 5.4 As the usual budget engagement mechanisms were not available, the Council has pursued innovative ways to strengthen the resilience of communities whilst involving them in financial decision-making. A participatory budgeting project in partnership with Aneurin Bevan University Health Board is currently underway. This will allow the communities who have been worst affected by Covid-19 to decide on the allocation of £100k funding (provided by ABUHB) to put in place additional services, support and projects.
- 5.5 In recent years (before 2020), there have been a series of outreach engagement sessions with communities across public venues including Newport Central Library and Newport City Council Information station. Officers have attended these venues and using an engagement tool have captured the views of residents to gain an understanding of how the public perceives the Council and how the authority uses its budget. Primarily feedback has focused on livability issues including community safety, recycling and lighting. The findings of this engagement remains relevant and an important evidence base to inform budget planning for 2021/22.
- 5.6 Seeking to capture and understand the opinions, needs and suggestions of the public, specific service users and other stakeholders has been an important part of the Council's budget setting process in recent years. Each year the budget is informed by extensive consultation, which allows our knowledge and understanding to grow over time. Over the last four budget cycles, we received almost 20,000 responses from the public with over 3,800 in the last financial year alone. It, however, needs to be recognised that for 2021/22, this level of response will not be possible because of social distancing and further restrictions on public gatherings and travel continue to take effect.
- 5.7 In addition to external public consultation, proposals will be reported to Scrutiny Committees, the Fairness Commission, Youth Council, older people's forums, Unions, Schools Forum and Third sector/ Business community throughout January. As already noted, further work is required on the Council's Corporate Plan, Change programme and proposals to balance the overall MTFP both in total and over individual years.
- 5.8 A second budget report will be presented to Cabinet on 22 February 2021. This will ask Cabinet to agree its final proposals for the 2021/22 budget and the resulting recommended level of council tax to fund that. The February report to Cabinet will include:
- the results of the public consultation process;
 - any updates from Welsh Government about future grant settlements
 - any emerging details on specific grants, which have financial implications.
- 5.9 Setting the council tax level and resulting total net revenue budget is the responsibility of full Council, so Cabinet's recommendations will be presented to the Council meeting on 3 March for approval and adoption.
- 5.10 Below is this year's timetable for consulting on and approving the 2021/22 budget:

Table 8: Budget consultation timetable 2021/22

Cabinet agrees budget proposals as a basis for consultation	8 January 2021
Consultation period	8 January 2021 to 12 February 2021
Cabinet considers feedback from consultation and agrees final budget proposals and recommends resulting overall budget and council tax required to full Council	22 February 2021
Council approves the 2021/22 overall budget and resulting council tax level required	3 March 2021

6 Risk, financial resilience and performance

- 6.1 A key driver in our budget strategy and MTFP framework is the need to manage the Councils general and financial risks, its financial resilience and performance. This next section looks at these issues and identifies how they are dealt with, whilst considering how they influence the councils 2021/22 budget and medium term projections.

Risk

- 6.2 The Council maintains a corporate risk register, which is regularly reviewed by the corporate management team and Cabinet, as well as the Audit Committee from a procedural/ risk management framework viewpoint. The Council's budget strategy and MTFP framework needs to reflect risks and incorporate appropriate financial mitigation, where required.
- 6.3 The quarter 2 corporate risk register reported to December Cabinet identifies 11 severe risks some of which are linked to the issues set out within the economic context of this report. In some cases, it is increasingly difficult for the Council to effectively prepare and quantify the financial impact of some of these risks until outcomes are known. There are a number of risks identified in the risk register that to fully mitigate would be unaffordable i.e. highways asset backlog maintenance. In these cases, the risk is identified and the Council will provide adequate budgets based on risk based assessments and will lobby WG to provide more funding in these areas, as these risks are not unique to Newport. These areas do, however, continue to be monitored closely to ensure that where information is available these risks are considered and where appropriate factored into the councils financial planning.
- 6.4 Two current risks with significant uncertainty are Brexit and the Covid-19 pandemic:

Covid-19

During 2020/21, external support from WG in the form of the hardship fund has seen loss of income and additional costs relating directly to the pandemic being reimbursed. It is hoped that key elements of the hardship fund will continue into 2021/22 to support the ongoing pressures and subsequent recovery of income. There are currently no pressures factored into the MTFP for Covid as the ongoing projections remain so uncertain.

