

Agenda



Cabinet

Date: Wednesday, 7 July 2021

Time: 4.00 pm

Venue: MS Teams

To: Councillors Councillor J Mudd (Chair), J Hughes, Councillor R Jeavons, P Cockeram, D Harvey, D Mayer, Councillor R Truman, D Davies and M Rahman

Item		Wards Affected
1	<u>Apologies for Absence</u>	
2	<u>Declarations of Interest</u>	
3	<u>Minutes of the Last Meeting</u> (Pages 3 - 14)	
4	<u>Treasury Management Year End Report - 2020/21</u> (Pages 15 - 32)	All Wards
5	<u>Revenue Budget Outturn - 2020/21</u> (Pages 33 - 70)	All Wards
6	<u>Capital Outturn and Additions - 2020/21</u> (Pages 71 - 96)	All Wards
7	<u>Responding to the New Normal</u> (Pages 97 - 114)	All Wards
8	<u>Mutual Investment Model (MIM) Strategic Partnership Agreement</u> (Pages 115 - 208)	All Wards
9	<u>Covid Update Report</u> (Pages 209 - 222)	All Wards
10	<u>Brexit Update Report</u> (Pages 223 - 230)	
11	<u>Work Programme</u> (Pages 231 - 238)	All Wards
12	<u>Live Event</u> To view Cabinet, please click on the following link: Cabinet, 7 July 2021 - YouTube	

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Date of Issue: 30 June 2021

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Minutes

Cabinet

Date: 16 June 2021

Time: 4.00 pm

Present: Councillors Councillor J Mudd (Chair), J Hughes, Councillor R Jeavons, P Cockeram, D Harvey, D Mayer, Councillor R Truman and M Rahman

Apologies: Councillor D Davies

1 Apologies for Absence

None received.

2 Declarations of Interest

Councillor Rahman in relation to Item 7.

3 Minutes of the Last Meeting

The Minutes of the previous meeting dated 5 May were accepted as a true and accurate record.

4 School Reorganisation Proposal to Expand Bassaleg School

The Leader introduced the Chief Education Officer who presented the report.

The Chief Education Officer informed Cabinet that Bassaleg School was the most subscribed secondary school across Newport and served a large catchment area that continued to grow through new housing developments, regeneration and investment in the local area.

The proposal was undertaken in accordance with the Welsh Government School Organisation Code. As a result of this, a six week period of formal consultation was undertaken between October and November 2020. As expected, there was a large volume of correspondence, all of which was referenced in a Consultation Report, published on the Council website and shared with stakeholders in January of this year.

Following consideration of the Consultation Report, the Cabinet Member was of the view that the proposal should progress and thus a statutory notice was published in March of this year for the required period of 28 days. This statutory notice period was the point at which stakeholders were able to lodge legal objections to the proposal. Where no objections were lodged, the legislation enabled the Cabinet Member to take the final decision on the proposal. However where objections were received, the legislation required a Local Determination Panel to consider all available evidence in taking the final decision. In this case, two formal objections and two further concerns were lodged and thus Cabinet, acting as the Local Determination Panel, was required to consider the final decision.

The various reasons for objection were summarised in the report but also referred to in detail in the accompanying Objection Report. I have noted that the majority of reasons for objection were also raised during the formal consultation period, and were referenced and appropriately responded to within the Consultation Report.

The planned investment at Bassaleg School was possible through Band B of the Council's 21st Century Schools Programme and was therefore jointly funded by the Council and Welsh Government. At present, an amount of £28m was allocated to this project, although it was noted that whilst the tender process was not complete, the latest cost plan suggested that investment of approximately £31m would be required in total. It was entirely possible therefore that the overall Band B programme might need to be reviewed in the coming months when there was more certainty on costs in relation to specific projects.

The proposal and the investment would jointly provide a wonderful opportunity to increase and improve facilities for learners in one of our most successful secondary schools, and make this a truly 21st Century learning environment.

Decision:

Cabinet approved the school reorganisation proposal "to increase the overall capacity of Bassaleg School from 1747 to 2050 with effect from September 2023".

5 **Corporate Risk Register Update (Q4)**

The Leader presented the report, which was an update of the Council's Corporate Risk Register for the end of Quarter Four (31 March 2021).

Members were asked to consider the contents of the report and note the changes to the Council's Corporate Risks.

The Council's Risk Management Policy and Corporate Risk Register enabled this administration and officers to effectively identify, manage and monitor those risks, which could prevent the Council from achieving its objectives in the Corporate Plan (2017-22) and undertake its statutory duties as a local authority.

The Quarter four risk report was also presented to the Council's Governance and Audit Committee on 27 May to review the Council's risk management process and governance arrangements.

At the end of quarter four, the Council had 46 risks recorded across the Council's eight service areas.

Those risks that were deemed to pose the most significant risk in the delivery of the Council's Corporate Plan and services were escalated to the Council's Corporate Risk Register for monitoring.

At the end of quarter four, 18 risks were recorded in the Corporate Risk Register.

- Eleven Severe Risks (15 to 25);
- Four Major Risks (7 to 14);
- Two Moderate Risks (4 to 6); and
- One Low Risk (1 to 3).

In quarter four, the Corporate Risk Register had also seen two risk scores increase, three decrease and 13 risks remain at the same score in quarter three.

Brexit related issues and mitigating actions were reported monthly to Cabinet currently.

The risk score reduced from 12 to 18, as the Council's services had not identified direct impacts since the trade agreement was in place on its suppliers and finances.

However, as is reported also in the Brexit report, EU Settled Status remained an area of concern for the City's communities due to the 30 June deadline.

There was uncertainty over the numbers of EU nationals that might have missed the deadline to apply to the scheme and/or unsuccessful in their application.

This could have an impact on Council as residents may not be able to access public services and additional support may be required.

In Year Financial Management decreased from six to three, due to the Council's anticipated outturn for the last financial year, which indicated a significant surplus position.

This risk would be monitored closely in quarters one and two to see if there were any emerging areas of concern / pressures as the city eases out of the restrictions.

The risk score for the Covid-19 Pandemic Outbreak decreased from 25 to 20 due to the successful roll out of the vaccination programme and easing of lock down restrictions which made it possible to reopen services such as face to face contact.

Front line Council services continued to operate normally. However, there remained small clusters across the community, which were being managed through the Test Trace and Protect teams.

The Council's Covid Recovery Group (Gold) continued to regularly meet and monitor the situation. Monthly Cabinet reports continued to be presented, providing an overview of the Council's Covid response.

Newport Council's Property Estate risk score increased from 12 to 16 to reflect the recent issues identified with St Andrew's Junior School in Q4 of 2020/21.

However, the risk was currently being mitigated and managed utilising the Capital Maintenance Programme as well as regular monitoring.

The Council alongside Newport Norse (continued to undertake condition surveys across the remainder of the estate and these surveys were used to inform the allocation and priority of capital spend.

The Council continued to work closely with other service areas, including Education to identify and secure all available sources of funding, including Welsh Government funding, for ongoing maintenance and improvements especially identifying ways of making our operational estates more energy efficient to help reach the authority's priority to be Carbon Neutral by 2030.

The risk score for Education out of area placements has increased from nine to 12 due to the increase in the number of children and young people with complex needs that required additional support.

The Council's special schools (Maes Ebbw and Ysgol Bryn Derw) were full, which increased the risk of Out of County placements being required.

Through the commissioning of local providers such as Newport Live, Catch 22 and Sporting Chance, the Council was able to access local specialist provisions, which reduced the need for specialist out of County provisions.

Extension options were also being considered to ensure there were more spaces available for pupils with complex needs. Mastodon C had also been commissioned to create data projections for future specialist provision needs.

The Leader thanked the Chief Education Officer for her presentation and invited questions from Cabinet.

Cabinet Member Comments:

Councillor Cockeram raised the issue of concern relating to raising of funding due to the impact of Covid. Secondly, with regard to education, the behaviour of children returning to school was recently debated at the Regional Partnership Board. A bid would be submitted to Welsh Government for funding to provide counselling and understanding the effects and that the impact of the pandemic had on children.

Councillor Mayer made reference to the recent Prime Minister's announcement regarding the Australian deal to import food and encouraged Newport residents to buy locally.

Councillor Rahman referred to the Council's property, echoing the Leader's comments in relation to St Andrew's Junior School and advised Cabinet that the risk was being mitigated with regular monitoring of estates within Newport, considered a priority for capital spend. In addition, these estates would be made more energy efficient for residents, this would include the proposed new leisure centre.

Councillor Jeavons mentioned that the felling of trees due to Ash die back disease was being carried out purely under safety guidance to protect residents and that Newport City Council were re-planting two trees for every one felled and reiterated that the worked carried out was to stop the airborne disease in its tracks.

Decision:

Cabinet noted the contents of the quarter three update of the Corporate Risk Register.

6 Welsh Language Annual Report

The Leader to present the report, informing Cabinet that the council was required to report annually on its progress in complying with the Welsh Language Standards under the Welsh Language (Wales) Measure 2011. The report covered the fifth year of implementation, following the imposition of the majority of the council's Welsh language standards in March 2016.

The report provided an overview of the Council's progress in meeting the Welsh Language Standards, this included information required by law to be published on an annual basis, a summary of key achievements during the year and priority areas for future work

The Leader went through the highlights of the year, which included:

- Positive work undertaken by the council's Welsh Language Promotion Officer, focussed on engagement with key community stakeholders and the provision of support to schools and partners during the pandemic.
- Promotion of key dates throughout the year, both internally and across communities, and sponsorship of the virtual Gŵyl Newydd Festival.
- Establishment of a Representative Workforce group and action plan which included a focus on increasing the number of Welsh speakers across the organisation.
- Establishment of a Welsh Language sub-group of the Right Skills Board, focussed on promoting a consistent approach to Welsh language skills development across the city and with key PSB partners.

- Review of the council's Welsh language performance management framework, to enable more effective monitoring of Welsh language compliance at service area and organisational level.
- Commissioning a number of animated Welsh language training videos to be mandated for all staff which would be ready this summer.

The report also identified priorities for the next reporting period, this included:

- Working with our refugee, migrant and minority ethnic communities to better embed Welsh language as part of a shared sense of identity across the city, particularly in the context of the development of our fourth Welsh medium school.
- Improving and developing our Welsh Language Skills Policy, inclusive of our recording and monitoring of Welsh language skills in the workplace, and better using this data to inform strategic planning.
- Undertaking engagement and consultation with key stakeholders and communities to inform the development of our new 5 year Welsh Language Strategy.
- Adopting a number of Clear Cymraeg principles to better encourage staff to use Welsh in the workplace

The Leader invited the Cabinet Member for Communities and Resources and lead for Equalities and Welsh Language say a few words.

The Cabinet Member was pleased to see that the council still managed to make positive progress against our Welsh language commitments, despite a challenging year. Looking forward to this year, the Cabinet Member was confident that the development of our fourth Welsh language medium primary school would continue to strengthen work in this area and bring new opportunities to the city to embrace the Welsh language across all of our communities.

The Leader invited Councillor Hughes, the Welsh Language Champion also expressed his thanks in Welsh and English:

Hoffwn ddechrau trwy gydnabod yn heriau unhogoel a wynebodd ein staff yn ddiwddar.

Rwyf am ddiolch i'r aelodau mewn timau Heather Powell, Rhys Cornwall ac hefyd Deborah Weston ac hefyd am yr arweiniaeth y maen nhw wedi dangos.

Hefyd hoffwn cammol a diolch i'n holl staff sydd wedi ymuno a chysiau amrywiol I ddysgu neu wella eu sgiliau cymraeg-yn aml o'r dechrau.

Tra bod llawer o'n gwaith yn y cymuned wedi cael ei ddal yn ol, rwy'n filch o hysbysur arweinydd ein bod wedi cael cyfaffod cadernhaol iawn ddoe a gynhawlyd gan Dafydd Henry o Menter Iaith Casnewydd gyda tim dwyieithog Dinas Caerdydd.

Rhai o bethau sydd yn egluro a ddangos y cynnydd sy'n cael ei wneud yng ngasnewydd yw'r faith bod yr ddinas yn agor i pedweryd ysgol cyfrwng cymraeg ac cylch meithryn yng nagaerleon ac gefyd bod Casnewydd yn dathlu gwyl Cymraeg-ac heddiw mae aelod y cabinet ac pencampwr y cymraeg y ddinasyn cyflwyno i'r cabinet yn yr iaith Cymraeg.

Rwyn ddiolchgar i'r arweinydd am y cyfle ac ei hymdrechion ei hun I hyrwyddo'r iaith yng Nhasnewydd.

I would like to begin by acknowledging the unprecedented challenges our staff have faced of late.

I would like to thank especially Heather Powell, Rhys Cornwall and Deborah Weston for their personal efforts and that of their team members who have supported myself and this

administration in furthering and promoting the welsh language within our Council and throughout the city.

I would also like to thank all of our staff who have signed up for welsh language courses this year.

While much of our work has been held back this year because of covid restrictions within our communities there has been progress for sure.

I am happy to report to the cabinet and the leader that we had an immensely positive meeting yesterday hosted by Dafydd Henry at Menter Iaith Casnewydd with the Cardiff City Local Authority Bilingual Team.

Few things have however shown the progress more within our city than the opening of our fourth welsh language medium school in September in Caerleon and the opening of a Cylch Meithrin in the same ward-something I could never have imagined when I moved here 27 years ago. The fact that the city has a welsh champion who is presenting his report in Welsh to cabinet is clear evidence of the progress being made under this administration-some would even say historic.

I am thankful to the leader for the opportunity and also for her own efforts and that of this administration in promoting the welsh language, culture and heritage and this is evident throughout this report.

Decision:

Cabinet approved the final monitoring report to be published on the Council's website, in accordance with statutory deadlines.

7 Community Renewals Fund

The Leader to presented the report to Cabinet colleagues, highlighting the Council's progress on shortlisting of projects for the UK Community Renewal Fund that would be submitted to the Ministry of Housing Communities and Local Government by 18 June.

In March, the Conservative government announced in their budget they would be launching the UK Community Renewal Fund, which was the precursor to the UK Shared Prosperity Fund in 2022 and would replace the EU Structural Funding, which Newport and South East Wales benefited from in the past.

This was all part of the UK Government's 'Levelling Up' agenda which included the Levelling Up Fund that was also presented at Cabinet.

The purpose of the Renewal Fund was to support local communities and the economy focusing on four themes:

1. Investment in Skills;
2. Investment for local business
3. Investment in communities and place
4. Supporting people into employment

Additionally there was also emphasis for applicants to demonstrate how their projects would support decarbonisation and climate change agendas.

The UK Government announced that 100 places (local authorities) across the UK would have priority in accessing the Fund based upon their index of economic resilience.

Unfortunately, Newport had not been identified as a priority area but was still able to submit a shortlist applications to the Fund.

Each local authority could submit any number of applications up to the combined value of £3 million.

Organisations from the private, public including local authorities, charities, not for profit and education establishments were able to apply for the funding through an open invitation.

In April, Newport Council launched its invitation to organisations to submit their application by the 21 May through its website.

Applicants were asked not only to demonstrate how they would support the four themes identified in the UK Government prospectus but how they would also support Newport's priorities which were included in its Public Services Board (One Newport) Wellbeing Plan, the Council's Corporate Plan, the Council's Covid Recovery Aims and other key strategic priorities such as climate change.

Despite the short timescales imposed by the UK Government for local authorities to set up and invite organisations to apply, and organisations to submit their applications, we received 11 applications totalling £3.4million.

The range of applications received from organisations were of high quality and all could have easily supported the strategic priorities for the City of Newport.

Myself as Chair of the Public Service Board, alongside Councillor Hughes (Cabinet Member for Sustainable Development), Beverly Owen (Chief Executive) and partner representatives from the Public Services Board have assessed the applications. The scores for shortlisting were based upon their criteria of meeting national and local strategic priorities, the social value and outcomes that would benefit Newport's communities and economy, and ensuring the projects were inclusive of the communities and groups across Newport.

The Leader was pleased to confirm that that Assessment Panel have determined that the following shortlisted applications were successful and should be submitted to the Ministry of Housing, Communities and Local Government:

- Business in Focus
- Ffilm Wales Cymru
- Tros Gynnal Plant (TGP)
- Pobl
- Maindee Unlimited
- Newport Now
- University of South Wales (USW)
- Volunteering Matters

Councillor Rahman declared an interest as a Trustee of Maindee Unlimited at this juncture and therefore took not part in the decision.

On behalf of the Panel, all of the organisations had provided applications that could have been submitted to the UK Government and it was a very challenging and thorough examination to shortlist the applications that would be submitted.

Unfortunately, this would not guarantee that the applications submitted by the Council would be successful in obtaining the funding from the UK Government and we would all have to wait until July to find out the outcomes of the evaluation process.

Whether the organisations were successful or not and also for those organisations that were not shortlisted, the Leader took the opportunity to thank everyone for taking out their time to submit their applications. The Leader also wanted to encourage all the organisations to

consider continuing to deliver their proposals for Newport as they would all have an impact on improving people's lives.

The Leader also encouraged them to seek other opportunities to access grant funding that was offered by the Welsh Government and other Welsh bodies, which could help them achieve their goals.

In conclusion, a further update would be provided to Cabinet and the Public Service Board on the outcome of the evaluation process by UK Government and when the Shared Prosperity Fund was launched next year, Newport would once again look to support organisations to access the funding.

Cabinet Member Comments:

With reference to Volunteering Matters, Councillor Mayer stressed the importance of helping the most vulnerable and referred to the shared community hub's advertisement asking for support as well as helping the most vulnerable in their search for jobs.

Councillor Hughes also mentioned the positive impact the funding would have on the city if the bidding submission was successful.

Councillor Harvey echoed Councillor Mayer's comments and wanted to assure residents that Newport City Council would be supporting the most vulnerable.

Councillor Cockeram also echoed the comments of his Cabinet Member colleagues.

Decision:

Cabinet endorsed the progress of work undertaken by Newport Council and recommended the shortlisted applications, which would be submitted to the Ministry of Housing, Communities and Local Government.

8 Levelling Up Fund

The Leader presented the report, advising that Cabinet colleagues would be aware that the UK Government launched a £4.8 billion Levelling Up Fund which was aimed at levelling up communities across the UK. This was a competitive bidding process and up to £20m of capital funding was available for regeneration and cultural projects. Higher funding limits could apply to transport schemes but during the current bidding round we were focussing on a regeneration scheme.

Newport was identified as a Priority 1 area and whilst this provided an advantage in terms of hierarchy of need, this was a competitive process and funding would be awarded on the basis of the quality of the bid and not priority status.

Bids must have the support of the constituent MP and all funding must be spent by 2025. There would be a number of bidding rounds but the deadline for the submission of bids in the first round was 18 June. Cabinet were therefore being asked to support the submission of a bid for funding for an area identified as the Northern Gateway in the City Centre Master Plan.

The report contained an extract plan from the adopted Master Plan and the Northern Gateway encompassed the area around the Newport Central train station and extends to High Street, Bridge Street, parts of Upper Dock Street and the former Sainsbury's site.

There were a number of significant regeneration projects underway or planned in the Northern Gateway area. This included the refurbishment of the Indoor Market and Market Arcade, the exciting plans for the incubation hub at the Information Station, the brand new

office accommodation at the former IAC site on Mill Street and the new active travel footbridge which will connect Devon Place and Queensway.

As a mainline station providing direct access to Cardiff, Bristol, London and beyond, Newport Central station is a key gateway into our City Centre.

However investment opportunities and the public realm in this area were not reflective of what you would expect to see when you arrive in the City. It did not give residents and visitors a sense of arrival and does not clearly direct people into the core of the City Centre where they could access our businesses, leisure and hospitality facilities. We wanted people to feel positive and energised by the local environment in this area and we wanted investors to see the opportunities that Newport had to offer.

The Artist's impressions within the report indicated what is possible, introducing some much needed green infrastructure into the area which was currently dominated by hard surfacing. This was also an opportunity to complement active travel initiatives and deliver upon our commitment to the vision set out in the Newport Offer, which formed part of the Well-being Plan and also the Placemaking Wales Charter.

The Leader concluded, as already mentioned, this was a competitive process and there was no guarantee of success. We were able to submit further bids in other rounds. The Leader was sure that Cabinet would agree that there was a need to pursue all grant funding opportunities in the quest to continue with our ambitious regeneration plans for the City Centre. The gateway into the City Centre from the train station should be fit for purpose and reflective of the quality of place we were trying to achieve for all of our visitors and residents. The Leader therefore asked Cabinet colleagues to support the submission of this first round bid.

Cabinet Member comments:

Councillor Jeavons mentioned that over 20km of active travel routes had been improved over the city, such as Devon Place and stretches of the canal. This was a fantastic opportunity for the council, which was fully supported by the Deputy Leader.

Councillor Harvey, also echoed the comments of Councillor Jeavons.

Councillor Truman added this this would be a good opportunity for Newport and felt it was a big piece in the jigsaw to help improve the City.

Councillor Cockeram observed that Newport was the gateway to Wales and that this was a wonderful opportunity help promote the City.

Decision:

Cabinet approved the submission of a Levelling Up Funding bid for the Northern Gateway area of the City Centre.

9 **Covid-19 Recovery Update Report**

The Leader presented the report, giving an update on the Council's and its partner's response to the Covid-19 crisis supporting the City (Residents and Businesses) to comply with the current restrictions and progress in the Council's Strategic Recovery Aims and Corporate Plan.

Since this Cabinet last met in May, Wales continued to see further reductions in the Covid-19 case rate that has enabled further lockdown restrictions to be eased enabling Newport's hospitality and indoor venues to reopen.

The Welsh Government also started indoor and outdoor test events across Wales. In Newport, Newport County fans were able to watch their League two play-off fixture while the Celtic Manor Resort held an indoor business event for 100 invited attendees.

While this was welcomed, progress for society to return back to normal, there still remained the case for Newport's residents to remain vigilant and cautious.

In the last few weeks, cases of the Indian variant of Covid-19 increased across the UK and Newport had seen small clusters of cases emerge. While the case rate remained far lower than those earlier this year, we would all have to learn to live with this virus and that while restrictions remained in place we must ensure that we kept to the social distancing guidelines.

Newport's residents who thought that they may have Covid-19 symptoms to get tested and self-isolate in line with the Public Health Wales guidelines.

The vaccination programme in Newport and across Wales continued to be successful and over 2 million people had received their first vaccination with over 900,000 receiving their second dose.

The work of Aneurin Bevan Health Board, Newport Live, this Council and others had to be commended by this Cabinet for all of their hard work to protect us all across Newport and there was no doubt that this was having an impact on the spread of the virus.

The vaccination programme was now reaching the 18 to 30 year old population of Newport and it was just as important that this age group and our black and ethnic minority groups took up the vaccination.

If anyone had any doubts or concerns about the vaccination they should speak to their local GP or visit the Public Health Wales website where advice could be provided.

Last month Newport's Muslim community celebrated the end of Ramadan and celebrate Eid al-Fitr. It was pleasing to see the community safely celebrate Eid with their family and friends.

Council services and staff were continuing to deliver services to residents and businesses across Newport whether this was out on the front line in residential homes, visiting clients, collecting waste, teaching or working from home and in the office.

Council officers and strategic partners had been considering carefully how staff and services could safely return and operate in a more flexible way so that we could build upon the changes brought in during the crisis.

Next month this Cabinet would receive a report that would outline the Council's future approach and take the opportunities to continue to improve our services.

In the last month the following key areas were delivered by the Council:

- Continuing digital support and training being provided to children and adults that were impacted by the crisis.
- The Council has commenced development of a new Digital Strategy for Newport's communities and the Council
- Community Renewal Fund applications were being submitted to support new employment and training opportunities for communities.
- Grants totalling £1.64m assisted 820 businesses and self-employed people in Newport.
- Continuing work to develop a Local Area Energy Plan for Newport that would support the decarbonisation of Newport's power, heat and transport needs for the future.

- Adult services were looking at modifying service arrangements to resume day services.
- Newport Live recommenced Leisure Services and delivered outdoor physical activities.
- Newport Council would be undertaking further engagement work through the Citizens Panel and bus wifi.

That concluded the report, further updates on the Council's progress would be provided next month.

Cabinet Member Comments:

Councillor Cockeram advised that funding for Care Homes in the private sector could run out which was cause for concern. The Leader agreed that it was an important issue and also praised the Council's Social Services team who ensured that the elderly were not negatively impacted.

Councillor Truman reiterated the Leader's comments and paid tribute to the Welsh Government on its vaccine programme.

Councillor Harvey thanked all the staff for their hard work as well as the hard work of Newport Live staff.

Councillor Hughes also thanked staff and volunteers who were helping the vulnerable.

The Chief Executive thanked everyone within the council for their support, and gave a mention to Environmental Health and the Track and Trace team. The Chief Executive stressed that we were far from being out of woods, and urged residents to help manage and contain issues that the virus had continued to cause across the globe.

In addition to this, the Chief Executive mentioned that the Levelling Up report was a reflection on the effort of work from teams across the council.

Decision:

Cabinet considered the contents of the report and noted the progress being made to date and the risks that were still faced by the Council.

10 Brexit Update Report

The Leader presented the report, updating Cabinet colleagues on the progress in the post Brexit / trade arrangements since 31 December 2020.

Since the last report to this Cabinet in May Newport Council continued to provided support, advice and guidance to Newport's businesses and EU residents.

Newport Council and its partners were continuing to support residents living in Newport with the EU Settled Scheme before the 30 June deadline.

Newport Council launched a new campaign that was directed to our EU communities in the City signposting people to all of the necessary help and support provided by the Council and its partners.

Anyone who had not applied should do so and encourage their friends and family members to do so as well.

Advice and guidance was offered by the Council to those, which had concerns and/or require further assistance in applying.

Decision:

Cabinet considered the contents of the report and noted the Council's Brexit response.

11 **Work Programme**

The Leader highlighted the regular monthly report on the work programme and asked for Cabinet to move acceptance of the updated programme.



Report

Cabinet

Part 1

Date: 7 July 2021

Subject Report on Treasury Management covering the Financial Year 2020/21

Purpose This report is to inform the Cabinet of treasury activities undertaken for the financial year ending 31 March 2021.

Author Head of Finance / Assistant Head of Finance

Ward All

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

During the financial year the Council's net borrowing decreased by £25.4m from £153.8m at 31 March 2020 to £128.4m at 31 March 2021.

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

Proposal That Cabinet:

1. Note and provide comment on the Annual Report on Treasury Management for the Financial Year 2020/21.
2. Note and provide comment that 2020/21 Prudential Indicators for Treasury Management were in line with those set by Council in February 2020.

Action by Head of Finance / Assistant Head of Finance

Timetable Immediate

This report was prepared after consultation with:

- Treasury Advisors
- Head of Finance

Signed

Background

1. In June 2009 the Authority adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2011 Edition (the CIPFA Code) which requires the Authority to approve a treasury management annual report after the end of each financial year.
2. Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year and, as a minimum, a semi-annual and annual treasury outturn report. This report fulfils the Authority's legal obligation to have regard to the CIPFA Code.
3. The Authority both borrows and invests 'cash' and as such is exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.
4. The 2020/21 Treasury Management Strategy was approved by the Council as part of the Capital Strategy in February 2020 and can be viewed via the following link
<https://democracy.newport.gov.uk/documents/s17728/06%20Council%20Report%20Capital%20Strategy%20and%20Treasury%20Strategy%202020.pdf?LLL=0>
5. This report presents the following information:
 - details of capital financing, borrowing, debt rescheduling and investment transactions
 - reports on the risk implications of treasury decisions and transactions
 - details the outturn position on treasury management transactions in 2020/2021
 - confirms compliance with treasury limits set and Prudential code
6. This report has been presented at the Audit Committee meeting in May and was noted with no additional comments or feedback to be added to this report, for Cabinets or Councils attention.

BORROWING STRATEGY / ACTIVITY

Short and Long Term Borrowing

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

By using this strategy the Council can also minimise cash holding at a time when counterparty risk remains relatively high, especially with the current economic implications during Covid-19. The interest rates achievable on the Council's investments are also significantly lower than the current rates payable on long-term borrowing and this remains the main reason for our current 'internally borrowed' strategy.

At 31 March, the level of internal borrowing was about £107m, mainly in relation to the Council's level of cash backed reserves. At current rates, this saves about £2.4m in interest costs annually compared to physically borrowing this level of cash. As the Council spends its reserves over the

medium to long term (PFI reserves, Capital reserves, Invest to Save reserves in particular), then the internal borrowing will have to be replaced with actual external borrowing and this interest cost will be unavoidably incurred.

2. Whilst the strategy minimises investment counterparty risk, the risk of interest rate exposure is increased as the current low longer term borrowing rates may rise in the future. The market position is being constantly monitored in order to minimise this risk.
3. As shown in Appendix B, as at 31 March 2021 the level of borrowing has decreased by £13.1m to £153.2m. This decrease is in relation to the short term / temporary borrowing the Council undertook at the end of March 20 to support the cash flow of providing grants to businesses in response to the Covid-19 pandemic. This was reimbursed by Welsh Government and subsequently the borrowing was repaid in June 2020, as planned. In March 21 the Authority undertook borrowing on a short term basis in order to cover normal day to day cash flow activities.
4. A minimal amount of new long-term borrowing was required to be taken out in the second half of the financial year totalling £94k. This borrowing was from Salix which was interest free and was linked to a specific energy efficiency project. Current estimates within our cash-flow indicates there is the potential that additional long-term borrowing will be required in the second half of next financial year to fund the capital programme, and whilst slippage on that is included in the cash-flow, what actually happens in the year in regard to delivery of projects will influence this significantly.

This however does not change the Council's 'need to borrow commitment' as these schemes are in the Council's plans – but does impact on when actual borrowing is taken out, towards that commitment level.

5. In regards to LOBOs, no loans were called during the period. All £30m outstanding is subject to potential change of interest rates by the lender (which would automatically trigger a right to the Council to repay these loans) prior to the end of this financial year. Should a change of interest rate be requested, then it will be considered in detail and a decision on how we proceed will be made in conjunction with our treasury advisors.
6. Looking at the overall cash position of the Council we need to look at the net borrowing position which shows that overall there has been a decrease in net borrowing of £25.4m during the 2020/21 financial year to £128.4m, as shown by Appendix B. This is partly due to the level of investments increasing by £12.3m to £24.8, (including £19.8m held on very short-term periods).

INVESTMENTS ACTIVITY / POSITION

7. The Council's strategies in this area of Treasury Management are (i) to be a short term and relatively low value investor, consistent with the pursuit of an 'internal borrowing strategy' and (ii) investment priorities should follow the priorities of security, liquidity and yield, in that order.
8. All investments are currently placed on a temporary basis and are placed in high security institutions, in line with our other strategy in this area, dealing with our investing priorities of (i) security (ii) liquidity and (iii) yield, in that order. At the 31 March 2021 £15m was placed with various local authorities, at an average rate of 0.24%, and £9.8m with banks and building societies. The maximum maturity date of any of these investments held was 19 April 2020.

Included within the investment figure of £24.8m on the 31 March 2021, of which £19.8m is held on very short-term.

9. The Council does not hold any long-term (more than 364 days) treasury investments as at 31 March 2021.

10. Due to the pandemic the Authority kept more cash available at very short notice than is normal to cover any unexpected calls on cash flow. Currently there is not much demand for very short term investment within the market place, with very unattractive (minimal) interest rates being offered, and a potential for negative interest rates remaining a possibility into medium term. So it remains sensible to utilise excess cash balances to avoid further borrowing rather than investing those resources, given the minimal returns that investments are providing.
11. January 2018 saw the implementation in the UK of the second Markets in Financial Instruments Directive (MiFID II), where firms will be obliged to treat all local authorities as retail clients unless they opt up to professional client status and meet certain criteria. These criteria include holding a minimum of £10m investment balance and employing knowledgeable and experienced staff to carry out investment transactions. So whilst it is anticipated that investment levels will reduce, there will always be a need to demonstrate an investment balance of at least £10million.

IMPACT OF COVID-19 PANDEMIC

12. Since the early days of the pandemic the Council has been monitoring the impact on cash flow closely. Throughout 2021 the Authority received a significant amount of Welsh Government funding to support small and medium businesses during the coronavirus pandemic through grant schemes. £70.8m was received throughout the financial year and temporarily invested in short-dated, liquid instruments such as call accounts and invested with other Local Authorities. In addition to the business grants, the Council has seen an increase in Covid related expenditure, a reduction in income across services, and a decrease in the collection of Council Tax and Non-Domestic Rates (NDR) and the Council has also implemented the NDR Relief Scheme for retail, leisure and hospitality businesses who received 100% relief.
13. All of the above would have had a significant impact on cash flow, however aside from the beginning of the year when the additional short-term borrowing was required, WG have mitigated the impact by reimbursing increased expenditure through the 'hardship fund' and through 'loss of income' claims. WG have also repaid the business grants in a timely manner, and front-loaded a significant portion of the Revenue Support Grant payments to the Council into April 2020, as well as providing a grant to support the cash flow of the 100% rate reliefs. This has certainly assisted with cash flow throughout the 20/21 financial year and the Council was only required to take out short term borrowing in March 2021 to cover usual day to day treasury management activities. In addition slippage on the capital programme and net revenue underspend has also assisted with cash-flow and delayed the need to borrow long term within 2020/21 itself. As already said, this does not reduce the need to borrow commitment the Council has but does slow down the pace at which that borrowing is taken up towards that commitment level.
14. As part of the 2020/21 budget setting process a proposal was included to generate more interest receivable income. The council is required as part of regulatory framework to have to have at least £10m investment balance in order to retain its classification as 'professional clients'. The Council currently invests its funds over short-term, low-risk instruments such as other local authorities and central government and because of the low risk nature of these – income from these are also very low. As part the MTFP and the 2020/21 Treasury Management Strategy the Council would undertake larger, long-term investments in riskier financial instruments such as pooled funds, and other instruments. Essentially, investments in stock market and property funds in order to generate more income. Whilst the Council put in place the necessary processes in order to start using pooled funds such as CCLA, following the pandemic CCLA actually stopped all new investments for the first few months of the financial year. Due to the market volatility as a result of Covid-19 it was felt that it was not prudent to begin investing in more riskier financial funds, especially as the full impact of Covid-19 could not be quantified. However, this will be something that we will look to begin in 2021/22 if conditions allow and with advice from Treasury Advisers.

NON-TREASURY INVESTMENTS

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

The Authority also held such investments in:

- directly owned property such as office and commercial units of £10.8m
- loans to local businesses and landlords £4.7m
- shareholding in subsidiaries £0.3m

OTHER YEAR-END TREASURY MATTERS

Economic background and Counter Party Update

16. Appendix A outlines the underlying economic environment during the financial year, as provided by the Council's Treasury Management Advisors 'Arlingclose'.
17. As discussed previously in this report the Council does not have any long-term treasury investments, and the investments that it currently undertakes is mainly with other local authorities which are deemed very secure, therefore the risk is currently 'low'. There were no significant changes in credit ratings advised in the first half of the financial year that had implications for the approved lending list. The long-term rating of Santander UK, the Council's bankers, remains at A+; above the Council's minimum level of A-.

Compliance with Prudential Indicators approved by Council

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

PWLB new lending terms

19. Members will be aware that the PWLB increased interest rates on loans in the autumn of 2019 following concerns about the level of Local Government debt, in particular for commercial activities
20. A consultation was held this year, with the PWLB response published in November 2020. From 26th November the interest rates on PWLB loans was reduced from 1.8% to 0.8%, provided that authorities can confirm that they are not involved in "debt for yield" activity within the next two financial years. It will also restrict authorities from accessing the PWLB to buy commercial assets primarily for yield. To be able to access the lower rates Authorities will be required to submit detailed capital expenditure plans with confirmation from the Section 151 Officer on the purpose of the capital expenditure.
21. Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management. Misuse of PWLB borrowing could result in the PWLB requesting that Authority unwinds problematic transactions, suspending access to the PWLB and repayment of loans with penalties.

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Investment counterparty not repaying investments	High but depending on investment value	Low	The Council only invests with Institutions with very high credit scores. It employs advisors to monitor money market movements and changes to credit scores and acts immediately should things change adversely. The lower levels of funds available for investment will also alleviate the risk.	Members, Head of Finance, Treasury staff, based on advice from treasury advisors
Interest Rates moving adversely against expectations	Low	Low	Future expectations for higher short term rates are subdued. The Treasury strategy approved allows for the use of short term borrowing once investment funds are exhausted to take advantage of these low rates.	Head of Finance, Treasury staff, treasury advisors

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

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

Options Available and considered

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

Preferred Option and Why

Note the contents of the report in relation to Treasury activities and all Treasury Indicators met. Provide any comments necessary to Council on the contents of the report.

Comments of Chief Financial Officer

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

Comments of Monitoring Officer

There are no legal issues arising from the report. All borrowing and investments undertaken during the year were in accordance with the Council's Treasury Management Strategy and within agreed limits.

Comments of Head of People and Business Change

There are no direct HR implications associated with the report.

The Council is required to approve a treasury management annual report at the end of each financial year. The Well-being of Future Generations Act requires public bodies to balance short-term needs with

the needs to safeguard the ability to also meet long-term needs. As stated in this report, the Council continues to be both a short-term investor of cash and borrower to manage day-to-day cash flows but current forecasts indicate that in future temporary borrowing will continue to be required and longer-term borrowing will increase to fund the capital programme, which is currently also supplemented through a reduced investment strategy. This annual report align with the well-being goal of a Prosperous Wales.

Comments of Cabinet Member

N/A.

Local issues

N/A

Scrutiny Committees

N/A

Equalities Impact Assessment and the Equalities Act 2010

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

Children and Families (Wales) Measure

N/A

Wellbeing of Future Generations (Wales) Act 2015

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

Crime and Disorder Act 1998

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

Consultation

N/A

Background Papers

Report to Council February 2020: Capital Strategy and Treasury Strategy.
Report to Council - Mid Year Treasury Management Monitoring Report

Dated: 24 June 2021

APPENDIX A - Arlingclose - Treasury Advisors Perspective

External Context

Economic background: The coronavirus pandemic dominated 2020/21, leading to almost the entire planet being in some form of lockdown during the year. The start of the financial year saw many central banks cutting interest rates as lockdowns caused economic activity to grind to a halt. The Bank of England cut Bank Rate to 0.1% and the UK government provided a range of fiscal stimulus measures, the size of which has not been seen in peacetime.

Some good news came in December 2020 as two COVID-19 vaccines were given approval by the UK Medicines and Healthcare products Regulatory Agency (MHRA). The UK vaccine rollout started in earnest; over 31 million people had received their first dose by 31st March.