Brexit

Whilst there is an acknowledgement that any trade negotiations are likely to result in increasing tariffs the impact on costs to the council are unknown at the time of writing.

In both of these cases, whilst the financial impact remains unknown the council's financial resilience set out in appendix 8 provides mitigation in the form of a good level of reserves and the general contingency budget. As we progress with discussions over the next few months, it is hoped that any potential impact will be known with greater certainty and the medium term projections updated.

- 6.5 Appendix 11 sets out the current risks included within the register. Key mitigation includes the Council's (i) revenue contingency budget (ii) 'Invest to Save' reserve to support and fund implementation costs of the current and future change programme, and (iii) capacity to develop the strategic and change programmes to meet the corporate plan within financial context. At this point, the Council's finances and reserves provide the financial capacity to deal with the current risks identified.

Financial Resilience

- 6.6 A robust view is taken in managing budget risks and protecting the financial health of the Council. In that respect, the Council's financial resilience is a key consideration and appendix 8 shows the current 'snapshot' of the key data and information showing an overview of the health of the Council at this time. Key headlines include:

- The council maintains a good level of reserves with the vast majority earmarked for specific purposes and already committed. The contingency base budget and other risk reserves held by the council are taken into consideration when assessing the level of the general reserve, and help to mitigate the risk to the Council. The decline in school reserves over the last few years is a concern and although current projections suggest a forecast of £542k under budget this is a result of lower than estimated costs due to Covid. The forecast underspend will see reserve balances increase to £1,655k at the end of this financial year but unless schools continue to manage within budget in future this has the potential to significantly impact on the financial resilience of the overall council. This will need to be considered between this meeting and the February 2021 meeting when the budget is finalised.
- The council has identified and continues to monitor budget reductions of £4.5m in 2020/21. This is alongside delivering outturn within budget over recent years, despite the delivery of £35m savings over the last 5 years. This needs to be viewed within the context of continued significant demands which are faced by service areas namely children's social care and schools, which have been highlighted throughout the year as part of the budget monitoring process.
- Although the 2020/21 forecast is within budget the overspending position in some key areas is not sustainable in the longer term and is a risk should the level of investment in 2021/22 be insufficient to match demand.
- In light of the continuing financial pressures and demands placed on the Council further savings of at least, £13m need to be found by 2024/25 based on current assumptions. A strategic longer-term approach is recognised as being needed to deal with this given savings found to date over the last 5 years and more.

- 6.7 Overall, whilst there are some underlying issues and challenges, the Council's financial resilience remains strong and it has financial capacity to develop and change services in response to continuing pressure on funding and increased demand for services.

7 Report review and statutory comments

7.1 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?
Planning parameters around inflation are incorrect	M	M	<ol style="list-style-type: none"> 1 Use of contingency, where required 2 Use of reserves, where appropriate 	Head of Finance SLT
Planning parameters around Welsh Government revenue grant are incorrect over medium term	H	M	<ol style="list-style-type: none"> 1. Use of contingency, where required 2. Keep the assumptions under constant review 3. Use of conservative assumptions 	Head of Finance
Increasing budget pressures over medium term	M	M	<ol style="list-style-type: none"> 1. Manage demand, where possible 2. Keep MTFP under constant review 3. SLT review of all budget pressures within MTFP 	SLT

* Taking account of proposed mitigation measures

7.2 Links to Council Policies and Priorities

The overall aim of the budget and MTFP is to ensure resource allocation is based on priorities, supports the delivery of the Council's change programme and saving proposals and protects the financial health of the Council.

7.3 Options Available and considered

There are few options available as the Council is required to consult on its budget where decisions do not fall under delegated authority and therefore needs to agree the basis of its consultation.