A Brexit trade deal was agreed with only days to spare before the 11pm 31st December 2020 deadline having been agreed with the European Union on Christmas Eve.

The Bank of England (BoE) held Bank Rate at 0.1% throughout the year but extended its Quantitative Easing programme by £150 billion to £895 billion at its November 2020 meeting. In its March 2021 interest rate announcement, the BoE noted that while GDP would remain low in the near-term due to COVID-19 lockdown restrictions, the easing of these measures means growth is expected to recover strongly later in the year. Inflation is forecast to increase in the near-term and while the economic outlook has improved there are downside risks to the forecast, including from unemployment which is still predicted to rise when the furlough scheme is eventually withdrawn.

Government initiatives supported the economy and the Chancellor announced in the 2021 Budget a further extension to the furlough (Coronavirus Job Retention) scheme until September 2021. Access to support grants was also widened, enabling more self-employed people to be eligible for government help. Since March 2020, the government schemes have help protect more than 11 million jobs.

Despite the furlough scheme, unemployment still rose. Labour market data showed that in the three months to January 2021 the unemployment rate was 5.0%, in contrast to 3.9% recorded for the same period 12 months ago. Wages rose 4.8% for total pay in nominal terms (4.2% for regular pay) and was up 3.9% in real terms (3.4% for regular pay). Unemployment is still expected to increase once the various government job support schemes come to an end.

Inflation has remained low over the 12 month period. Latest figures showed the annual headline rate of UK Consumer Price Inflation (CPI) fell to 0.4% year/year in February, below expectations (0.8%) and still well below the Bank of England's 2% target. The ONS' preferred measure of CPIH which includes owner-occupied housing was 0.7% year/year (1.0% expected).

After contracting sharply in Q2 (Apr-Jun) 2020 by 19.8% q/q, growth in Q3 and Q4 bounced back by 15.5% and 1.3% respectively. The easing of some lockdown measures in the last quarter of the calendar year enabled construction output to continue, albeit at a much slower pace than the 41.7% rise in the prior quarter. When released, figures for Q1 (Jan-Mar) 2021 are expected to show a decline given the national lockdown.

After collapsing at an annualised rate of 31.4% in Q2, the US economy rebounded by 33.4% in Q3 and then a further 4.1% in Q4. The US recovery has been fuelled by three major pandemic relief stimulus packages totalling over \$5 trillion. The Federal Reserve cut its main interest rate to between 0% and

0.25% in March 2020 in response to the pandemic and it has remained at the same level since. Joe Biden became the 46th US president after defeating Donald Trump.

The European Central Bank maintained its base rate at 0% and deposit rate at -0.5% but in December 2020 increased the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.

Financial markets: Monetary and fiscal stimulus helped provide support for equity markets which rose over the period, with the Dow Jones beating its pre-crisis peak on the back of outperformance by a small number of technology stocks. The FTSE indices performed reasonably well during the period April to November, before being buoyed in December by both the vaccine approval and Brexit deal, which helped give a boost to both the more internationally focused FTSE 100 and the more UK-focused FTSE 250, however they remain lower than their pre-pandemic levels.

Ultra-low interest rates prevailed throughout most of the period, with yields generally falling between April and December 2020. From early in 2021 the improved economic outlook due to the new various stimulus packages (particularly in the US), together with the approval and successful rollout of vaccines, caused government bonds to sell off sharply on the back of expected higher inflation and increased uncertainty, pushing yields higher more quickly than had been anticipated.

The 5-year UK benchmark gilt yield began the financial year at 0.18% before declining to -0.03% at the end of 2020 and then rising strongly to 0.39% by the end of the financial year. Over the same period the 10-year gilt yield fell from 0.31% to 0.19% before rising to 0.84%. The 20-year declined slightly from 0.70% to 0.68% before increasing to 1.36%.

1-month, 3-month and 12-month SONIA bid rates averaged 0.01%, 0.10% and 0.23% respectively over the financial year.

The yield on 2-year US treasuries was 0.16% at the end of the period, up from 0.12% at the beginning of January but down from 0.21% at the start of the financial year. For 10-year treasuries the end of period yield was 1.75%, up from both the beginning of 2021 (0.91%) and the start of the financial year (0.58%).

German bund yields continue to remain negative across most maturities.

Credit review: After spiking in March 2020, credit default swap spreads declined over the remaining period of the year to broadly pre-pandemic levels. The gap in spreads between UK ringfenced and non-ringfenced entities remained, albeit Santander UK is still an outlier compared to the other ringfenced/retail banks. At the end of the period Santander UK was trading the highest at 57bps and Standard Chartered the lowest at 32bps. The other ringfenced banks were trading around 33 and 34bps while Nationwide Building Society was 43bps.

Credit rating actions to the period ending September 2020 have been covered in previous outturn reports. Subsequent credit developments include Moody's downgrading the UK sovereign rating to Aa3 with a stable outlook which then impacted a number of other UK institutions, banks and local government. In the last quarter of the financial year S&P upgraded Clydesdale Bank to A- and revised Barclay's outlook to stable (from negative) while Moody's downgraded HSBC's Baseline Credit Assessment to baa3 whilst affirming the long-term rating at A1.

The vaccine approval and subsequent rollout programme are both credit positive for the financial services sector in general, but there remains much uncertainty around the extent of the losses banks and building societies will suffer due to the economic slowdown which has resulted due to pandemic-related lockdowns and restrictions. The institutions and durations on the Authority's counterparty list

recommended by treasury management advisors Arlingclose remain under constant review, but at the end of the period no changes had been made to the names on the list or the recommended maximum duration of 35 days.

Appendix B - 2020-21 Treasury Activities

Local Context

On 31st March 2020, the Authority had net borrowing of £128.4m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.21 Actual £m
General Fund CFR	281
Less: *Other debt liabilities	41
Borrowing CFR	240
Less: Usable reserves	(107)
Less: Working capital inc. non-treasury investments	4
Net borrowing	129

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

Lower official interest rates have lowered the cost of short-term, temporary loans and investment returns from cash assets that can be used in lieu of borrowing. The Authority pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low.

The treasury management position at 31st March 2021 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.20 Balance £m	Movement £m	31.3.21 Balance £m	31.3.21 Rate %
Long-term borrowing	150.6	(3.0)	147.6	3.6
Short-term borrowing	-	5.6	5.6	0.1
Cash and cash equivalents	15.7	(15.7)	-	-
Total borrowing	166.3	(13.1)	153.2	3.7
Long-term investments	0	-	-	-
Short-term investments	0	(5.0)	(5.0)	0.0
Cash and cash equivalents	(12.5)	(7.3)	(19.8)	0.2
Total investments	(12.5)	(12.3)	(24.8)	0.2
Net borrowing	153.8	(25.4)	128.4	3.9

The table above shows the overall cash position and shows significant movement in both the borrowing and investment levels of the Council, however overall the NET borrowing position for the Council has decreased by £25.4m.

Borrowing Update

In November 2020 the PWLB published its response to the consultation on 'Future Lending Terms'. From 26th November the margin on PWLB loans above gilt yields was reduced from 1.8% to 0.8% providing that the borrowing authority can confirm that it is not planning to purchase 'investment assets primarily for yield' in the current or next two financial years. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. As part of the borrowing process authorities will now be required to submit more detailed capital expenditure plans with confirmation of the purpose of capital expenditure from the Section 151 Officer. The PWLB can now also restrict local authorities from borrowing in unusual or large amounts.

Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management. Misuse of PWLB borrowing could result in the PWLB requesting that Authority unwinds problematic transactions, suspending access to the PWLB and repayment of loans with penalties.

Competitive market alternatives may be available for authorities with or without access to the PWLB. However, the financial strength of the individual authority and borrowing purpose will be scrutinised by commercial lenders.

The Authority is not planning to purchase any investment assets primarily for yield within the next three years and so is able to take advantage of the reduction in the PWLB borrowing rate.

Borrowing Strategy during the year

At 31st March 2021 the Authority held £153.2m of loans, a decrease of £13.1m from 31st March 2020, as part of its strategy for funding previous and current years' capital programmes. Outstanding loans on 31st March are summarised in Table 3 below.

Table 3: Borrowing Position

	31.3.20	Net	31.3.21	31.3.21	31.3.21
	Balance	Movement	Balance	Weighted	Weighted
	£m	£m	£m	Average	Average
				Rate	Maturity
				%	(years)
Public Works Loan Board	105.7	(3.7)	102.0	3.8	19.0
Banks (LOBO)	30.0	-	30.0	4.4	33.2
Banks (fixed-term)	5.0	-	5.0	3.8	56.9
Local authorities (long-term)	-	-	-	-	-
Local authorities (short-term)	15.0	(10.0)	5.0	0.1	-
Other inc. WG loans	9.9	0.7	10.6	-	0.5
Accrued interest	0.7	(0.1)	0.6		
Total borrowing	166.3	(13.1)	153.2	3.6	22.3

The Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are

required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective.

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

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

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

Other Debt Activity

After £0.8m repayment of prior years' Private Finance Initiative and finance leases liabilities, total debt other than borrowing stood at £41.5m on 31st March 2021, taking total debt to £194.7m.

Treasury Investment Activity

Throughout 2021 the Authority received a significant amount of Welsh Government funding to support small and medium businesses during the coronavirus pandemic through grant schemes. £70.8m was received, temporarily invested in short-dated, liquid instruments such as call accounts and invested with other Local Authorities. £70.3m was disbursed by the end of March.

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Authority's investment balances ranged between £24.78m and £65.8m million due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.3.20		31.03.21	31.03.21	31.03.21
	Balance	Movement	Balance	Income Return	Weighted average maturity
	£m	£m	£m	%	Years
Banks & building societies (unsecured)	-	9.8	9.8	0.1	-
Government (incl. local authorities)	12.5	2.5	15.0	0.3	-
Total investments	12.5	12.3	24.8	0.4	-

Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

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

Deposit rates with the Debt Management Account Deposit Facility (DMADF) have continued to fall and are now largely around zero.

The net return on Money Market Funds net of fees, which had fallen after Bank Rate was cut to 0.1% in March, are now at or very close to zero; fund management companies have temporarily lowered or waived fees to avoid negative net returns.

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

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

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

Non-Treasury Investments

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

The Authority also held such investments in:

- directly owned property such as office and commercial units of £10.8m
- loans to local businesses and landlords £4.7m
- shareholding in subsidiaries £0.3m

These investments generated £1m of investment income for the Authority after taking account of direct costs.

Compliance

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

Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 7 below.

Table 7: Debt Limits

	H1 Maximum	31.03.21 Actual	2020/20 Operational Boundary	2020/21 Authorised Limit	Complied? Yes/No
Borrowing	192.8	153.2	230	240	<input type="checkbox"/>
PFI and Finance Leases	42	41.5	43	43	<input type="checkbox"/>
Total debt	234.8	194.7	273	283	<input type="checkbox"/>

Table 8: Investment Limits

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

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

Treasury Management Indicators

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

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

Interest rate risk indicator	31.3.21 Actual	2020/21 Limit	Complied?
Upper limit on fixed interest rate exposure	100%	100%	✓
Upper limit on variable interest rate exposure	0	50%	✓

Maturity Structure of Borrowing: This indicator is set to control the Authority’s exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	31.03.21 Actual	Upper Limit	Lower Limit	Complied
Under 12 months	5%	60%	0%	<input type="checkbox"/>
12 months and within 24 months	3%	40%	0%	<input type="checkbox"/>
24 months and within 5 years	18%	40%	0%	<input type="checkbox"/>
5 years and within 10 years	7%	40%	0%	<input type="checkbox"/>
10 years and within 20 years	18%	30%	0%	<input type="checkbox"/>
20 years and within 30 years	15%	20%	0%	<input type="checkbox"/>
30 years and within 40 years	20%	20%	0%	<input type="checkbox"/>
40 years and within 50 years	8%	20%	0%	<input type="checkbox"/>
50 years and above	7%	20%	0%	<input type="checkbox"/>

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

Principal Sums Invested for Periods Longer than a year: The purpose of this indicator is to control the Authority’s exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

	2019/20	2020/21	2021/22
Actual principal invested beyond year end	0	0	0
Limit on principal invested beyond year end	10	10	10
Complied?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other

CIPFA consultations: In February 2021 CIPFA launched two consultations on changes to its Prudential Code and Treasury Management Code of Practice. These follow the Public Accounts Committee’s recommendation that the prudential framework should be further tightened following continued borrowing by some authorities for investment purposes. These are principles-based consultations and will be followed by more specific proposals later in the year.

In the Prudential Code the key area being addressed is the statement that “local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed”. Other proposed changes include the sustainability of capital expenditure in accordance with an authority’s corporate objectives, i.e. recognising climate, diversity and innovation, commercial investment being proportionate to budgets, expanding the capital strategy section on commercial activities, replacing the “gross debt and the CFR” with the liability benchmark as a graphical prudential indicator.

Proposed changes to the Treasury Management Code include requiring job specifications and “knowledge and skills” schedules for treasury management roles to be included in the Treasury Management Practices (TMP) document and formally reviewed, a specific treasury management

committee for MiFID II professional clients and a new TMP 13 on Environmental, Social and Governance Risk Management.

IFRS 16: The implementation of the new IFRS 16 Leases accounting standard has been delayed for a further year until 2022/23.

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Report

Cabinet

Part 1

Date: 7 July 2021

Subject Revenue Budget Outturn - 2020/21

Purpose This report explains the Council's financial position for the year ending 31 March 2021, and lists year-end reserve transfers for Cabinet's review and approval.

Author Head of Finance

Ward All

Summary The revenue outturn shows an underspend of £14,025k, after core budget contributions to/ from reserves, which represents a 4.6% variance against budget. This variance against budget has arisen, in the main, due to the following:

- Receipt of one off Welsh Government (WG) funds to compensate the Council for additional costs incurred in response to the pandemic and the lost income experienced due to Covid restrictions;
- Underspends across all service areas due to changes in service provision and working practices, and;
- Linked to the above, an underspend against the general revenue contingency budget, council tax reduction scheme and council tax income – all of which are non-service budgets.

The underspend has increased by £4,237k since the January forecast and, in the main, this is because of late decision by WG to allow Children's social care costs to be claimed from the hardship fund and other additional external grant confirmed late in the year.

The report explains the key variances against budget for the financial year ending 31 March 2021 and provides a summary statement of key issues, which have the potential to impact upon financial management in future years.

This report makes recommendations to utilise the one off underspend available to help the City recover from the impact of Covid; invest in the local economy and to protect the Council by enhancing its risk mitigation reserves. The details of which can be found within section 5 of this report.

- Appendix 1 Overall budget dashboard – March 2021
- Appendix 2 Revenue summary monitor - March 2021
- Appendix 3 Revenue summary monitor by activity - March 2021
- Appendix 4 School balance outturn position
- Appendix 5 2020/21 reserve movements
- Appendix 6 Delivery of MTFP savings – March 2021

Proposal That Cabinet:

1. Note the outturn position, which is subject to audit and the major variances for the year (sections 1-3);
2. To approve use of the underspend as set out in section 5 of the report and note the resulting level of the Council's general and earmarked reserves;
3. To approve reserves transfers as set out in section 5;
4. Note the school's outturn and the position on the individual and total school reserves.

Action by Head of Finance

Timetable Immediate in order to meet publication deadline for 2020/21 accounts.

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 Outturn summary

1.1 The 2020/21 revenue out-turn produced a net underspend, after core budget contributions to/ from reserves, of £14m against the £300.2m budget (4.6% variance). This variance has arisen for several reasons and an analysis of individual service area key variances are shown later in this report.

At a high level, the following explains the position:

- Receipt of one-off Welsh Government (WG) funds to compensate Council services to support its enhanced service delivery to Newport's communities in response to Covid; and lost income from Covid restrictions; meant these costs were not borne by the Council;
- Funding for the direct costs of, and delivery' of the WG support programs to businesses; meant these costs were not borne by the Council;
- Underspends across all services in relation to (i) costs of general administration and service provision due to changes in working practices and (ii) not undertaking planned/normal services, as they were not required or unable to be carried out due to Covid response work being prioritised;
- Resulting directly and indirectly from all of the above, the Councils budget underspent on its general revenue contingency budget, council tax reduction scheme and council tax income, which they would ordinarily do in a 'normal year'. These are all non-service budget areas.

1.2 The outturn position, which is subject to audit, is summarised below and reflects the above issues:

Underspending across service areas (exc schools)	(£7,925k)
Underspending across non-service areas:	
Additional income from WG	(£2,502K)
Budget contingency	(£1,473k)
CTax Reduction Scheme saving	(£1,465k)
CTax income surplus	(£779k)
Capital financing	(£710k)
Overspending in non-service areas:	
Housing benefit	£738k
Other	£91k
Overall underspend	(£14,025k)

Allocation of the underspend

1.3 The resulting saving allows the Cabinet to consider how best to use this one-off resource to spend in the current and future years to help the City recover from the impacts of Covid and invest in other priorities.

1.4 In reviewing the use of the underspend, consideration was given to a range of issues:

- Supporting/ investing in our communities to recover post Covid and improve resilience;
- Supporting/ investing in the business community and local economy to recover post Covid;
- Investing in local communities infrastructure to encourage greater pride and cohesion;
- Investing in the City's 'green infrastructure' and carbon reduction initiatives;
- Investing in the Council's assets;
- Service investments to deal with one-off funding requirements;
- Protecting the Council by enhancing its risk mitigation reserves.

- 1.5 The full list of the additions to existing reserves and the new reserves set up for the above are listed in appendix 5. The summary of reserves also shows the 'use from/ contribution to' existing reserves already included within the base 2020/21 budget.

Council spending in response to the Covid pandemic and WG funding support

- 1.6 The Welsh public sector worked very closely to support communities and businesses across Wales. The WG provided significant one-off financial support to local businesses through the 'Business Restrictions Fund', 'Business support grants' and significantly for Local Government, recognition through the 'Local Government Emergency Hardship Fund' for the additional costs and loss of income incurred by Councils in dealing with the response.
- 1.7 The financial support to Newport City Council outlined above meant that these additional costs were not borne by the Council and were as follows:

FUND/FINANCIAL SUPPORT	£'000
Local Government Emergency Hardship Fund - Additional Costs of responding to Covid	18,062
Local Government Emergency Hardship Fund – loss of income compensation	4,993
Council Tax Income Collection – compensation	1,101
Council Tax Reduction Scheme - to assist with increased demand	273
Digital Transformation funding – to assist with digital service delivery	1,251
Savings unachieved funding	1,251
Administration of business support grants	441
TOTAL	27,372

- 1.8 In addition to the direct financial support for Council services to both respond to the impact of Covid and provide financial stability/ sustainability funding, the Council also acted as an agent for the WG in processing £51m of support payments across the following schemes, plus administering £20m of Business Rates holiday for certain sectors:

SCHEME	£'000 ADMINISTERED/ PAID OUT
Business Support Grants	50,286
Care Workers £500 Payments	261
COVID-19 Freelancer Grant	592
COVID-19 Start Up Grant	185
TOTAL	51,324
TOTAL NNDR holiday/rebate – leisure/hospitality sectors	20,287

2 Main variances against budget

- 1.1 This year has been a year like no other. As the Covid pandemic developed rapidly from March 2020, services were re-prioritised to deal with the immediate response to support communities across Newport and this lasted, to various extents, for all of the financial year. The additional costs of this were funded by WG, was not a cost borne by service budgets and as shown above, was significant at around £18m. Savings arose in service areas budgets due to:

- normal / planned activities not being required or unable to be carried out, which varied from service to service; including delayed recruitment into vacant posts;
- all areas reducing costs of general administration and service provision due to changes in working practices;

- lost income from Covid restrictions was compensated by WG and was significant at c£5m.

1.2 Service area budgets underspent (exc. schools) by nearly £8m. The summary table in appendix 2 highlights the position by service areas with appendix 3 showing the position by each of the service area activities. The more significant areas of underspending include:

- Staffing – £1.4m underspend
- Adults community care – £1.5m underspend
- Schools transport – £0.6m underspend
- Staff travel £0.3m underspend
- Building related savings (inc schools) - £1.6m underspend (over half of which relates to schools).

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

- Key variances against budget for each service area and the position in terms of some of the key recurring risk based areas;
- Delivery of 2020/21 savings.

(i) Service area budgets

Children's - £221k overspend

Areas of overspending

- Emergency placements £638k – no budget provision available for emergency placements but during the pandemic, costs incurred for 10 children throughout the year. Recurring pressure of c£200k estimated which has been agreed as part of the 2021/22 budget.
- Leaving care £258k – this has an annual budget of £696k. New properties were taken on as housing unable to accommodate care leavers. Additional £20 per week allowance payable to care leavers were ineligible against the hardship fund from July 2020.
- In house residential & respite £752k – the service area has a budget of £2.9m for residential placements in its own homes. In 2020/21, it spent £752k more on in house placements than the budget allowed for. £411k of the overspend relates to staff costs where there were significantly higher staff to child ratios than the budget can afford (due to the needs of individual children), £83k of non Covid sickness cover (over and above cover budget), £29k of mutual termination costs and also £72k due to staff being employed prior to the home opening which was not budgeted. There was also a one off £94k security cost in Cambridge house to prevent a child leaving. Rose Cottage incurred £57k worth of higher operating costs than the business case suggested. These issues together relating to the operation of in house residential children homes and their costs will need to be reviewed/ addressed by the service area.

1.4 As a well-documented area of risk throughout the year, although independent fostering agencies budget has overspent by £146k this is an area, which has been temporarily affected by Covid. The budget can afford 60 placements at an average cost and given that Covid has prevented alternative suitable placements and adoptions, the number of placements in this sector increased to 73 by the end of July 2020. Although some of the placements that remained under Independent Fostering Agencies (IFA) have now been adopted and the total number of placements reduced to 60 at the end of March 2021, around £100k was claimed from the hardship fund in respect of placements where there are no alternative placements. The increase during the summer months, however, has caused an overspend against budget. This is a 'risk based budget' and is monitored carefully – the monitoring graphical representation of this area can be found within appendix 1.

Areas of underspending

- Out of area residential placements (£330k) – the budget of £3,009k can afford 20 placements, however numbers have been below this for the biggest part of 20-21 as Covid has prevented placements being made. The authority had no choice but to use emergency placements, hence the significant overspend on that budget. Therefore, the saving on this budget is temporary as restrictions are now relaxing and children can be placed.
- 1.5 As a well-documented area of risk throughout the year, although the budget is sufficient to fund 20 placements at an average cost and whilst the numbers of placements are broadly in line with budget; Covid has temporarily affected this budget. The underspend in this budget has been impacted by (i) associated costs of one of the more expensive placements reducing and (ii) WG confirmed at the end of March 2021 that placements extended because young people could not move onto the next expected step could be claimed from the hardship fund. Point (ii) resulted in a claim for £109k being submitted therefore increasing the one off underspend. This is a 'risk based budget' and is monitored carefully – the monitoring graphical representation of this area of risk can be found within appendix 1.
- Unaccompanied Asylum Seekers (£208k) – This is a cost neutral budget however, the Home Office funding conditions have changed with funding provided on the number of UASCs as opposed to the costs incurred. Home office have confirmed that this funding is not repayable.
 - Child protection & family support teams (£314k) – These budgets which are in the region of £5m collectively underspent by £139k due to one off grant funding received for Covid support for families with vulnerable children, outside of the Hardship Fund (full grant c£450k but also distributed to other areas). The remainder is a result of savings from vacant posts and additional ICF funding for a Senior Practitioner post.
 - External legal fees (£280k) – The budget of c£950k has underspent due to delayed court proceedings due to Covid.

Adults - (£3,045k underspend)

Areas of underspending

- Community care (£1,508k) – with a combined budget in excess of £35m across community care, lower client numbers due to Covid have resulted in a saving of £655k and offset by £238k undelivered Learning Disabilities services MTFP savings. The balance of the savings relates to £460k more income from property sales, £100k additional supporting people funding and £293k more income from non- residential fee income.
- 1.6 As a well-documented area of risk throughout the year, the outbreak of the pandemic has seen demand in community care reduce significantly due, in part, due to service users being cared for by family members temporarily.
- o Residential care has seen a reduction of 166 service users since the beginning of the year and the monthly average is significantly lower than last year. This reduction has contributed £732k of the underspend.
 - o A number of non-residential service users have either cancelled or suspended their care services – this has continued throughout the year and this, coupled with reimbursement for lost income of £300k from WG, resulted in an underspend of £1.2m against budget.
 - o Supported living has offset these as during 2020/21 this area continued to see new users being admitted to placements due to transition from children's services as well as from ageing carers resulting in an additional pressure on the budget. The budget can accommodate 161 clients at an average weekly cost and these were nearing 165 by the end of the year.

Whilst the context for this is known, the continuation of this underspend is not certain given the temporary nature of the fluctuations in demand. These budgets require continued close monitoring to gauge the continued impact of the pandemic.

- Frailty (£174k) – £2,020k annual budget - lower pooled contribution required given that all partners underspent by more than originally anticipated.
- In-house Adult residential homes (£497k) – annual budget £2,735k. £304k grant income for voids received from Adult Covid funding in addition to staffing underspends. Budget assumes a certain level of voids and therefore the terms of the hardship fund reimbursement resulted in a financial benefit to the home. We received £650 per week/ void yet voids result in lower operating costs.
- Day opportunities (£390k) – annual budget £1,130k. There is an MTFP saving in 2021/22 in relation to closing Brynglas Day Centre and providing in a different way. Covid-19 accelerated this process with the day centre having to close during the pandemic. There were significant savings from operating costs including a £69k rate rebate. Staff provided an outreach service with five taking early voluntary redundancy pending the closure.

It should be noted that although invest to save funding of £175k was approved by Cabinet for day opportunities redundancy costs, given the number of voluntary redundancies received and the need to deliver against the savings target a cost of £320k was incurred.

Education - (£2,010k underspend)

Areas of underspending

- SEN (£853k) – The budget of £4,899k for OOC, Recoupment and Local Provision would normally experience pressure as a result of the cost and volume of out of county placements, however in 20/21 there was an underspend of (£1,065k) due to reduced new placements and investment in local provision which, itself, saw a resulting overspend of £382k. In addition, there was higher than budgeted recoupment income of (£170k) due to other local authorities accessing placements within Newport schools.
- Breakfast clubs (£157k) – due to Covid related school closures affecting supplies and provisions.
- Special Home to School Transport (HTST)/SEN transport (£494k) – the budget for special/SEN transport is £2,489k with an underspend of approximately 20% for 2020/21 as a result of school closures and resulting reduction in contracted payments to providers, where full services were not running.
- Bridge Achievement Centre (£118k) – pupil referral unit staff savings as posts not filled due to Covid impact and favourable additional block contracts for alternative curriculum provision procurement. In addition, further SEN and grant income was received which was not budgeted for.
- Early Years (£167k) – Local education authority funds rising 3s placements in schools and due to the reduced take up there was an underspend against budget and increased WG grant funding.

RIH - (£686k underspend)

Areas of underspending

- Development services (£268k) – there is an annual budget of £361k and within that planning income over achieved.
- Community centres (£166k) – there is an annual budget of £98k, which has no allowance for SLA income on internal room hire, however, following a Norse review of SLA rates payable by various

grant-funded schemes additional income was realised (£225k) and offset by a contribution to maintenance reserve (£50k) and repairs overspend in respect of Alway and Caerleon (£60k).

- Centralised properties (£551k) – the annual budget of £4,327k was underspent as a result of an over achievement of profit share received from Norse (£295k), additional Fair Funding income resulting from a recalculation of the agreement (£85k), school cleaning income due to a contract uplift not reflected within the budget (£62k), utilities underspend (£60k) and staff savings.
- Carbon reduction (£136k) – an annual budget of £304k which includes proposed energy efficiency works which have been delayed resulting in savings of £30k carbon reduction minor works, £40k transfer of dumb meters to automatic billing, £12k utility sub metering review, £25k climate change consultancy and £29k reduced spend on re-fit support.
- Delayed projects due to Covid – carbon reduction minor works £30k, transfer of dumb meters to automatic billing £40k, utility sub metering review £12k, climate change consultancy £25k and reduced spend of re-fit support £29k.
- Adult Education (£115k) – the overall credit budget of £108k includes additional budget of £78k intended to support the cost of borrowing for the remaining hubs, development work on the hubs has paused resulting in this sum becoming a saving and further savings of £40k on Gwent Coleg fees.

Areas of overspending

- B&B accommodation/ private sector leasing - £239k – net annual budget of £603k across these areas with Housing Benefit income funding 90-95% of spend on accommodation but a delay in processing applications meant that not all income due was received in year, this will be collected in 2021/22.
- Commercial & Industrial properties - £468k – an overall credit budget of £1,415k relates to rent receivable but in 2020/21 income fell short of budget and this coupled with costs of response works across the estate resulted in an overspend against budget.

City Services - (£982k underspend)

Areas of underspending

- Car parks (£143k) – the credit budget of £561k over achieved largely due to a rates refund received at year-end (£130k).
- Home to School Transport (£466k) – there is an annual budget of £2,339k covering transport to primary, secondary and tertiary establishments. Savings due to Covid related school closures and a reduced payment rate to providers amounted to £401k plus reduced parental mileage claims and travel grants (£41k) and unbudgeted Welsh schools travel escort income (£24k).
- Head of City Services (£212k) – over half of this underspend relates to savings against staffing budgets because of vacant posts and recharges to grant.
- Refuse collection (£424k) – the annual budget of £2,897k has seen savings due to reduced disposal costs (£163k) resulting from reduced level of commercial activity and an insurance rebate (£116k) combined with staff savings (£110k), additional income for new boxes (£23k) and rates refund (£11k).
- Waste disposal site – there is a credit budget of £346k which saw a gross underspend of £148k due to increased commercial income in February/ March due to Trident Park closure which has been offset by £475k landfill provision (see below).

- Street cleansing (£196k) – the annual budget of £2,015k was underspent due to staff savings (£100k) and unbudgeted grant income received at year end (£90k)

Areas of overspending

- Countryside services – the annual budget of £500k includes no provision for dealing with Ash die back and this incurred spend of £530k over and above normal spending levels.
- Landfill provision - £475k in relation to the revised tip capping provision based on a review of the economic useful life of the site.

Directorate - (£316k underspend)

Areas of underspending

- There is an overall budget of £515k, which achieved savings of £311k due to staff vacancies. Covid has also resulted in reduced claims for travel and savings against other day-to-day budgets.

Finance - (£405k underspend)

Areas of underspending

- Accountancy – the annual budget of £1,696k achieved staff savings of £100k.
- Strategic procurement – there is an overall budget of £299k which realised savings from overachieved income from p-card rebate (£67k), staff vacancies (£58k) and licence fees (£28k) offset by small overspends against supplies (£8k).
- Council tax – the budget of £535k achieved savings in respect of staff (£50k), printing (£30k) and postages (£17k) combined with various smaller savings (£6k), all of these linked to temporary closure of courts and consequential much reduced arrears work being undertaken.

People & Business Change (£216k underspend)

Areas of underspending

- HR organisational development (£158k) – the OD budget of £196k was significantly underspent because of undelivered training due to Covid.

Areas of overspending

- Mailroom (£40k) – there is a credit budget of £4k, which was overspent because there is no provision to support the additional spend relating to the production of shielding and vaccination letters, which were not eligible to claim via the hardship fund.

Law & Regulation (£486k underspend)

Areas of underspending

- Legal Services – the overall budget of £1,267k saw an underspend of £177k as a result of staff savings (£127k) and overachieved income (£56k) relating to additional Fair Funding and service area contributions to staffing offset by overspends on supplies (£6k).
- Democratic and Member Services – staff savings (£92k).

- Environment and Safety – the annual budget of £618k was underspent by £85k because of staff savings (£107k) off set by underachieved income (£30k).

Non-service (£6,100k underspend)

Areas of underspending

- Interest payable – £7,032k annual budget underspent because of less borrowing required due to slippage in the capital programme (£867k).
- WG income (£2,502k) – additional income received in respect of undelivered savings and digital transformation that were both allocated based on revenue support grant distribution.
- Council tax benefits (£1,465k) – There is significant underspends against the £13.5m budget as it has capacity for greater demand; however, over a 3 year period in the MTFP, it is being significantly reduced. More demand was seen in 2020/21 due to Covid but the WG funding support as outlined above has meant that the underspend on this budget was maintained at 'normal levels'.
- Unused contingency budget (£1,473k) – as the overall budget was underspent, the contingency budget is therefore not required, thus creating further underspending.

Areas of overspending

- Interest receivable - decrease in interest income against the £327k budget. Due to the pandemic, the authority did not undertake any market investments (£158k).
- Housing benefits (£738k) – This position includes £247k potential payback of 2019/20 subsidy following annual external audit review. The balance relates to £115k bad debt provision and demand on accommodation in Newport.

(ii) Delivery of savings

2.7 Although the performance on delivery of savings has been significantly impacted by the Covid-19 situation, the levels of projected savings are 82% of target, which represents good progress in the circumstances. In saying that, the delayed/undelivered savings this represents is significant at £983k and there also remains, in addition, £133k of undelivered savings from 2019/20, which need to be addressed by children's social services. The position on delivery of savings is shown in appendix 6.

2.8 Whilst some of the areas have been considered as part of the 2021/22 budget, overall they contribute over £1m of overspending against the budget. The Council received one-off WG funding for delays in delivering savings in 2020/21 to offset the impact of this but is not expected to continue into 2021/22. Therefore, whilst the current delay is unavoidable, services will need to deliver these savings as best they can so not to / reduce the effect on the current year, 2021/22. This is an area of on-going risk and will need careful senior management review throughout the year.

3 Schools

3.1 The 'schools' section of the overall dashboard and the schools outturn summary (appendix 1 and 4 respectively) outline the position on school finances. These show the individual schools and sector in-year under/ overspending for 2020/21, their reserves position and the reserve movements over the last three years.

3.2 There was a significant improvement in school balances, in particular during February and March resulting in a significant underspend of capital budgets at £8.4m; increasing total school reserves

to £9.5m at year-end. Schools made significant savings during the period of school closures, not only as they had the ability to claim for additional Covid related costs, but also due to over £4.7m of unexpected grants being received in late March. These included Welsh Government Revenue Maintenance (£2,421k) and recruit, recover and raise standards: the accelerating learning programme (£1,669k) grants as well as additional WLGA Covid operational grant (£283k) and EAS school-to-school WG grant (£403k). The outcome is that only four schools have a negative balance position at the end of the current financial year, one from the nursery sector and three from the secondary sector. The cumulative forecast deficit for these four schools has reduced from £2.787m to £1.372m.

- 3.3 Whilst the projected school balances have improved significantly in 2020/21, this is largely due to one off, non-recurring grant income outlined above. The nature of the grants means that they should be spent on the issues they were given for e.g. 'maintenance works' and 'catching up initiatives' etc. Therefore, schools will need to robustly monitor and manage their budgets effectively to ensure financial sustainability going forward in their 'core budgets' as without the savings made this year, many would have had minimal balances remaining at 31 March 2021 and the number of schools reporting a deficit position in 2021/22 would have increased.
- 3.4 Schools are currently finalising their 2021/22 budgets and Governing bodies had until the end of May to approve. All were reminded to prepare budgets taking account of their reserves position. Officers will review budgets to gauge what the reserve position is planned to be over the medium term whilst incorporating 'deficit recovery plans' to assess the longer term trajectory for school reserves. The Head of Finance recommends that the Councils Senior Leadership Team continue to support a robust monitoring process with the Education management teams to review financial management issues in detail.
- 3.5 The Chief Education Officer has agreed four licenced deficit requests for the 2021/22 financial year. Although this is a significant improvement on last year, it is clear that a large contributing factor was the significant grant funding received at year-end, significant savings made during schools closures and the additional costs that were reimbursed through the WG hardship fund.

4 Areas affecting 2021/22

- 4.1 Whilst the outturn is positive for the Council finances overall; it is important to reflect on the underlying issues that have been identified and assess what this might mean for the current year 2021/22 and beyond.
- 4.2 Although the delivery of 2020/21 savings was good under the circumstances, there is £983k of savings to be delivered from 2020/21 proposals and £133k from 2019/20. The latter is of concern as delivery of these initiatives are already 12 months late at the point Covid started. These will need to be delivered in addition to the new 2021/22 budget savings agreed for this year and whilst the Covid position is improving, the context is still relatively challenging. This will require specific oversight from the Senior Leadership Team.
- 4.3 The pandemic continues and the impact on operational services and the additional work this creates is unknown at this time. Given that the WG hardship fund has been confirmed until September 2021 work has started on forecasting potential financial impacts based on WG restriction levels for the latter 6 months of the year, after the Hardship Fund is due to end. This will inform forecasting and impact if there was to be no further support.
- 4.4 There are potential, additional issues that may need to be dealt such as demand within social care, maintenance issues and catching up on the delivery of projects albeit still within a challenging environment. The Senior Leadership Team will need to ensure these areas continue to be closely monitored.
- 4.5 The Councils budget has contingency and some of the regular non-service underspending should continue albeit at reduced levels, as savings are due to be realised over coming year.

- 4.6 Overspending in non-service budgets, in particular on housing benefit administration/costs require specific review.

5 Use of reserves

- 5.1 The Council's reserves are an integral part of how the Council deals with its financial risks, achievement of key priorities and complying with appropriate accounting practice. The reserves the Council holds, earmarked for the uses shown illustrates how planning for and using reserves is integrated into the Council's strategic financial planning. As financial risk and uncertainty continues, it becomes even more important that the Council considers and uses financial reserves to both protect its financial health and enabling its ambitions and priorities.

In year reserve transfers

- 5.2 There has been an overall increase in the reserve balances as set out in appendix 5 – they have increased from £87m as at 31 March 2020 to £108m at 31 March 2021 (including proposed new transfers for approval):

Opening balance as at 31 March 2020	(£87,065k)
Transfers actioned – base budgeted/approved in year (appendix 5 - £6,208k transfer out of and (£11,733k) transfer in)	(£5,525k)
Soft loan equalisation reserve – repayable from WG repayable grant receipts	(£1,861k)
Transfers to be approved – use of underspend (para 5.5)	(£13,820k)
Closing balance as at 31 March 2021	(£108,271k)

The balance of the £14,025k underspend relates to a reversal of a previously assumed budgeted transfer of £205k. The £13,820k above and the £205k utilises the £14,025k in full.