7.4 Preferred Option and Why

To consult on the new medium term package to ensure that savings are deliverable from the earliest opportunity.

7.5 Comments of Chief Financial Officer

The key financial impacts are contained within the body of the report and Appendixes.

The main purpose of this report is to agree the budget investments and savings for consultation. Whilst specific budget savings have been identified for specific public and other consultation processes, the details of all individual investments and savings are either shown in detail or referenced in this report. Final decisions will be taken in the February Cabinet meeting, taking account of consultation responses and as always, the budget process will continue and develop over the consultation period, before finalisation in February. A Council Tax rate will be recommended by Cabinet at that point and reviewed/agreed by full Council in their early March meeting.

7.6 Comments of Monitoring Officer

There are no specific legal issues arising from the Report at this stage. Cabinet is being asked to approve the draft savings and investment proposals and council tax rate set out in the Report in order to recommend to Council a balanced budget for 21/22. Cabinet are also asked to agree to the draft budget proposals being submitted for public consultation, where the relevant business

cases will have an impact on service delivery and are not operational matters delegated to Heads of Service. Cabinet will then take the final decisions on those business cases in the light of the responses to the public consultation, prior to making a recommendation to Council regarding the budget for 21/22. The implementation of all the savings business cases are executive matters, with the exception of any consequential staffing proposals, which are non-executive matters delegated to Heads of Service. However, whichever decision-making process applies, all of the savings business cases have been the subject of fairness and equality impact assessments to ensure that the Council has regard to its public sector equality duties under the Equality Act and is also acting fairly in terms of the impact of the proposed changes on service delivery. In addition, where specific savings proposals require more focussed consultation with staff and key stakeholders, this will be carried out prior to the implementation of any proposed changes. Public consultation is also required to evidence that the Council has had due regard to the socio-economic duty which will form part of the equalities obligations as from 1st April 2021 and has considered what impact, if any, the savings and investment proposals may have on the socially disadvantaged. Because the additional schools funding is specifically for any additional increase in teachers' pay, the recommendation is that the necessary funding should be ear-marked for this purpose but only paid over as part of the delegated ISB's if and when any additional pay increase is confirmed. The setting of the overall base budget and council tax rate for 21/22 is a matter for full Council as these are non-executive reserved matters under the Constitution.

7.7 Comments of Head of People and Business Change

The report outlines the proposals for Cabinet consideration in order to set a balanced budget for 2021/22 and also looking forward, with consideration of the medium term financial plan.

Proposals that have an impact on staff will be subject to the required consultation, and consultation with trade unions. As is the case each year when setting the budget, there is a conscious effort to minimise impacts on staff, whilst focusing on priority services and setting a robust and balanced budget. With the continued constriction of governmental funding and the increase in cost pressures, this becomes more and more difficult each year. Due to this the decisions presented for consideration and public consultation are often inevitably a difficult series of 'trade-offs' between service priorities.

In recent years, the business case process has further embedded the five ways of working expressed within the Well-being of Future Generations Act and the organisation has moved to the development of a broader equality impact process, which also includes the five ways of working, alongside protected characteristics and concepts of fairness (developed with the Newport Fairness Commission).

Public consultation on the proposals seeking Cabinet agreement will commence on 8th January 2021 and will run until 12th February 2021. Alongside the traditional paper based consultation process and on-line questionnaires, a bus Wi-Fi survey will be used, although the health crisis will preclude face-to-face consultation activity. As previous, the Fairness Commission will be asked to provide a consultation response.

7.8 Comments of Cabinet Member

The Chair of Cabinet, as Cabinet Member for resources has approved the report for consideration and approval by Cabinet.

7.9 Scrutiny Committees

The constitution requires that Scrutiny Committees be consulted on Cabinet's draft budget proposals.

7.10 Equalities Impact Assessment and the Equalities Act 2010

This is referenced in paragraph 4.5 of the report.

7.11 Children and Families (Wales) Measure

All proposals will be consulted on widely, as required.