- 5.3 All of the above transfers have been included in the outturn. In terms of the transfers already actioned, all are consistent with one or more of (i) in line with existing policy (ii) were integral to the base budget approved by Cabinet previously (iii) in relation to the original creation of the reserve.
- 5.4 The larger, main transfers already actioned are noted below for Cabinet's attention, information and comment, if needed:
- consistent with existing policy:
 - (i) transferring school underspends into school's specific reserves - £8,474k;
 - specific to the creation of the reserves in the first instance / in base budget:
 - (i) transfer out of loan modification technical reserve in line with accounting requirements - £572k;
 - (ii) transfer from usable capital receipts of £1,506k in line with capital programme financing;
 - (iii) use of approved invest to save funds to cover cost of implementation costs of saving proposals at £1,474k;
 - (iv) transfer into insurance reserve to mitigate against potential future liabilities - £498k
 - (v) in addition to the larger, specific transfers set out above, Cabinet is asked to approve a larger number of smaller transfers - £1,731k transfers out of and £2,182k transfers into reserves, as detailed within appendix 5.

- 5.5 In addition to the above, unlike traditional earmarked reserves, the Soft Loan equalisation reserve has been created from Welsh Government repayable grant receipts to reflect a new accounting treatment of interest free loan funding. The auditors asked us to look at this in their feedback to

2019/20 accounts process. It is primarily a self-balancing accounting mechanism to be drawn against over the life of the loans, to avoid annual volatility in income and expenditure account reporting

5.6 Appendix 5 includes all transfers in/ out of reserves and whilst the significant transfers are set out in (i) to (v) above.

5.7 Furthermore, the following reserve transfers are recommended to fully utilise the £14,025k revenue underspend:

Covid specific:

(i)	Administration and business development grants (£250k) to assist recovery	£306k
(ii)	Creation of a community Covid recovery fund	£500k
(iii)	Children services legal fees	£150k

Community resilience/ cohesion:

(iv)	City Services – refurbishment & cleansing of open spaces	£500k
(v)	‘Cariad’ Casnewydd	£170k
(vi)	Community gardening schemes	£180k
(vii)	Public services board contribution towards support role	£40k
(viii)	Anniversary tree planting	£20k

Service delivery:

(ix)	Implementation costs of an upgrade/ new financial system to secure future stability of the financial platform	£200k
(x)	Community occupational therapy	£53k
(xi)	IT infrastructure	£120k
(xii)	Community centre maintenance	£50k
(xiii)	Additional support for highways road repairs	£116k

Risk:

(xiv)	General investment risk reserve	£792k
(xv)	Allocate to existing MTFP reserve to support achievement of the corporate plan and support future budgetary challenges	£3,150k

Other:

(xvi)	Green recovery taskforce pilot – implementation of decarbonisation schemes	£1,000k
(xvii)	Capital investment to support the growth and regeneration across the City	£4,593k
(xviii)	Homelessness prevention	£289k
(xix)	Chief Education Grant – support	£765k

(xx)	Housing supply review	£25k
(xxi)	Provision for temporary arrangements for St Andrews school	<u>£801k</u>
		£13,820k
(xxii)	Reversal of LDP budgeted transfer for use over the medium term	£205k

5.8 Cabinet is asked to note and approve all reserve transfers set out within this section.

5.9 The reserves have been categorised according to the planned use of funding and type of reserve, whether this be risk, enabling, smoothing or other. Reserves are:

- All earmarked for specific purposes with the exception of the ‘general reserves’, meaning that any use outside of those original purposes would require the original intention to be deferred/cancelled or the reserve paid back.
- All, with exception of the capital receipts reserve, can be used to fund either capital or revenue costs and are therefore transferrable to other reserves, if it were needed.
- Within the reserve balance at the year-end:
 - c£42.3m (39%) of the reserve balances are being drawn down over the medium term in line with contractual / funding obligations e.g. PFI, Super Connected cities;
 - c£6.7m (6%) are to cover ‘specific risks’ and should not be used for other purposes until risks change;
 - c£17m (16%) are to cover future capital spending and make up part of the Council’s ‘capital spend headroom’;
 - c£14.6m (13%) are for funding of the MTFP saving and change initiatives linked to generating savings;
 - c£16m (15%) are the Council’s general reserves and school balances, which are at minimum levels and for school use only respectively.

Timetable

Ongoing

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?
Outturn post audit is different	L-M	L	It will be possible to reduce the recommended transfer to reserves if required	HoF

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

A balanced budget position is reported and the use of the contingency budget was not required to achieve this. This one off resource provides support for the City to recover from the impacts of Covid and contribute towards the Council’s key priorities.

Options Available and considered

1. Cabinet can choose to accept officers recommendation and transfer the underspend into specific earmarked reserves;
2. Cabinet can choose not to approve the reserve transfers and instead report an underspend of £14,025k, this would be transferred to the general reserve;
3. Cabinet can choose not to approve the reserve transfers and move to alternative earmarked reserves.

Preferred Option and Why

Option 1, as the £14,025k underspend is being reserved for future investment in the areas outlined in paragraph 5.6.

Comments of Chief Financial Officer

Financial impacts and issues are in the body of the report. A combination of WG financial support and prioritising Covid response work meant that Councils budgets were underspent last year. This has allowed Cabinet to consider how best to utilise and the report spells out how most of this will be used to enable communities and businesses recover from the pandemic, improve resilience and community cohesion and pride and provide funding to reduce the Councils carbon emissions.

The Covid challenge is still with us, there are still unknown risks, and the pathway forward is not clear. The Council has a good level of financial resilience and WG are providing support for at least the first 6 months of the year for any on-going impacts.

Comments of Monitoring Officer

There are no legal issues arising from the Report. The use of the underspend and the approval of reserve transfers are executive decisions for Cabinet.

Comments of Head of People and Business Change

There are no direct HR implications arising from this report.

The revenue out-turn report describes the budget management process and outcome from the previous financial year, in this case 2020-21. The Well-being of Future Generations Act requires local authorities to ensure they consider the impact of decisions taken today on future generations. The report shows an overall underspend against the revenue budget; managing the budget effectively will have a positive impact on current and future years.

Comments of Cabinet Member

The Chair of Cabinet confirms she has seen and approved the report, noted the issues and alongside use of the underspend, discussed and agreed these with Cabinet Members.

Local issues

N/A

Scrutiny Committees

N/A

Equalities Impact Assessment and the Equalities Act 2010

N/A

Children and Families (Wales) Measure

N/A

Wellbeing of Future Generations (Wales) Act 2015

This update is against a backdrop of significant uncertainty that has been faced throughout the global pandemic. Although this is likely to have a lasting impact on the economy and the local community, the availability of the one off resources allows the Council to support economic recovery and invest in the local community over the medium term.

Wellbeing of Future Generations (Wales) Act 2015 forms an integral part of the financial management of the Council and the MTFP process of which the outturn of the Council is essential part. Analysis and review of reserves are an important aspect on the future generations and the Head of Finance reviews and assesses the robustness and adequacy of these reserves as part of this outturn report.

Crime and Disorder Act 1998

N/A

Consultation

N/A

Background Papers

2020/21 Revenue Monitor reports

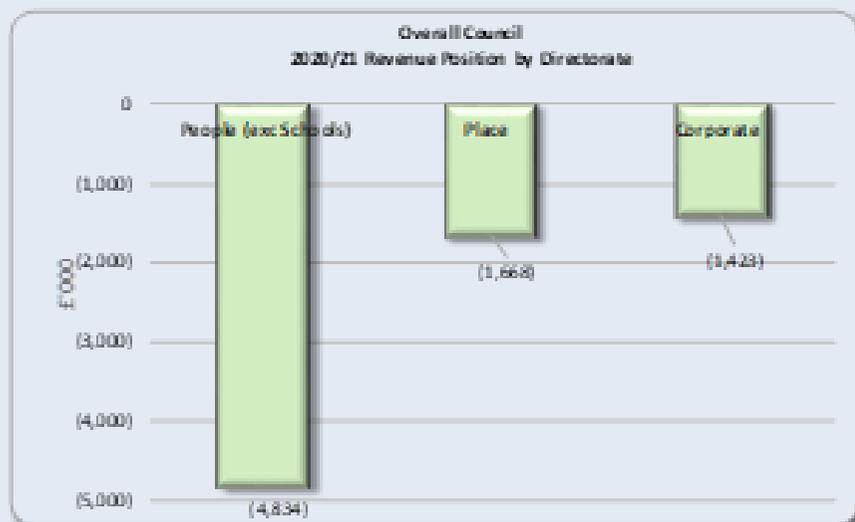
Dated: 30 June 2021

Appendix 1

Budget Monitoring Position – March 2021

Position by Directorate	Current Budget	Forecast	Variance
	£'000	£'000	£'000
People (exc Schools)	90,825	85,991	(4,834)
Place	34,782	33,114	(1,668)
Corporate	19,004	17,581	(1,423)
Service Area Budget	144,611	136,686	(7,925)
Schools	106,527	98,082	(8,445)
Service Area Budget (inc Schools)	251,138	234,768	(16,370)
Schools - transfer to reserve	0	8,445	8,445
Non Service	47,659	43,032	(4,627)
Total Budget (excluding contingency)	298,797	286,245	(12,552)
General Contingency	1,473	0	(1,473)
Total Budget (including contingency)	300,270	286,245	(14,025)

Detailed explanations can be found within service area dashboards



Undelivered Savings:

- 2020/21 - £983k
- Previous years - £133k
- Overall, undelivered savings are resulting in an overspend against budget of £1.1m. This is predominantly due to delays in implementation due to Covid.

Position Summary

- Revenue outturn produced a net underspend of £14,025k after core contributions to/from reserves.
- In addition to the unused general contingency, service area forecasts have improved significantly resulting in an overall underspend against budget of £7,925k mainly within the people portfolio.
- Schools forecast position has improved due to significant unexpected grant income received at year end (£4.7m - detail of which can be found within the schools section).
- The forecast has benefitted from some one off budget savings this year:
 - Delays in recruitment have resulted in significant vacancy savings
 - A number of staffing costs e.g. overtime claimed under the hardship fund which may have ordinarily been incurred
 - Loss of income assumed to be reimbursed although some areas may have seen a downturn in income levels despite Covid
 - Far less miscellaneous expenditure being incurred that would have been ordinary.
- Although the overall position shows an underspend against budget there are key budget issues in a number of areas which need to be addressed:
 - Undelivered 20/21 and prior year savings (£1,116k)
 - Increased demand for emergency placements (£638k) and in house residential & respite (£752k)
 - Costs associated with ash die back (£530k)
- It is important to note that the future of the pandemic and the likely financial consequence of further local and national lockdowns is unknown. Whilst WG have confirmed hardship funding for the first 6 months of the new year, managers must continue to carefully monitor budgets and pre-empt any covid impact beyond September.

Budget Monitoring Position – March 2021

Key Assumptions and Risks - Covid

WG Financial support

- Forecasts assume that all eligible Covid related spend incurred for the remainder of the financial year, and claimed in March, will be reimbursed by the WG hardship fund. Significant areas which have claimed from this fund include continued homelessness costs, continued support of adult social care; cover cost of overtime and agency for shielding and covid related sickness; self isolation payments; statutory sick pay enhancements and additional cost of cleaning in schools.
- It is also assumed that lost income will also be reimbursed by WG.
- Key areas of lost income include:
 - Adult Social Care – Charges for externally provided residential care
 - RIH –Commercial & Industrial property income
 - City Services – Bus shelter advertising; Bus station departures; Car parking
- Additional cleaning costs in schools from September and FSM vouchers issued to the end of the financial year have had nil impact on the overall Education position.

In summary the forecast position is made up of the following:

MTFP undelivered savings 2020/21	£1,116k
Key demand led areas across social care and city services (see page 1)	£1,920k
Staffing and other service area variances	(£10,842)
Council tax surplus and CTRS	(£2,244k)
Additional income from WG	(£2,502k)
General contingency	(£1,473k)
Forecast position	(£14,025k)

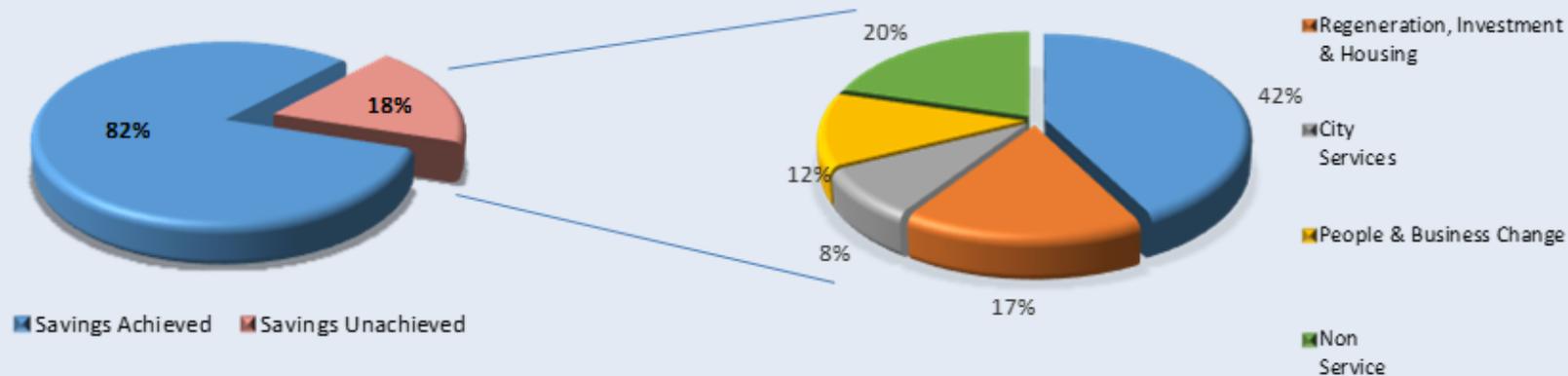
Budget Monitoring Position – March 2021

Staff Forecasts

Overall Staffing	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Budget (£'000)	59,926	59,926	60,116	59,906	59,425	59,431	59,551	59,543	59,546	59,596	59,596	60,649
Forecast (£'000)	59,926	59,958	59,157	58,396	57,875	57,911	57,865	57,762	57,981	58,088	58,088	59,272
Variance (£'000)	0	32	(959)	(1,510)	(1,550)	(1,519)	(1,686)	(1,780)	(1,565)	(1,508)	(1,508)	(1,377)

- Whilst there are a number of vacancies across the council and recruitment into these posts have been delayed in some areas these savings are being offset in part by an increased requirement for additional staff time and agency staff.

2020/21 Delivery of Savings (Forecast)



- The first chart shows that 82% of the total savings are forecast for full delivery in 2020/21;
- The second chart illustrates the areas where savings are forecast not to be delivered (18% of overall target);
- The delivery of savings in 2020/21 has been significantly affected by the ongoing pandemic and the resulting overspends against budget have been reflected within the forecast;
- In addition to the £983k undelivered savings in 20/21 there remains £133k of undelivered savings from previous years within social care.

Overall Summary by Directorate	People	Place	Corporate	Non Service	Total
2020/21 MTRP Target (£) Total	2,211	1,282	794	1,130	5,417
Total Savings Realised by Year End 2020/21	1,795	1,034	676	930	4,434
Variation to MTRP Target	-416	-248	-119	-200	-983
Variation % to MTRP Target	-19%	-19%	-15%	-18%	-18%

Budget Monitoring Position – March 2021

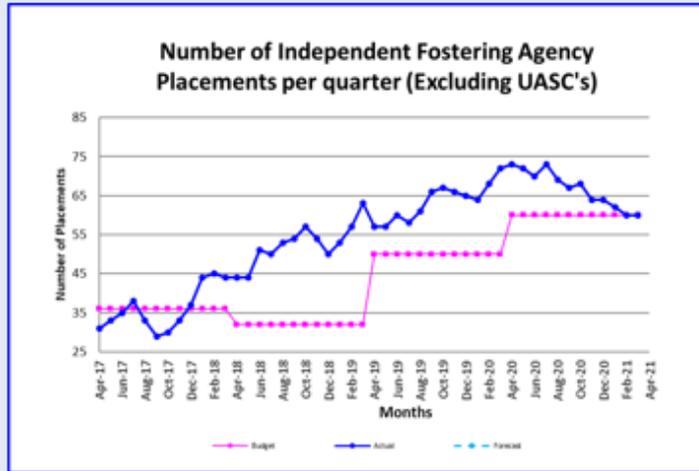
	Annual Budget £'000	Forecast £'000	Variance £'000	Graph Reference
Risk Based Areas				
Children & Young People				
Independent Fostering Agencies	2,382	2,528	146	i
Out of Area Residential	3,009	2,679	(330)	ii
In House Fostering	3,479	3,308	(171)	
Leaving Care	672	931	259	
Legal fees	950	820	(130)	
In House Residential	2,190	2,764	574	
Emergency Placements	0	638	638	
Adult & Community Services				
Community Care - Residential	21,300	21,053	(247)	
Community Care - Supported Living	10,499	10,942	443	iii
Community Care - Non Residential	11,317	10,826	(491)	iv
Community Care Income - Residential & Non Residential	(8,076)	(9,243)	(1,167)	
Education				
SEN Out of County - Local Authority	2,425	1,037	(1,388)	v
SEN Out of County - Independents	2,092	2,414	323	v
SEN Local Provision Development	621	1,003	382	
SEN Transport	1,674	1,341	(333)	
Special Home to School Transport	815	654	(162)	
Bridge Achievement Centre	1,188	1,070	(118)	
Regeneration, Investment & Housing				
Homelessness - B&B Costs	746	1,095	349	
Commercial & Industrial Properties Income	(1,460)	(1,051)	409	
City Services				
Commercial/ Asbestos Income	(1,245)	(1,441)	(196)	
Home to School Transport - Primary	989	789	(200)	
Home to School Transport - Secondary	1,171	1,017	(154)	
Home to School Transport - College	117	72	(45)	
CPE - Fines income	(691)	(532)	159	
Burial fees	(561)	(580)	(19)	
Car parking income	(892)	(892)	0	
Law & Regulation				
Licensing - Hackney carriages / private hire	(361)	(481)	(119)	
Total Net Budget	54,350	52,762	(1,588)	

- In 2020/21, there were over 25 budget areas identified as having the potential to be high risk or highly volatile. This list was reviewed on an on-going basis
- Although some of these areas have come in underspent against budget, they have continued to be monitored given the potential to have a significant impact
- There are six budget 'hotspot' areas within the risk based monitoring which demonstrate the significant financial impact and risk that only a small number of areas pose to the financial position of the Authority (graph ref i – v)
- The figures here do not reflect the Covid related loss of income being claimed from WG to highlight the risk in these areas.