7.12 Wellbeing of Future Generations (Wales) Act 2015

The Act is referenced in the report.

7.13 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.

Dated: 8 January 2021

APPENDIX 2

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APPENDIX 2 – New Budget Savings for Consultation

Service Group	Activity Short Code	Activity Description	Unique ID	Proposal Title	21/22 (£'000)	22/23 (£'000)	23/24 (£'000)	24/25 (£'000)
PEOPLE								
Adult and Community Services	SOC4	Day Opportunities	AS2122/03	Transformation of adult day services	437	145	0	0
Children and Family Services	SOC30	NCC Child Res	CS2122/03	Closure of Cambridge House as a Children's home	254	85	0	0
PLACE								
City Services	STR13	HWRC	STR2122/02	Charges for non-household waste taken to household waste recycling centre (HWRC)	20	0	0	0
City Services	STR4	Asset Management	STR2122/05	Streetworks – Increased fees and charges	21	0	0	0
City Services	STR20	Car Parks	STR2122/06	Creation of pay and display car park Mill Parade	21	0	0	0
City Services	STR1	Env Serv	STR2122/07	Introduce parking charges to three park and countryside car parks	29	9	0	0
City Services	STR2	Cemeteries	STR2122/08	New fees and charges within cemetery services	25	0	0	0

APPENDIX 2 – New Budget Savings for Consultation

Service Group	Activity Short Code	Activity Description	Unique ID	Proposal Title	21/22 (£'000)	22/23 (£'000)	23/24 (£'000)	24/25 (£'000)
Regeneration, Investment and Housing	RIH8	Station Buildings	RIH2122/04	Information Station move to central museum and library	117	0	0	0
NEW BUDGET SAVINGS FOR CONSULTATION					924	239	0	0
Funding	n/a	n/a	n/a	Increase council tax increase from 4% base assumption by 1% to 5%	580	0	0	0

APPENDIX 5

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Appendix 5 – Budget Savings for Consultation - Proposals

Proposal Number	Unique ID	Service Area	Proposal Title
1	AS2122/03	Adult and Community Services	Transformation of adult day services
2	CS2122/03	Children and Family Services	Closure of Cambridge House as a Children's Home

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MTRP Budget Proposal – 2021/22 to 2023/24

Service Area	Adult and Community Services		
Proposal Title	Transformation of adult day services		
Summary Description, Delivery Arrangements and Timescales	<p>The day opportunities service provides specialist services for people with profound and multiple learning disabilities (PMLD) and people needing support with their mental health. A number of rooms on the Brynglas site are also used by an older persons' group,</p> <p>The PMLD and older people's services provide respite for carers as they require round-the-clock personal care and support. Brynglas also provides the opportunity for people to socialise and participate in a range of activities.</p> <p>Over the past few years, the numbers attending the services have significantly reduced so that typically there are between 10-14 people in the mental health service each session; and between 21-23 in the PMLD per day.</p> <p>There have been minimal referrals to the PMLD day service over the past two years while there has been in an increase in the referrals for older persons' respite care.</p> <p>Younger people coming into the adult PMLD group and their families do not want the traditional building-based service.</p> <p>The ending of the contract for an external respite for mainly older people ends on 31 March and this presents an opportunity to deliver the same level of service by our own staff. Community based care would mainly focus on supporting older people and unpaid carers. In order to deliver a community based model of care and support that meets people's needs, a staffing restructure would be required. There are efficiencies that can be made by delivering this service model compared to a building based model, which would be achieved through a reduction in overall staffing.</p> <p>It is proposed to commission day services for people with PMLD or mental health services from providers who have the experience and facilities.</p>		
Decision Point (Please tick appropriate box)	Head of Service		Cabinet <input checked="" type="checkbox"/>

Public Consultation Required (Please tick appropriate box)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
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MTRP Budget Proposal – 2021/22 to 2023/24

PART ONE

Net Savings (£000's)	2021/22 (£'000)	2022/23 (£'000)	2023/24 (£'000)
	437	145	
One-Off Implementation Costs (£000's)			
2021/22 (£'000)	2022/23 (£'000)	2023/24 (£'000)	
Revenue – Redundancy/Pension	175 (based on estimated 7 compulsory redundancies with other staff being redeployed)		
Revenue – Other			
Capital – Building related			
Capital – Other			
Implementation Cost - Total	175		

Impact on FTE Count	16.97 FTE
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Does this proposal require an FEIA and/or WFG Act assessment? (Please tick appropriate box)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
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PART TWO

Options Considered

Option 1 – Continue to deliver a building based day service from Brynglas for people with PMLD, older people and people with mental health problems (status quo)

Option 2 – Move to a community outreach model and:

- Re provision the Mental Health service to third sector provision
- Move to a community based outreach model of respite, care and support for older people and unpaid carers
- Provide a mixed range of provision for PMLD clients which includes both building and community based services using a mix of internal and external provision.

Considerations

- a) Due to Covid 19, Brynglas day service closed in mid-March 2020. Since this time, people have not attended the day centre and instead have received care and support through a community based model i.e. day service staff visiting them in their own homes and supporting them to access community based activities. This has successfully resulted in some people receiving a different type of service.
- b) Over the past several years, there has been a significant reduction in new referrals for people with PMLD to the day service at Brynglas. Compounded by a gradual reduction from when people leave the day service, has led to an over deployment of staff. There are 661 weekly care and support hours that can be delivered by current staffing structure. However only 250 hours per week are currently being utilised (via an outreach model), resulting in capacity for 441 weekly hours. To mitigate this, staff have been temporarily redeployed into other teams and service areas across the Council.
- c) During the past 6 months, some people have not accessed a service at all, or have been supported in other ways and used alternative services during the pandemic. Some people have said they are reluctant to return to building based services due to the risks this potentially presents. Therefore, the current staffing structure of 661 hours per week, is well above the current demand for the service. Social work teams have continued to liaise with families over their needs requirements moving forward, and we project that the current demand for the Brynglas based services at circa 250 hours per week will continue for the foreseeable future.
- d) The current service model delivered from Brynglas is not flexible enough to meet the needs of younger people coming through transition (which is a likely factor in the service not receiving many new referrals). Some people tend to stay in the service for longer than they should, which creates a dependency. For example, many of the people with mental health problems have continued to be supported by the service for more than 12 months, when there are other community based services that could meet their needs.
- e) By developing a community based model of respite, care and support, we will be able to meet people's needs in a different way. Along with the service capacity identified in point c), this new service model will allow us to offer community respite for older people. Therefore, the existing community respite contract with an external provider for 160 hours per week, can end as at 31st March 2021, with the new internal service being able to support people in a different way. As the existing contract has an end date of 31st March 2021, there will be no TUPE implications.
- f) A review of charging for respite and community services will be needed to ensure the proposed new service is consistent with all other services.
- g) Option 1 will not realise any financial savings that will contribute towards the MTFP.

Recommended Option

Option 2 – Move to a community-based outreach model of respite, care and support.