Budget Monitoring Position – March 2021

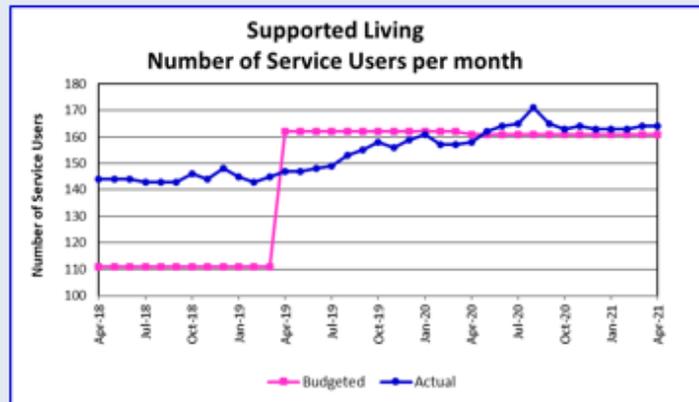
Risk Based Monitoring graphs

(i) Independent Fostering Agencies



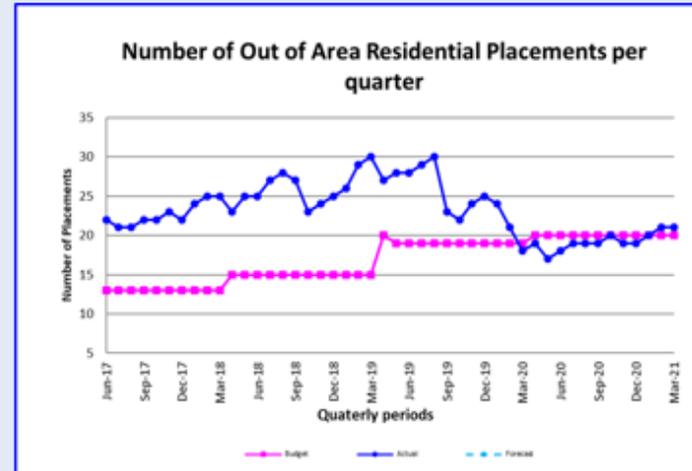
- The 2020/21 budget can afford 60 placements at an average cost. The number of placements have remained at 60 at the end of the year. Although these numbers are in line with budget (at average cost) the increase in number during the summer have resulted in an overall overspend in this area of £146k.

(iii) Community Care – Supported Living



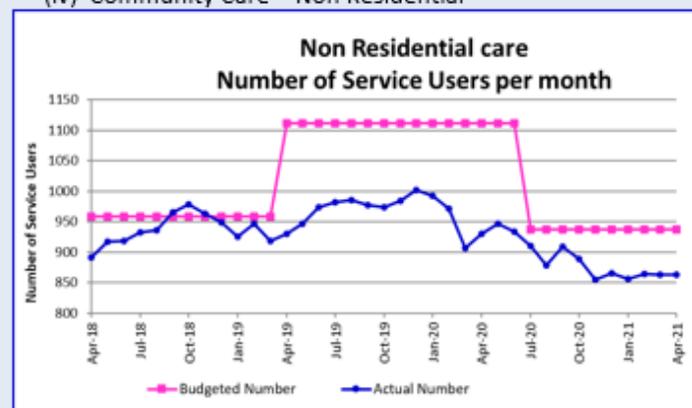
- Budget can afford 161 placements at an average cost. Numbers were at 164 at year end resulting in an with almost a third of costs being higher than the average resulting in an overspend of £443k.

(ii) Out of Area (OOA) Residential Placements



- Budget can afford 20 placements at an average cost. Whilst the numbers are in line with budget, WG confirmed at the end of the year that placements extended due to covid could be funded via the hardship fund (£109k). The balance of the £330k underspend is due to reduced costs for some of the more expensive placements.

(iv) Community Care – Non Residential

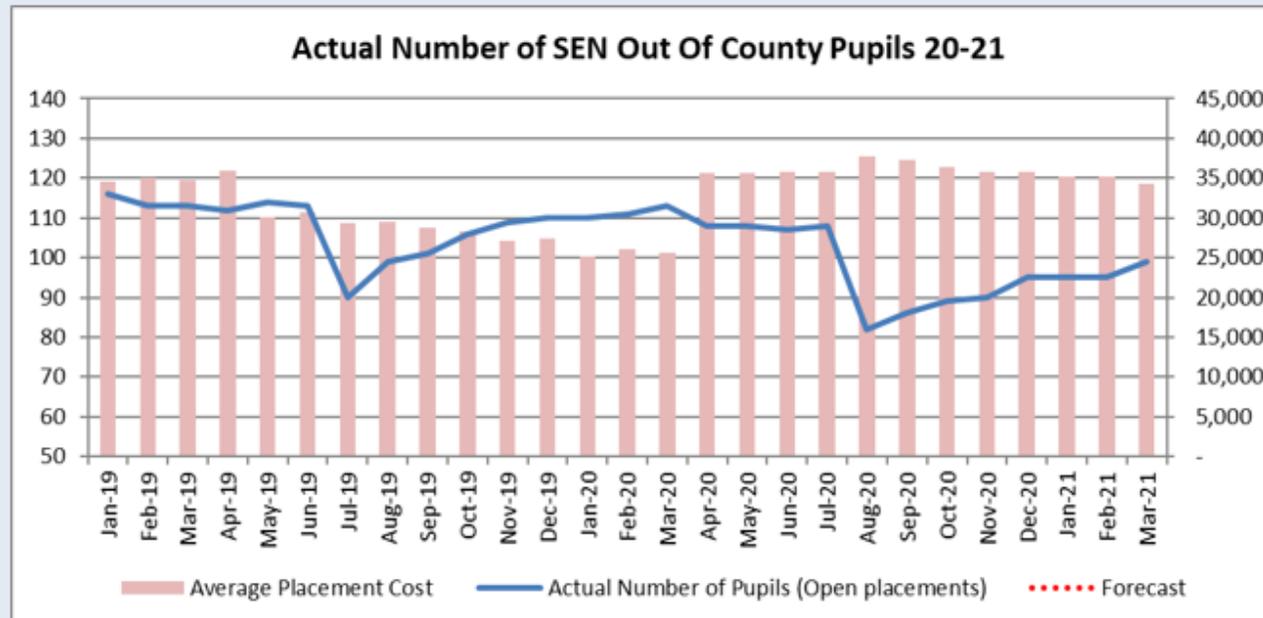


- Budget can afford 937 users per month at an average cost. Although around a quarter of users exceed this cost per week the numbers of users are lower resulting in an underspend of £1.2m. The net underspend includes lost income of £200k being reimbursed by WG, £460k additional income from house sales and other funding

Budget Monitoring Position – March 2021

Risk Based Monitoring graphs

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



- SEN OOC budget can accommodate 128 placements at an average cost of £35k. At year end there were 99 open placements which has resulted in a forecast underspend. The forecast highlights an anticipated underspend against budget for local authority of £1.4m and an overspend of £323k for independent. Therefore no budgetary pressure currently exists within current forecasts.
- Placements ranging between £10k and £20k account for 26% of the total number of placements

Budget Monitoring Position – March 2021

Schools

There has been a significant improvement in school balances during February and March resulting in the overall school reserves increasing by £8.4m to £9.5m at year end. Although schools made significant savings during the period of school closures they also had the ability to claim for additional covid related costs from the hardship fund. In addition to this over £4.7m of unexpected grants were received in late March in respect of WG revenue maintenance, accelerated learning programme and the WLGA covid operational grant. As a result of the one off additional funding only 2 of the 56 schools have reported an in year overspend.

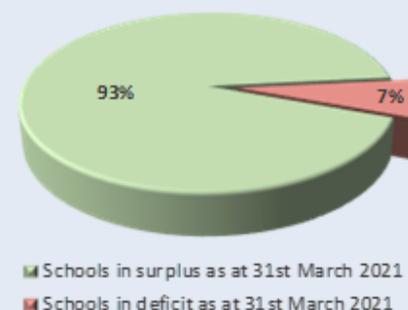
Forecasts by sector are shown below;

- Nursery £28k overspend (1 out of 2 nurseries with deficit at year end)
- Primary £5,197k underspend (0 out of 43 schools with deficit at year end)
- Secondary £3,038k underspend (3 out of 9 schools with deficit at year end)
- Special £239k underspend (0 out of 2 special schools with deficit at year end)

Schools forecasting deficit reserves at YE	March
Caerleon Comprehensive	(607)
Llanwern High	(121)
Llisbury High	(549)
Kimberley Nursery	(95)
Total Net Budget	(1,372)

Schools are forecasting an in year underspend of £8,445k therefore increasing school balances to £9,558k from £1,113k as at the end of March 2021. Whilst this is an improved position, a significant proportion of the underspend is resulting from school closures, additional covid costs and lost income being reimbursed through the hardship fund and £4.7m unexpected grant income received at year end. It is for that reason why schools continue to be an area of significant risk for the authority.

Proportion of Schools Forecasting Deficit as at 31st March 2021



Balances held by Schools as at 31st March



APPENDIX 2 Revenue Summary Monitor - March 2021

Summary Revenue Budget 2020/21	Current Budget £'000	Outturn before Proposed Transfers £'000	Variance against Budget £'000	Change Since Last Statement £'000
People				
Children and Young People	25,855	26,076	221	(371)
Adult and Community Services	49,215	46,170	(3,045)	(514)
Education	15,755	13,745	(2,010)	(473)
Schools	106,527	98,082	(8,445)	(3,006)
	197,352	184,073	(13,279)	(4,364)
Place				
Regeneration, Investment and Housing	10,158	9,398	(760)	(829)
City Services	24,624	23,716	(908)	(1,237)
	34,782	33,114	(1,668)	(2,066)
Chief Executive				
Directorate	516	200	(316)	(11)
Finance	3,482	3,077	(405)	232
People and Business Change	8,378	8,162	(216)	289
Law and Regulation	6,628	6,142	(486)	(261)
	19,004	17,581	(1,423)	249
Capital Financing Costs and Interest				
Capital Financing Costs and Interest (Non-PFI)	14,347	13,639	(708)	(708)
Public Finance Initiative (PFI)	8,854	8,852	(2)	(9)
	23,201	22,491	(710)	(717)
Sub Total - Service/Capital Financing	274,339	257,259	(17,080)	(6,898)
Contingency Provisions				
General Contingency	1,473	-	(1,473)	0
Centralised Insurance Fund	581	581	(0)	(0)
Other Income and Expenditure	489	(1,039)	(1,528)	378
	2,542	(458)	(3,000)	379
Levies / Other				
Discontinued Operations - pensions	1,517	1,361	(157)	0
Discontinued Operations - Ex Gratia Payments	2	3	1	0
Levies - Drainage Board, Fire service etc	8,704	8,699	(5)	3
CTAX Benefit Rebates	13,465	12,000	(1,465)	(265)
	23,688	22,063	(1,625)	(261)
Transfers To/From Reserves				
Base budget - Planned Transfers to/(from) Reserves	(299)	(285)	14	14
Earmarked reserves: Transfer to/(from) Schools	-	8,445	8,445	3,007
	(299)	8,160	8,459	3,021
Total	300,270	287,024	(13,246)	(3,759)
Funded By				
WG funding (RSG and NNDR)	(228,077)	(228,077)	-	-
Council Tax	(72,193)	(72,193)	-	-
Council Tax Surplus - WG grant	-	(779)	(779)	(478)
Total	(0)	(14,025)	(14,025)	(4,237)

APPENDIX 3 Revenue Summary Monitor by Activity - March 2021

Summary Revenue Budget 2020/21		Current Budget	Outturn after Proposed Transfers	(Under) / Over	Notes - Explanation as Required
		£'000	£'000	£'000	
People					
Children and Young People		25,855	26,076	221	
	SOC19 Pathway Team	1,397	1,212	(185)	Staffing overspend due to additional unbudgeted post in year and maternity cover. Underspend on funding received for unaccompanied asylum-seeking children (UASC) placements of £208k.
	SOC20 Leaving Care	696	960	264	Over 18 year olds being housed due to a deficit in Housing accommodation. The number of When I'm Ready placements were more that budgeted for.
	SOC21 Southwark 16+Homeless	15	11	(4)	
	SOC22 LAC Family Contact	67	122	55	Overspend on additional support for Children Looked After
	SOC23 Child Safeguard + Missing Children	53	54	0	
	SOC24 Children + Families Management Acc	504	459	(46)	Grant contributions towards salary costs
	SOC26 Integrated Family Support Team	1,494	1,452	(42)	Underspend on Family Contact Centre due to centre being closed because of Covid.
	SOC27 SE Wales Adoption	720	826	106	Increase in annual contribution to regional adoption service in 20/21 and an increase in external adoption placements.
	SOC28 Child Protection	4,866	4,111	(756)	Under spend on team staffing budgets due to vacancies and staffing costs allocated to a Welsh Government grant award. Underspend on Legal fees due to backlog in court cases because of COVID.
	SOC30 NCC Child Res	2,939	4,329	1,390	Increased cost of emergency placements. In house residential/respite overspends including overspend relating to specific placement needs in year.
	SOC31 Out of Auth Residential Placements	3,009	2,617	(391)	COVID preventing placements being made so temporary saving and some placement costs met from the Covid Hardship fund. Underspend on grant funding for remand accommodation.
	SOC32 Ind Foster Agency Placements	2,382	2,528	146	Higher number of placements and weekly cost per placement than the budget can afford during the year.
	SOC33 In-House Fostering	4,811	4,620	(192)	The number of placements were less than budgeted, Covid-19 has impacted on the recruitment of new foster carers. This is offset by increased costs for foster carer support.
	SOC34 Special Guardianship Orders	1,020	1,105	86	Number of placements exceed what the budget is able to afford.
	SOC35 Education Support Team	123	124	0	
	SOC36 Direct Pay Child Services	169	189	19	Increase in payments made for provision of care.
	SOC37 S17 Child Dis Aid	30	18	(12)	Underspend on equipment budget
	SOC38 Adoption Allowances	317	330	13	Number of placements exceed what the budget is able to afford.
	SOC39 Child Safeguard	597	591	(6)	Small underspend on salary costs and mileage expenditure
	SOC40 Youth Offending Service	644	421	(223)	Uplift in Police Crime Commissioner grant funding received, additional funding received from the Children & Communities grant plus vacant posts in year.

Summary Revenue Budget 2020/21

	Current Budget £'000	Outturn after Proposed Transfers £'000	(Under) / Over £'000	Notes - Explanation as Required
People				
Adult and Community Services	49,215	46,171	(3,045)	
SOC1 Home Care + Extra Care	1,755	1,748	(7)	Changes to extracare service were delayed at the beginning of the year due to Covid resulting in a £17k overspend offset by a Home Care systems contract saving of £24k
SOC2 Older People Res Units	2,735	2,098	(637)	Operational savings and grant income contributed £497k underspend. Residential income was also greater than planned levels.
SOC3 Supp Living Agency	-	-	-	In house service ceased in 19/20 - budget now within Community Care
SOC4 Day Opportunities	1,130	740	(390)	Day centre closed during Covid-19 pandemic leading to savings from operating costs. In addition there was unplanned income from operating the home to school transport service which generated a contribution of £97k.
SOC5 First Contact	528	464	(64)	£61k staffing underspend on the Hospital Team due to grant contributions towards posts and £3k saving on Emergency Out of Hours contract
SOC6 SMAPF	-	-	-	
SOC7 Integrated OT Total	581	626	45	£38k overspend on the Gwent Wide Integrated Community Equipment Service. There is an overspend of £8k for the Occupational Therapy team.
SOC8 Centrica Lodge Resp	235	183	(51)	£56k underspend on contract/operating costs offset by £5k under achievement of income
SOC9 Community Care Teams	2,127	2,093	(33)	£24.4k underspend on the Intake Team due to staffing contributions from Winter Pressures funding and a £7k underspend across transport and supplies & services.
SOC10.1 Community Care Residential Packages	20,644	20,447	(197)	The pandemic & regulations has seen a reduction in the number of admissions into residential and nursing placements from an average of 493 in 19/20 to an average of 450 in 20/21.
SOC10.2 Community Care Supported Living Packages	10,117	10,484	367	The number of service users who were in placements had increased at the beginning of the year in line with predictions for service users transitioning from children's services and from the community.
SOC10.3 Community Care Non Residential Packages	12,838	12,250	(588)	Service users and the level of actual care and support being provided decreased throughout the year. This decrease in costs is offset by medium term revenue plan savings of £288k which were not able to be delivered.
SOC10.4 Community Care Packages Income	(10,169)	(11,336)	(1,167)	The level of property income has exceeded previous years by over £410k, additional supporting People Grant £100k, fee income exceeded budget by £293k as well as a reduction in bad debt provision by £230k.
SOC11 Community Care Packages-Mental Health	1,667	1,648	(20)	A reduction in residential services has been offset with increases in Supported Living placements
SOC12 Frailty Pooled Budget	2,020	1,847	(173)	Lower contribution to regional pooled budget
SOC13 Adults Management Account	510	570	60	Overspend mainly a result of undelivered staffing saving £78k.

Summary Revenue Budget 2020/21

	Current Budget £'000	Outturn after Proposed Transfers £'000	(Under) / Over £'000	Notes - Explanation as Required
People				
SOC14 Service Dev + Comm	821	692	(129)	Staffing underspends of £55.5k on Commissioning & Contracts and £49k on Performance Information & Business Support Team due to vacancies. Underspend of £21k on Support for Carers as some events could not be run resulting in reduced expenditure. A contribution was received from Aneurin Bevan University Health Board towards the cost of Carers day.
SOC15 Supporting People General	195	202	6	Overspend due to a vacancy provision that was not achieved
SOC16 Adult Services Contracts	751	732	(19)	Underspend due to a contribution from the Intermediate Care Fund
SOC17 Telecare Contract	32	(3)	(35)	A credit of £20k due to a contract ending. £6k income has been received due to users now being charged for the Telecare service and there was a reduction on Telecare installs during the year due to COVID
SOC18 Adult Safeguard Tot	476	459	(17)	£43k underspend on Appointeeships due to fee income. £26k overspend on adult safeguarding. £51k on regional deprivation of liberty team offset by a saving of £25k on integrated salary.
PBC9 Social Services	222	224	2	Minor underspend on training.
Education	15,754	13,745	(2,010)	
EDU2 School Based Counselling	206	206	(0)	
EDU4 Psychology Services	335	336	1	
EDU5 SEN Team	337	258	(80)	Vacant post savings and non recurring grant income.
EDU6 SEN Recoup OOC	4,268	3,033	(1,235)	Underspend offsets pressure in SEN Local Provision Development. Less movement in year due to COVID. Recoupment income higher than budget.
EDU7 SEN Equip + Resources	198	154	(45)	
EDU8 SEN Local Provision	621	1,003	382	Pressure relates to support of SEBD (Social Emotional Behavioural Difficulties) provision in schools within the City. Includes contribution to schools for additional placements as Learning Resource Bases are at capacity. This avoids a higher costs in Out of County.
EDU9 Inclusion Management Account	158	116	(42)	
EDU10 Education Welfare Service	278	242	(36)	
EDU11 Bridge Achievement Centre	1,188	1,070	(118)	Vacant posts not appointed to due to COVID. Savings in transport and grant income maximised.
EDU12 EIG-Education Improvement Grant	471	468	(2)	
EDU13 GEMS	(9)	(9)	(0)	
EDU14 Breakfast Clubs	462	357	(105)	Savings due to COVID. One off.
EDU15 School Meals Repairs + Maintenance	610	600	(10)	
EDU17 Educ Mngt-Non Team	(22)	5	27	

Summary Revenue Budget 2020/21

	Current Budget £'000	Outturn after Proposed Transfers £'000	(Under) / Over £'000	Notes - Explanation as Required
People				
EDU18 Service Dev + Bus	71	52	(18)	
EDU19 Schools Admissions + Appeals	261	254	(7)	
EDU20 21CS Programme	159	157	(2)	
EDU21 Early Years + Integration	1,069	902	(167)	Rising 3s payments and grants to other organisations less than budget.
EDU22 Redundancy + Pension	1,030	1,030	(0)	
EDU23 Joint Services	1,441	1,392	(49)	SENCOM and EAS savings.
EDU24 Transport	1,674	1,341	(333)	Savings relate to Summer and Spring Term transport due to covid, contract payment at a reduced rate.
STR28 Special Home to School Transport	815	654	(162)	Savings relate to Summer and Spring Term transport due to covid, contract payment at a reduced rate.
18992 Durham Road PFI	133	126	(7)	
Schools	106,527	98,082	(8,445)	
EDU01 Schools	106,527	98,082	(8,445)	Reduced expenditure as a result of Covid and school closures and additional costs recovered via the WG hardship fund. Late unbudgeted grant income of approx £4.7m received.
Total People	197,352	184,073	(13,279)	
Place				
Regeneration, Investment and Housing	10,158	9,398	(760)	
RIH1 Homelessness	734	887	153	Welsh Government guidance to accommodate rough sleepers throughout the COVID pandemic has meant there has been a significant increase in the forecasted expenditure. Currently the manager assumes these costs will continue for the rest of the financial year this month however COVID related Housing Benefit income has also been included at an average rate of 90% of cost; with the exception of the modular accommodation where the levels of ineligible accommodation costs is higher. A Welsh Government announcement issued on 16.08.20 has confirmed that Welsh Government will cover all additional homelessness COVID costs for the remainder of the financial year so the forecasts have been amended to reflect this. The homelessness budgets will, as always remain volatile and will be closely monitored by the manager and service manager. Mar-20 The Housing Benefit reconciliation for the year has been completed by the manager and income offset against the COVID optional however it has been noted by the manager that there has been some miscoding's between homelessness budgets and that that there is a significant delay on Private sector leased Housing Benefit income.