- a) It is proposed that a new community based outreach model of respite, care and support is set up to replace the current building based day service model. The service would primarily focus on supporting older people and unpaid carers, but would retain the capacity to support anyone eligible person. This option would result in the provision of the mental health and PMLD day service.
- b) Existing people supported by the day service will either be:
 - I. Older people - Continued to be supported by the new community based outreach model of respite, care and support
 - II. PMLD – Some people will move to other services, and some will continue to be supported by the new community based outreach model of respite care and support
 - III. Mental Health – will be supported by an existing third sector specialist mental health service provider.
- c) Based on identified demand for the service and peoples assessed care needs, it is proposed that the new service will have capacity for up to **400** hours per week. This will include capacity for 250 hours (similar to what is currently being provided as at October 2020), along with the additional 150 hours per week from the Carers respite contract.
- d) Option 2 can be taken forward regardless of the wider context of the future of Brynglas site. It is proposed that the new office base for the community based outreach model of respite, care and support is moved from Brynglas to Spring Gardens, where there is synergy with the existing building based respite service for older people. This will allow the existing management structure in day services to be stream lined, and overseen by the Homes Team Manager of Spring Gardens. This will allow the existing management structure to be reduced from 4 to 2 managers.
- e) As the new service will be community based, there will be a reduced need for a cook, kitchen assistants, administrative support and drivers due to people being supported in the community, as opposed to being transported to and from a building each day. The need for relief staff will also decrease, and it is proposed that the current relief pool is no longer utilised as there will be capacity within the new proposed staffing structure for cover.
- f) Overall there will be reduced staffing of 16.97 FTE. However due to the service currently being under-utilised, a number of staff have already moved into temporary and permanent positions across the Council. This will reduce the need for compulsory redundancies.
- g) We would look to utilise the new internal community based outreach model of respite, care and support for all new referrals for this type of service in the first instance.

Estimated re-provision costs

- h) There will be some re-provision costs where external providers will be commissioned to deliver day services to those people who still require a building based service, notably people with PMLD. These costs have been calculated as follows:
Based on feedback from operational social work teams, it is estimated that 6 people PMLD will require a building based service from 1st April 2021. The cost of this has been calculated based on the anticipated number of people that would require an external service to be commissioned, noting that the figure of 20 people in the introduction includes people funded by other Councils and the Health Board.
- i) There will also savings achieved from not operating from the Brynglas site, notably cleaning, food and utility costs. However, these savings will be offset by a reduction in income that was previously achieved by delivering day services for other statutory partners.
- j) There will also be a small re-provision cost to enable an external provider to increase their capacity to support people with mental health problems.

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TOTAL REPROVISION COSTS £145,000 (excluding the estimated redundancy costs)

The new budget for the service includes mileage costs in order for staff to claim increased transport costs associated with an outreach service.

Option 2 will result in a proposed net saving of £582,642

Summary of proposed changes

	Current Position	Proposed Changes (Option 2) from 1 st April 2021
Staffing FTE	33.78 FTE	16.81 FTE (reduction of 16.97 FTE)
Location	Office base at Brynglas	Office base will be at Spring Gardens
	Services delivered from Brynglas day centre and the Annex	Services delivered in the community and at people's homes
Service	PMLD average 20 people per day	Capacity for up to 400 hours per week for any eligible person, primarily focussing on older people and unpaid carers
	Older persons average 7 people per day	
	Mental health average 14 people per day	
Drivers and vehicles	Drivers and vehicles are used to support people to access the Brynglas day centre	Whilst there is a proposed reduction in the number of drivers, we are working with internal colleagues to explore potential redeployment.
Roles	Staff attend a building each day	Staff will be required to visit people in their own homes and support people to access community based activities
		New job descriptions will be developed to reflect the new service model

Risks

Identified Risk	Mitigation
Demand for services is uncertain due to the current pandemic	If option 2 is agreed, the service is reviewed in 12 months' time to ensure that the new service model meets future demands. We have also built in some contingency capacity within the proposed new outreach service model.
Difficult to undertake consultation events with stakeholders due to potential future lockdowns and the need to social distance	Consider organising virtual consultation sessions on Microsoft Teams

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	Work with local advocacy groups and trade unions to ensure people’s views are fed back into the consultation process
The proposal identifies a number of staff that are at risk of redundancy	Continue the ongoing work around offering affected staff development opportunities in other areas of the Council Hold vacancies within the service area for any staff at risk
Ensure clear communication with stakeholders regarding service changes	Work with advocacy groups to ensure peoples voices are heard Clearly communicate with people to ensure they understand the proposed changes and how this will impact them – follow up in writing
Some staff may not have access to a vehicle in order to provide a new outreach service model	Consider use public transport which also supports people’s independence and the use of pool cars.

Consultation

Consultation with stakeholders will be vital in ensuring a seamless transition from the current model to the new model, and alternative services.

We will consider the recommendations below, in a recent report titled “*Learning Disabilities: the ‘new normal’ – Day Centre Services Gwent*”, published by the Gwent Peoples First groups.

1. Identify ways for future collaborative working with NCC to take place so that conversations can happen regarding topics and issues important to people with learning disabilities. This includes finding a suitable platform on which these conversations can take place within the COVID climate.
2. Actively work to increase representation of people with lived experiences (people with learning disabilities and parents and carers), and service providers at future conversations once a suitable platform has been identified.
3. Set a date for this conversation to take place, so that conversation contributors can obtain answers to the prescribed questions above.

All stakeholders will have the opportunity to feedback their comments on this proposal during the formal consultation process, which will begin December 2020.

We will have separate consultation meetings with staff and trade unions during the formal consultation period, so that staff are aware of how the changes may affect them. If option 2 is agreed, staff will also be formally consulted as part of a 30-day consultation process.

Any individual discussions that need to take place with people who use the day service, will be facilitated by operational social work teams.

A number of exploratory discussions with external organisations and that are affected by this proposal have already begun.

Timescales

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If Option 2 is agreed, a planned 30-day consultation process with staff will begin at the end of February 2021, with an implementation date in the first quarter of 2021/22.

Specific Links with Wellbeing of Future Generations (WFG) Act

Integration

Corporate Plan

- Our communities are strong and can support themselves
- Our city and surrounding communities feel safe and they are places where people want to make their lives
- For citizens that need tailored specialist support we intervene early and work together with people to help stabilise, maintain and improve their lives as quickly as possible.
- Early intervention and prevention: We act early to prevent issues from happening in the first place, and where they do occur we intervene

Long Term

- Less reliance on building based services, which will reduce overheads such as maintenance and repair costs
- Ensure that we meet the changing needs and demands of younger people coming through transition

Prevention

- Given that there have not been any new referrals into the existing PMLD and older person's day service for many years, we need to change the service to ensure it is fit for purpose and supports people to be as independent as possible.
- The new service will prevent carer breakdown by giving people a break from their caring role, therefore preventing the risk of Carer breakdown.

Collaboration

- Working with the transport unit to explore options in order to fully utilise drivers and vehicle capacity within day services and avoid compulsory redundancies of the drivers
- Utilising existing infrastructure within adult services (at Spring Gardens) in order to maximise efficiencies and synergy through this proposal

Involvement

- Initial discussions have taken place with Trade Unions in order to engage them in this proposal
- Ongoing discussions with external third sector providers in order to develop services for people to move onto

Fairness and Equality Impact Assessment

Yes – all factors have been considered

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For internal use:

<i>Unique reference number</i>	AS2122/03
<i>Activity Code</i>	SOC4

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Service Area	Children and Families Services
Proposal Title	Closure of Cambridge House as a children's home
Summary Description, Delivery Arrangements and Timescales	<p>Cambridge House (CH) is a children's home in the Stow Hill area of the city. There has been a children's home at CH for over 30 years.</p> <p>As a children's home, CH is a very large building which is out of kilter with best practice in children's residential care. The building layout is challenging to manage children with more difficult behaviours. The building is in poor condition and in order for continued safe use requires extensive capital spend. It is in the middle of the city, which again poses extensive challenges because of the risk to children being exploited and targeted.</p> <p>As a local authority (LA), Newport City Council has undertaken extensive works to maintain and enhance the residential care in Newport. This includes Forest Lodge and Rose Cottage with Rosedale due to come into operation at the end of November 2020. Windmill Farm is progressing and it is anticipated will come into operation during the autumn of 2021. Oaklands provides short breaks for disabled children. The proposed closure of Cambridge House would be in line with the developments of smaller children's homes with focussed methodologies of care set in the more rural areas of the city. Smaller homes are more able to meet the needs of children and are better suited to developing a family environment. Children's homes in close proximity to the city centre do have advantages in terms of access to facilities, public transport and other services. However, these advantages are outweighed by risks because of being close to areas of the city with inherent risks and difficulties for children and young people. Children's homes a little out of the city centre provide children with the advantages of more space, some rural activities and distance from more difficult aspects of the city centre. The developments within Newport are all within easy distance of services and facilities and do not suffer from isolation.</p> <p>The council currently has the largest number of residential homes of any Welsh LA with a commitment to quality of practice and safe care for children.</p> <p>In order to achieve a closure and savings for a full year the decision for closure will require a timely decision. The staff group across children's residential care would be consulted in order to ensure the remaining children's homes were effectively and safely staffed.</p> <p>Rosedale has been acquired and the capital works completed using Integrated Care Fund (ICF) grant funding. Rosedale is on schedule to be ready for use by early December. The revenue budget has been calculated on the same basis as Rose Cottage which has the same number of children and is working in the way planned for Rosedale. Rosedale has</p>