Summary Revenue Budget 2020/21

	Current Budget £'000	Outturn after Proposed Transfers £'000	(Under) / Over £'000	Notes - Explanation as Required
Place				
RIH2 Strategy + Dev	335	306	(29)	Welsh Government instruction to ensure sanitation is available to all travellers during the pandemic has meant that any new illegal encampment must have certain provisions made available, the housing strategy manager has confirmed that only two of the four sites have taken up the offer; forecast assumes full Welsh Government reimbursement of costs to March; Manpower savings in the Housing manager code (£-53k); Ellen Ridge - On going legal costs, additional utilities and response repairs expected as site is still illegally occupied, court rulings are due imminently. The manager has assumed a significant increase in legal costs in July monitor after discussions with our legal colleagues (£21k); in October monitor the legal costs forecast has been transferred from Ellen Ridge to the Housing strategy code as that team manager manages this area of housing
RIH3 Housing Needs	949	893	(57)	The main overspends relate to: Invoices relating to 19/20 grants not accrued (£15k) the remainder of the balance relates to COVID additional costs for staff overtime (£35k) and agency (£173.4k) forecasted, the manager assumes in the forecast that the levels of additional hours will continue. Welsh Government reimbursement income has been included to November period as above; in October monitor the manpower has been updated to account for savings as a result of an officer on long term sickness and vacancies, the absence of the officer has had a direct impact on Temporary Supported Accommodation Supporting People Income we will receive so this has been reduced (£21k);
RIH4 Private Sector Housing	97	88	(9)	The Newport City Council mandatory contribution to the private sector housing service was calculated by the manager at circa £88k leaving an underspend against budget.
RIH5 Com + Ind Portfolio	(1,365)	(873)	492	Lost income has been received for commercial properties that have suffered losses as a result of the pandemic (£-453.5k) after discussions at year end it was decided that a provision would be put aside for two significant schemes (£397k); there has also been significant works required across the commercial and industrial and general estate during the year as properties are prepared for reletting; Beechwood house has yielded a profit of £9k at year end more detailed monitoring is required in next financial year; the university hoarding Phase 2 replacement continued in 20/21 at a cost of £27k
RIH6 Provision Market	-	(5)	(5)	The market did transfer to the new tenant in February in addition to this a rent free period of three months has been agreed as a result of COVID, the manager has estimated the loss of income based on last years actual (£38.5k); March 2021 - Rates reversals were posted to budgets in March period which was to late for manager to forecast (£-8.3k)

Summary Revenue Budget 2020/21

	Current Budget £'000	Outturn after Proposed Transfers £'000	(Under) / Over £'000	Notes - Explanation as Required
Place				
RIH7 Civic Centre Facilities Management	696	694	(2)	Utilities are underspent as the majority of the civic staff continue to work from home (£-70.9k) these saving have been offset by significant building works in and around the building (Closed Circuit Television / reception / tree works -£75k) the full reception works were not completed by the end of March as forecasted in January therefore these will continue into the next financial year; lost income for room hire received (£-11.7k)
RIH8 Station Buildings	311	270	(42)	As with the civic budget utilities spend has been lower than budget as the building was closed during the year (£-24.9k); NORSE management fee was also renegotiated in year providing another underspend against budget (£-17.3k); underspent on building rates (£-51k) has been offset by refund to a tenant in respect of the 19/20 and 20/21 service charge (£50k)
RIH9 Centralised Properties	4,286	3,728	(558)	Significant underspend on budget as a result of additional income received from Education in respect of schools cleaning and Fair funding (£147.3k); centralised water budget underspend (£58.3k); manpower underspend as scale 5 not appointed until January (£-32.5k) and increased NORSE profit share - notification received in April 2021 (£347.6k)
RIH10 Carbon Reduction	304	168	(136)	Various projects like the utility sub meter review has been delayed and unlikely to happen in this financial year as manager has just gone on shared parental leave , other forecast headings also reduced as manager but no information was provided despite asking for a position note before the leave started; further reductions to forecasts in December monitor, again not received a notification from budget holder however have discussed with service manager and he is comfortable with the managers reductions given projects are further delayed due to the pandemic, further reductions again applied in January monitor however no notes have been received from manager, discussed with service manager and he also reduced one budget heading further as project not going ahead
RIH11 Building Control	(21)	(16)	5	
RIH12 Plan & Dev Mngt Acc	121	328	207	Interim Head of Service has increased manpower costs (forecasted to end of March) also vacancy provision removed; Bad Debt Provision for 20/21 included in September monitor (£99k); March 2021 - the final bad debt charge £111k , £9.5k higher than originally notified
RIH13 R+R Pooled Admin	52	54	2	Vacancy Provision removed

Summary Revenue Budget 2020/21

		Current Budget	Outturn after Proposed Transfers	(Under) / Over	Notes - Explanation as Required
		£'000	£'000	£'000	
Place					
	RIH14 Urban Regeneration	465	409	(56)	In October an admin fee for income due from Welsh Government in respect of the Lockdown discretionary grant had been applied (£-15k); this sum was increased in February to £-73.9k to include the Christmas and spring COVID restriction grants - it has been agreed these sums can be reserved for use in 21/22; unfunded expenditure for the creation of a mini masterplan for the Newport Knowledge Quarter has been paid and 50% of the freeport bid has been paid with a offsetting contribution from corporate services; late charge for consultancy fees from Capital received in March so not forecasted £17k; Outturn also assumes the underspend on the business support account will also be reserved for use in 21/22
	RIH16 Development Mngt	361	92	(268)	Manpower savings as a result of Head of Service cover in year (£-48k), underspend, savings on supplies and services and transport (£-16k); income over recovery £-205k due , £-65k of this sum was highlighted in February high level monitor the balance relates to windfall income received though out year
	RIH17 Planning Pol + Imp	228	202	(26)	Vacancy Provision removed
	RIH18 Local Devt Plan	127	127	(0)	
	RIH19 Community Centres	109	26	(83)	Movement due to additional Income to Maesglas offset by additional costs for roof repairs in Always. However, overall surplus is due to increased Service Level Agreement income as a result of renegotiated rates
	RIH20 Comm Devt Core	73	91	17	
	RIH21 Youth Core	282	100	(183)	Underspend in Youth Clubs due to covid
	RIH22 City Playschemes	80	54	(26)	
	RIH23 Adult Education	26	(89)	(115)	Tutor staff savings and cost of borrowing not required due to pause in Neighbourhood Hub development
	RIH24 Libraries	1,012	889	(123)	Movement largely due to unbudgeted additional internal recharge income
	RIH25 Museum + Art Gallery	354	362	8	
	RIH26 Medieval Ship	70	72	1	
	RIH27 Partnerships	119	112	(7)	
	RIH28 Tredegar House + Grounds	249	298	49	Additional contract payment
	RIH29 14 Locks	-	-	-	
	RIH30 Transporter Bridge	124	118	(6)	
	RIH31 CD Communities First	-	(42)	(42)	Movement due to reduction of professional fees and additional income
	RIH32 Work + Skills Employ	-	91	91	Smoothing reserve not required due to overall underspend
	RIH33 Work + Skills Europe	-	(0)	(0)	
	RIH34 Families First	-	-	-	
	RIH35 Flying Start	-	-	-	
	RIH36 Monwel	(21)	(78)	(57)	Mixture of additional income and various cost savings
	RIH37 Youth	-	44	44	Movement due to staff cost saving in Aspire West

Summary Revenue Budget 2020/21

	Current Budget £'000	Outturn after Proposed Transfers £'000	(Under) / Over £'000	Notes - Explanation as Required
Place				
41065 Rivermead Centre	-	-	-	
41066 Cefn Wood Centre	-	-	-	
41070 Community Centre General	-	-	-	
City Services	24,624	23,716	(908)	
STR1 Env Serv	930	1,416	486	Movement due to additional Ash-die back costs and associated grant reduction, additional Countryside costs as well as repairs to Lodges and Tredegar Park toilets
STR2 Cemeteries	(536)	(486)	50	Income expected to exceed Budget due to Covid (£20K) and unbudgeted Grant income (£30K). Offsets cost pressures with in Cemeteries. Movement due to tarmacking costs and some additional equipment costs
STR3 Passenger Transport	1,087	985	(102)	Staff savings and unbudgeted education income
STR4 Asset Management	535	496	(39)	increase in Contracts & Projects income (-£40k)
STR5 Street Lighting	2,055	1,919	(137)	Additional LED savings not recognised until late in the year
STR6 Senior Management Team	724	502	(223)	Savings on staff and Hostile Vehicle Mitigation
STR7 Traffic Management	90	214	124	Highways Planning -3 x agency employee's covering 1.6 permanent employee vacant posts at a higher cost partially offset by increased income from Temporary Traffic Orders
STR8 Road Safety	389	302	(87)	Additional spend on agency for Road Safety offset by savings on vacant Schools Crossing Patrol posts
STR9 Leisure Trust	2,836	2,891	55	Leisure Delivery Plan reserve not required
STR10 Waste Disposal Site	(346)	(868)	(522)	Increased commercial Income offset by contribution to landfill provision
STR11 Sustainable Waste	2,149	2,436	287	Increased contract payments due to material price drop (£390k), increased recycling supplies (£37k) partly offset by increased composting income from external commercial contracts (-£44k) and staff vacancies (-£58k). Additional Sustainable Waste Management Grant received late NET (-£120k)
STR12 Refuse Collection	2,897	2,473	(424)	Reduced waste sent for sorting (-£173k), reduced disposal costs (-£96k), reduced agency costs (-£177k) offset by reduced internal recharge income
STR13 HWRC	759	695	(65)	Reduced waste disposal and staffing costs offset by increased premises costs
STR15 Drainage Operations	606	600	(6)	
STR16 Fleet Management	2,036	1,930	(106)	Reduction in plant/fleet hire and increased income
STR17 Grounds Maint	912	979	67	Increase in traffic management costs and under achieved income
STR18 Highways	1,673	1,381	(292)	Savings due to vacant posts offset by additional traffic management costs
STR19 SDR South Distrib Road	(155)	(184)	(29)	Delays in tree work resulting in traffic management savings
STR20 Car Parks	(575)	(704)	(128)	Savings due to rate rebate
STR21 Street Cleansing	2,015	1,819	(196)	Staff savings, increased income and unbudgeted grant income received late in year

Summary Revenue Budget 2020/21

	Current Budget £'000	Outturn after Proposed Transfers £'000	(Under) / Over £'000	Notes - Explanation as Required
Place				
STR23 Depot Running Costs	210	213	3	
STR24 Winter Maintenance	132	140	8	
STR25 Public Features	34	9	(25)	Other Contract and electricity cost savings
STR26 Customer Services	1,630	1,607	(23)	Savings on training partially offset by additional Information Technology and Contract costs
STR27 Benefits	199	280	80	Flooding grant claim deemed ineligible and self isolation payment not received
STR28 Home to School Transport	2,339	2,674	335	Savings due to school closures and the reduced rates paid to transport providers offset by a contribution to reserves for additional transport costs related to the opening of a new school
Total Place	34,782	33,114	(1,668)	
Chief Executive				
CD100 Directorate	515	200	(315)	Staff cost savings and reduced professional fees
Finance	3,482	3,078	(405)	
FIN1 Accountancy	2,263	2,127	(136)	Staff & Training cost savings plus unbudgeted income
FIN2 Internal Audit	359	331	(28)	Various savings offset by agency costs and income not expected to meet budget
FIN3 Payments	136	125	(11)	
FIN4 Strategic Procurement	299	154	(145)	Staff cost and software licence savings plus unbudgeted income.
FIN5 Council Tax + NNDR	257	192	(65)	Savings on staff, printing and postages
FIN6 Debtors	169	150	(19)	Savings on staff
People and Business Change	8,378	8,162	(216)	
PBC1 HR Strategy + Op	834	684	(150)	Significant Training cost savings due to covid and staff savings on vacant posts offset by Salary Sacrifice under achievement of income
PBC2 HR Emp Serv	336	383	47	Redundancy and pension strain costs
PBC3 Business Chg Improv	242	316	74	Medium Term Revenue Plan savings only partially achieved this year due to implementation delays
PBC5 Comm Cohesion	51	54	3	
PBC6 Partnership	512	475	(38)	Underspend on various fees plus unbudgeted income
PBC7 Partnership + Policy	537	488	(49)	Savings on project costs
PBC8 Health + Safety	182	130	(52)	Savings on staff due to vacant posts
PBC10 Digital	385	371	(13)	
PBC11 Info Gov + Dev	162	182	20	
PBC12 Shared Res Serv	4,098	4,101	2	
PBC13 Document Services	231	302	71	Shielding and vaccination letters not reclaimable from Hardship Fund
LAW1 Comms + Marketing	380	339	(41)	Staff savings and savings relating to the Council Newspaper.
PBC14 Spatial Data	428	336	(92)	Staff savings plus unbudgeted income from work done on behalf of another local authority

Summary Revenue Budget 2020/21

	Current Budget £'000	Outturn after Proposed Transfers £'000	(Under) / Over £'000	Notes - Explanation as Required
Chief Executive				
Law and Regulation	6,628	6,142	(486)	
LAW2 Registrars	153	160	7	
LAW3 Democratic Services	498	383	(115)	Staff savings as a result of vacant posts and re-organisation of Cabinet Office.
LAW4 Members Allowances	1,151	1,124	(27)	Savings on training and allowances
LAW5 Electoral Reg	238	235	(2)	
LAW6 Legal	1,378	1,206	(172)	Staff savings due to vacant posts and Fair Funding income.
LAW7 Land Charges	(113)	(96)	17	
LAW8 Insurances	906	872	(34)	Unbudgeted income and savings on staff partially offset by increased premiums
LAW9 Comm Safety	824	912	88	Reduction in Closed Circuit Television income partially offset by savings in line rental and staffing
LAW10 Environmental health	1,006	920	(86)	Savings on staffing partially offset by a reduction in income
LAW11 Trading Standards	767	727	(40)	Staff savings and additional income offset by additional training costs
LAW12 Licensing	(179)	(301)	(122)	Unbudgeted income from hackney carriage licences
Total Chief Executive	19,003	17,582	(1,423)	
People	197,352	184,073	(13,279)	
Place	34,782	33,114	(1,668)	
Chief Executive	19,003	17,582	(1,423)	
Grand Total	251,137	234,769	(16,370)	

APPENDIX 4 School Balance Outturn Position

School Name	Opening Balance 20/21	Final ISB Allocation (inc Post 16)	In Year U/(O) Spend March 21	Closing Reserve 31/03/21
	£	£	£	£
Bassaleg School	218,531	7,856,688	532,429	750,960
Newport High	(233,397)	5,369,672	405,611	172,214
Caerleon Comprehensive	(1,064,561)	6,955,364	457,470	(607,091)
The John Frost School	76,130	6,708,661	339,806	415,936
Llanwern High	(290,421)	4,693,050	169,434	(120,987)
Lliswerry High	(754,031)	4,761,940	205,091	(548,940)
St Josephs R.C. High	90,450	6,249,619	313,127	403,577
St Julians School	(180,821)	7,532,976	473,672	292,851
Ysgol Gyfun Gwent Is Coed	(39,385)	2,133,927	141,581	102,196
Sub Total	(2,177,504)	52,261,898	3,038,221	860,716
Alway Primary	60,116	1,616,446	141,560	201,676
Caerleon Lodge Hill	96,832	1,206,789	134,796	231,628
Charles Williams CIW	224,970	1,828,320	234,292	459,262
Clytha Primary	16,709	799,879	62,176	78,885
Crindau Primary	147,659	1,383,677	63,211	210,869
Eveswell Primary	242,539	1,508,421	128,870	366,809
Gaer Primary	81,402	1,700,801	173,261	254,663
Glan Usk Primary	36,470	2,145,351	218,867	255,337
Glan Llyn Primary	53,135	957,679	61,600	114,736
Glasllwch Primary	73,001	785,126	42,849	115,850
High Cross Primary	(42,257)	915,248	68,584	26,327
Jubilee Park	(8,018)	1,233,946	153,605	145,587
Langstone Primary	104,577	1,118,693	120,131	224,708
Llanmartin Primary	21,641	764,684	72,764	94,405
Lliswerry Primary	117,548	2,099,413	239,255	356,802
Maesglas Primary	(18,822)	1,025,786	132,690	113,867
Maindee Primary	66,774	1,794,337	136,413	203,186
Malpas CIW Primary	63,613	1,160,074	43,298	106,911
Malpas Court Primary	46,823	1,204,965	112,101	158,924
Malpas Park Primary	41,131	860,822	101,142	142,273
Marshfield Primary	65,929	1,390,803	67,385	133,314
Millbrook Primary	82,741	1,069,252	125,453	208,194
Milton Primary	24,777	1,621,824	147,691	172,468
Monnow Primary	161,652	1,523,251	55,968	217,620
Mount Pleasant	34,117	879,584	50,037	84,154
Pentrepoeth Primary	51,847	1,543,344	56,374	108,221
Pillgwenlly Primary	121,114	2,115,241	73,082	194,196
Ringland Primary	49,111	1,075,436	87,361	136,473
Rogerstone Primary	(32,929)	1,933,625	211,899	178,970
Somerton Primary	144,338	666,223	10,429	154,768
St Andrews Primary	52,774	2,363,696	173,537	230,911
St Davids RC Primary	67,457	779,100	89,652	157,110
St Gabriels RC Primary	34,230	697,848	86,689	120,919
St Josephs RC Primary	33,472	708,991	84,048	117,521
St Julians Primary	309,759	2,172,711	279,909	589,669
St Marys Rc Primary	58,503	1,341,826	124,267	182,770
St Michaels RC Primary	27,137	765,331	138,073	165,210
St Patricks RC Primary	48,321	729,584	52,042	100,364
St Woolos Primary	(47,163)	1,138,148	120,464	73,302
Tredegar Park Primary	203,343	1,534,164	333,010	536,353
Ysgol Gym Bro Teyrnon	167,308	775,404	122,672	289,981
Ysgol Gym Casnewydd	148,725	1,304,474	192,883	341,608
Ysgol Gym Ifor Hael	99,385	713,033	72,409	171,794
Sub Total	3,331,795	54,953,354	5,196,799	8,528,594
Fairoak Nursery	29,788	171,119	(5)	29,783
Kimberley Nursery	(66,244)	247,689	(28,869)	(95,112)
Sub Total	(36,456)	418,809	(28,874)	(65,330)
Maes Ebbw	(117,594)	3,433,781	139,584	21,990
Bryn Derw	112,917	1,576,272	99,534	212,451
Sub Total	(4,677)	5,010,053	239,118	234,441
Grand Total	1,113,157	112,644,114	8,445,264	9,558,422