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	<p>been planned in the same way as Rose Cottage with the original revenue budget coming with the children who have been placed out of county. If this business case is agreed, then the revenue attached to the children returning will be reconsidered either against the pressures being absorbed within Children’s Services or as the next steps to reduce the numbers of agreed placements in out of county residential.</p> <p>In order to maximise the savings element of this proposal, the final element is the targeting of one bed in Rosedale to be used by a neighbouring LA. Discussions have commenced with another LA for one child to return to Gwent and to be placed in Rosedale. This will also ensure the regional element of ICF capital funding is sustained. The current need for residential placements across Wales vastly outstrips local provision. It is therefore anticipated that one bed could consistently be used by another LA contributing towards the revenue budget for Rosedale.</p> <p>The existing Cambridge House budget is £816k. The Rose Cottage budget is £601k. Therefore £215k is the projected saving. In addition, the contribution from another LA to a placement a year will equal £124k. The total saving in this business case is thus £339k with savings being realised from June 2021 onwards.</p>			
Decision Point (Please tick appropriate box)	Head of Service		Cabinet	✓

Public Consultation Required (Please tick appropriate box)	YES	✓	NO	
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PART ONE

Net Savings (£000’s)	2021/22 (£’000)	2022/23 (£’000)	2023/24 (£’000)
	254	85	
One-Off Implementation Costs (£000’s)	2021/22 (£’000)	2022/23 (£’000)	2023/24 (£’000)
Revenue – Redundancy/Pension	128		
Revenue – Other			
Capital – Building related			
Capital – Other			
Implementation Cost - Total	128		

Impact on FTE Count	5.12 FTE
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Does this proposal require an FEIA and/or WFG Act assessment? (Please tick appropriate box)	YES	✓	NO	
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PART TWO

Options Considered
<ol style="list-style-type: none"> 1. Retain Cambridge House as a children’s home. 2. Cambridge House is closed as a children’s home
Recommended Option
Option 2
Specific Links with Wellbeing of Future Generations (WFG) Act
<p>This proposal reflects a saving in the Children’s Services core budget. In term of the links with the Wellbeing of Future Generations the link is the contribution the saving makes to ensuring the Council as a whole is able to deliver a balanced budget. Officers have looked at the five key ways of working Integration, Long Term, Prevention, Collaboration and Involvement when considering the savings and sought to ensure the proposals have the least negative impact. However, at core these savings are necessary steps towards a balanced budget as opposed to any form of improvement or positive changes to delivery. While officers are cognisant of the principles the proposals are the least damaging options as opposed to desirable steps of change.</p> <p>This proposal is a way of considering where the overall spend within Children’s Services lies and the best way to consider the ways of working. All of Children’s Services works to the earliest possible intervention and so focusses on prevention. Services are integrated within the Council and more widely regionally and nationally with other agencies including looking at the use of Transformation and ICF grant monies. These posts have been identified as having the lowest impact on overall service delivery.</p> <p>In addition, the closure of Cambridge House aligns with the need for children to be safely cared for in their own community with effective collaboration with local services and involvement of all agencies.</p>
Fairness and Equality Impact Assessment
Yes

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For internal use:

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<i>Activity Code</i>	SOC30
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