APPENDIX 5 2020/21 Reserve Movements

Reserve	Balance at 31-Mar-20	Movement in Reserves (within budgeted position)		Proposed Transfers	Balance at 31-Mar-21
		Transfers Out	Transfers In	Transfers In	
Council Fund:	(6,500)	-	-	-	(6,500)
Balances held by schools for future use	(1,113)	29	(8,474)	-	(9,558)
Earmarked Reserves:					
Music Service	(127)	-	-	-	(127)
Pay Reserve	(1,418)	-	-	-	(1,418)
Insurance Reserve	(664)	-	(498)	-	(1,162)
MMI Insurance Reserve	(602)	-	-	-	(602)
Health & Safety	(16)	-	-	-	(16)
Education Achievement Service	(92)	-	-	-	(92)
Schools Redundancies	(725)	-	(260)	-	(985)
General Investment Risk Reserve	(658)	594	(332)	(792)	(1,188)
European Funding I2A & CFW	(394)	18	(608)	-	(984)
Metro Bus	(9)	-	-	-	(9)
GEMS Redundancies	(78)	-	-	-	(78)
SUB TOTAL - RISK RESERVES	(4,783)	612	(1,698)	(792)	(6,661)
Capital Expenditure	(5,344)	40	(31)	(4,593)	(9,928)
Invest to Save	(9,938)	1,474	-	-	(8,464)
Super Connected Cities	(426)	128	-	-	(298)
Landfill (fines reserve)	(332)	-	-	-	(332)
School Reserve Other	(182)	155	-	-	(27)
School Works	(452)	20	-	-	(432)
Investment Reserve	(342)	-	(155)	-	(497)
Usable Capital Receipts	(8,259)	2,054	(548)	-	(6,753)
Streetscene Manager Support	(117)	51	-	-	(66)
SUB TOTAL - ENABLING RESERVES	(25,391)	3,922	(734)	(4,593)	(26,796)
Municipal Elections	(130)	-	(34)	-	(164)
Local Development Plan	(625)	-	(63)	-	(688)
Glan Usk PFI	(1,607)	-	-	-	(1,607)
Southern Distributor Road PFI	(40,691)	299	-	-	(40,392)
Building Control	(104)	23	-	-	(81)
Loan modification technical reserve (IFRS 9)	(1,085)	572	-	-	(513)
Kingsway	-	-	(64)	-	(64)
SUB TOTAL - SMOOTHING RESERVES	(44,242)	894	(161)	-	(43,509)
Works of art	(21)	-	-	-	(21)
Theatre & Arts Centre	(232)	-	-	-	(232)
Cymorth Income	(25)	-	-	-	(25)
Blaen Y Pant	(18)	14	-	-	(4)
Homelessness Prevention	(38)	-	-	-	(38)
Environmental Health - Improve Air Quality	(49)	-	-	-	(49)
Refurbishment of a Children / Older People Homes	(41)	-	-	-	(41)
Apprenticeship Scheme	(29)	12	-	-	(17)
City Economic Development Reserve	(90)	-	-	-	(90)
Welsh Language Standards	(129)	40	-	-	(129)

Reserve	Balance at 31-Mar-20	Movement in Reserves (within budgeted position)		Proposed Transfers	Balance at 31-Mar-21
		Transfers Out	Transfers In	Transfers In	
Port Health	(16)	-	-	-	(16)
CRM	(244)	192	-	-	(52)
Financial System Upgrade	(400)	-	-	(200)	(600)
Events	(216)	-	-	-	(216)
MTFP Reserve	(2,037)	70	-	(3,150)	(5,117)
Voluntary Sector Grants	(49)	6	-	-	(43)
Bus Wifi	(17)	17	-	-	-
Bus Subsidy	(15)	-	-	-	(15)
Feasibility Reserve	(117)	63	-	-	(54)
IT Development	(53)	-	-	-	(53)
Leisure Delivery Plan	(103)	-	-	-	(103)
Chartist Tower	(256)	-	-	-	(256)
Joint Committee City Deal Reserve	(626)	337	-	-	(289)
NEW - Civil Parking Enforcement	(175)	-	(70)	-	(245)
Community Covid Recovery Fund	-	-	-	(500)	(500)
City Services – refurbishment & cleansing of open spaces	-	-	-	(500)	(500)
Green Recovery Task Force	-	-	-	(1,000)	(1,000)
Business Recovery Fund	-	-	-	(250)	(250)
Business Development Grants	-	-	-	(56)	(56)
Children's Service legal fees	-	-	-	(150)	(150)
Community Occupational Therapy	-	-	-	(53)	(53)
Directly Managed Community Centres Maintenance	-	-	-	(50)	(50)
IT Infrastructure	-	-	-	(120)	(120)
PSB Contribution	-	-	-	(40)	(40)
COVID Reserve	-	-	(596)	-	(596)
Highways road repairs [potholes]	-	-	-	(116)	(116)
Homelessness Prevention	-	-	-	(289)	(289)
Chief Education Grant	-	-	-	(765)	(765)
Home to School Transport	-	-	-	(801)	(801)
Housing Supply review	-	-	-	(25)	(25)
Anniversary tree planting / green canopy	-	-	-	(20)	(20)
Cariad Casnewydd	-	-	-	(170)	(170)
Soft Loan interest equalisation reserve	-	-	-	(1,861)	(1,861)
Community Gardening Schemes	-	-	-	(180)	(180)
SUB TOTAL - OTHER RESERVES	(5,036)	751	(666)	(10,296)	(15,247)
RESERVES TOTAL	(87,065)	6,208	(11,733)	(15,681)	(108,271)

APPENDIX 6 Delivery of MTFP Savings – March 2021

Overall Summary

	Education	Social Services Children	Social Services Adults	Regeneration Investment & Housing	City Services	People & Business Change	Finance	Law & Regulation	Non Service	Total 2020/21
2020/21 MTRP Target (£) Total	197	922	1,092	611	671	393	90	311	1,130	5,417
Total Savings Realised by Year End 2020/21	197	922	676	444	590	275	90	311	930	4,434
Variation to MTRP Target	0	0	-416	-167	-81	-119	0	0	-200	-983
Variation % to MTRP Target	0%	0%	-38%	-27%	-12%	-30%	0%	0%	-18%	-18%
Undelivered Savings from Previous Years	0	-133	0	0	0	0	0	0	0	-133
Variation to MTRP Target - previous and current year	0	-133	-416	-167	-81	-119	0	0	-200	-1,116

Summary by Portfolio

	People	Place	Corporate	Non Service	Total
2020/21 MTRP Target (£) Total	2,211	1,282	794	1,130	5,417
Total Savings Realised by Year End 2020/21	1,795	1,034	676	930	4,434
Variation to MTRP Target	-416	-248	-119	-200	-983
Variation % to MTRP Target	-19%	-19%	-15%	-18%	-18%
Undelivered Savings from Previous Years	-133	0	0	0	-133
Total Undelivered Savings	-549	-248	-119	-200	-1,116

Report

Cabinet

Part 1

Date: 7 July 2021

Subject **Capital Programme Outturn – 2020/21**

Purpose To provide to Cabinet the final Capital outturn for the 2020/21 financial year

To request Cabinet approval of budget carry forwards to fund slippage of existing project expenditure into the new financial year

To submit to Cabinet for approval, requests for new capital projects to be added to the Council's Capital Programme.

To update Cabinet on the current available capital resources ('headroom') and note action taken following notification of £7m support from WG for the funding of the new Leisure Centre project.

To request approval for revised Strategic Outline Plan (SOP) figures to be provided to Welsh Government with the intention of collectively reviewing the affordability of existing aspirations and potentially sourcing additional funding.

Author Chief Accountant & Interim Assistant Head of Finance

Ward All

Summary The Council has an extensive capital programme, investing across the authority in areas such as schools, heritage assets, energy efficiency schemes, invest to save programmes and investing in the regeneration of the city centre. This report updates the Cabinet on its capital programme and the outturn for the 2020/21 financial year.

The 2020/21 outturn position highlights the following:

- The capital programme budget received by Cabinet in November for the year totalled £31,966k. Subsequent additions/revisions for 2020/21 financial year spend have amounted to £2,128k, taking the overall programme to a combined budget of £34,093k for that year.
- At outturn, £7,134k of this budget requires re-profiling of works into later years due to slippage in delivery, which represents 21% of the approved budget agreed for the year. After this, the final budget for the year was £26,959k.
- At outturn, £749k of this budget underspent on completed projects.

Proposal

- 1. To approve the additions to the Capital Programme requested in the report (Appendix A)**
- 2. To approve slippage of £7,134k from the 2020/21 budget into future years, noting the re-profiling of the programme this gives rise to**
- 3. To note the capital expenditure outturn position for 2020/21**
- 4. To endorse provision of information to Welsh Government to review Band B schools transformation programme costs**
- 5. To note the available remaining capital resources ('headroom') until 2024/25**
- 6. To note the balance of and approve the allocation of in-year capital receipts.**

Action by Interim Assistant Head of Finance

Timetable Immediate

This report was prepared after consultation with:

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

Signed

Background

The Council has set an extensive capital programme that reflects 7 years commitments, up from the traditional 5 year programme. Cabinet have received monitoring updates throughout the financial year and the capital programme has been updated to reflect changes as they are received i.e. additions, slippage (moving budget into future years). Not uncommonly this report also includes new additions for approval (Appendix A).

These revisions and the changes to the programme made throughout the financial year are shown in summary form in the table below, the detail of which is shown in Appendix B.

Table 1: Changes to the approved Capital Programme in 2020/21

Report	2018/19 Outturn	2019/20 Outturn	2020/21 Outturn	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Outturn Report (Outturn 19/20)	29,466	31,358	64,544	48,474	13,868	11,517	2,349	201,578
August Report (July Forecast)	29,466	31,360	36,450	54,615	45,069	9,623	140	206,723
(Sept Forecast)	29,466	31,360	36,450	54,615	45,069	9,623	140	206,723
November Report	29,466	31,360	31,966	60,205	49,064	8,437	140	210,638
Capital Strategy Report February	29,466	31,359	33,054	60,705	70,635	17,924	5,622	248,766
Outturn Report (Outturn 20/21)	29,466	31,360	26,213*	100,223	62,341	19,243	5,622	274,462

* = after slippage / underspending

This report seeks approval for the additions identified since February's Capital Strategy report, totalling net additions of £24.795m, most of which is profiled for spending in 2021/22 currently. Cabinet are asked to approve the additions to the programme, the vast majority of which are grant funded. In prior reports, the additions are usually noted within the body of this report, however due to the unprecedented levels of additions to be approved, mainly grant funded, the individual projects are detailed in Appendix A.

The table shows the majority of net increase has been introduced following notification of approved grant bids since February. External grant funding introduces no new net affordability pressure within the 7 year capital programme.

Update on Band B Schools Transformation Funding

Within the 2018/19 to 2024/25 Capital Programme, the schools Band B programme stands at £75.3m, of which £5.3m is additional monies that Newport City Council has added through the use of S106 monies and further borrowing. This latter element is currently not match funded by Welsh Government.

However these budgets are still anticipated insufficient to meet the full extent of aspirations as costs have increased since the original Band B programme was put together. This was further

recognised in a recent Bassaleg report (Cabinet June 2021) which anticipated that costs could be up to £3m above the current budget allotted to this scheme alone.

As part of a recent monitoring meeting with Welsh Government colleagues, which referenced the unanticipated challenges introduced at St Andrews school, the matter was broached, and whilst unusual, they could see cause to review the overall envelope.

The first stage of that review would be to submit an updated strategic outline plan, and they have specifically asked for Cabinet to endorse the making of such a request. It is important to note that any additional funding cannot be guaranteed at this point, but it is recommended that the Council explore this option more fully, and potentially secure further WG funding to meet or at least contribute funds towards the overall challenges of the Band B programme.

The exercise will also then allow officers to see what further work may be required to update the overall programme depending on the scale of the challenge and any further funding which may be secured. This will be reported and updated in early Autumn.

2020/21 Capital Expenditure Outturn Position

The final outturn expenditure for 2020/21 totalled £26,210k against a revised budget (after slippage) of £26,959. This introduced a £749k underspend on completed schemes across the following areas,

Service Area	Capital Budget 2020/21	Slippage levels	Revised budget 2020/21	Outturn	Of which, (Under)/Over Spend
	£000's	£000's	£000's	£000's	£000's
Education & Schools	8,352	- 1,108	7,244	7,196	-49
Regeneration, Investment & Housing	10,307	- 2,857	7,450	7,424	-26
People & Business Change	636	- 197	439	460	20
Adult & Community Services	573	-	573	572	-2
Children & Young People Services	1,157	- 171	986	945	-41
City Services	13,068	- 2,802	10,266	9,614	-652
TOTAL	34,093	- 7,134	26,959	26,210	-749

The slippage levels at outturn equated to 21% of available budget, in the service areas shown above. There was some anecdotal feedback from the building industry shared with People Service Capital Programme Board recently that materials pricing is becoming more volatile as supply chains and availability has been influenced by Covid considerations and resultant lockdowns. This doesn't appear to have had a significant effect on slippage levels which remain proportionately similar to that communicated at 2019/20 outturn. However any upward pressure on pricing could be expected to be felt in future overspends, or a need for reduced aspirations, so the situation will continue to be monitored closely.

Main variances from budget

Budget slippage is a common feature of annual capital programme administration as seldom does activity correlate exactly with financial years. Also capital grant bidding processes will anticipate a full year's activity, yet grant awards are communicated through the year. This last year introduced some additional considerations, such as access issues and supply chain management that would also be expected to compromise progress. Detail of all variances are shown in Appendix C, the main variances are highlighted below.

Significant projects reporting slippage:

- Education are reporting slippage of £1.17m made up of a number of areas including classroom size reduction initiatives £470k, maintenance and Ed tech grant funding £432k, and accessibility initiatives £265k.
- The market arcade heritage lottery scheme exhibits £514k slippage against the anticipated budgeted activity
- The Tri Thematic grant funding of £1.03m has been slipped forward to reflect likely activity spend
- Outstanding structural work at Central library necessitates slippage of £170k
- The net drawdown on developer loans is behind the budgeted profile introducing £677k slippage.
- Disabled facilities and safe at home grant streams have been delayed due to restricted access £344k.
- Cardiff City Region City Deal have communicated a need for further £216k slippage in addition to the reprofiling of budgets undertaken in November
- £199k slippage is reported on IT/Printer replacement.
- There is slippage of £65k in respect of the Windmill Farm feasibility study, and £106k slippage in respect of dispersed accommodation provision and covid equipment.
- The fleet replacement programme within the capital programme spans a number of years. Not uncommonly there are delays in specification and delivery that commonly impacts spending. Current year involves slippage of £446k.
- Various infrastructure projects (e.g. Transport improvements, bridges, road maintenance and links) collectively exhibit net £1.3m slippage
- The Green infrastructure budget exhibits £199k slippage requirement
- Peterstone sewerage works exhibits a £444k slippage
- Carnegie Court river works involves a need to slip £167k budget forward

- Tredegar Park – Pedal power project also stems the financial year end and introduces £90k slippage.

The majority of slippage features now in 2021/22 financial year, further inflating the programme for that year, such that the budget now sits at c£100m, which is unrealistic. The programme will need to be reviewed over the Summer/early Autumn and project budgets re-profiled in line with more realistic and deliverable spending profiles, taking into account, amongst other factors, any external funding deadlines in terms of availability/requirement to spend. This will be reported in the regular capital monitoring updates to Cabinet as the year progresses.

Whilst there are a number of compensatory over and underspends, the majority of £749k can be attributed to a net saving against a few main projects bulleted below,

- Safe routes initiative to ST Davids RC Primary not progressed resulting in £280k underspend
- Spend to decriminalise parking significantly below budget allotted resulting in £259k underspend
- Local sustainable transport measure in response to covid underspent by £101k
- Net residual underspend on schools improvement band A £24k.
- Historic Schools asset improvement budget not drawn against resulted in £25k underspend
- The 3 year budget overseen by Children and Family services to provide 3 new homes collectively underspent by £41k
- An historic (2018/19) active travel scheme was wrapped up underspending by £12k
- Various minor underspends associated with play improvement schemes totalled £6k.

The individual project detail shown in Appendix C:

Update on Capital Receipts

The table below shows the latest position in regards to capital receipts. The Council had a brought forward capital receipts balance of circa £7m at the start of 2020/21, and it has received £547k receipts during the year.

The table below also shows capital receipts held for the NCC/WG ‘Joint Venture funds’. As previously reported to Cabinet, these funds are “ring-fenced” for city centre regeneration.

Asset Disposed	Receipts Received in Year	Total Available Receipts 2019/20
	£	£
GENERAL CAPITAL RECEIPTS		
Balance b/f from 2019/20		7,013,074
Land at Lliswerry Road	27,000	27,000
Land at Tregwilym Road	25,000	25,000
Land to the rear of 47a, b & d Dolphin Street	12,000	12,000
Lodge Hill	8,500	8,500
Bassaleg Mortuary	95,000	95,000
Vehicles	177,266	177,266
Hill Street	180,000	180,000
Miscellaneous receipts	22,555	22,555
Total Spent – 21st Century Schools		-25,000
Total Spent – Loan Premium		-2,029,237

Total Committed – Fleet Replacement Programme	-1,618,929
Total Committed - Education maintenance 20/21	-1,718,485
Total Committed - New Leisure Centre	-1,000,000
Total Amount Uncommitted	1,168,744
NEWPORT UNLIMITED	
Balance b/f from 2019/20	1,245,875
Total Committed from JV monies	-150,000
Total Amount Uncommitted	1,095,875
TOTAL NCC RECEIPTS (Uncommitted)	2,264,619

This table shows that circa £6.4m receipts has already been spent/committed for projects funding shown above, leaving c£1.1m capital receipts uncommitted currently for each of the 'JV Venture Funds' and the 'Councils general programme'.

Update on available capital resources ('headroom')

Since February 2018 the Council has been working within a framework agreed which maximises capital expenditure whilst keeping within the level of capital resources and planned borrowing funded within the Council's Medium Term Financial Projections (MTFP). The framework agreed that:

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

The framework seeks to limit the revenue pressures resulting from increased borrowing as far as possible whilst maximising capacity to generate capital resources for use.

Capital Headroom to 2024/25	£'000
Confirmed and already available	
Unallocated Capital Expenditure Reserve	4,468
Unallocated Capital Receipts	1,169
Unallocated JV monies	1,096
Total unallocated remaining	6,733
Level of Borrowing Approved as per 2021/22 Capital and TM Strategy	4,500
<u>Total Committed to Date</u>	

Transporter Bridge - Underwriting unconfirmed funding	365
Rose Cottage Sewerage Works	23
St Andrews Demountables	1,000
Total unallocated remaining	3,112
<u>Potential Schemes -subject to change – not in the capital programme</u>	
Northern Gateway regeneration match funding potential	2,000
Total Available Headroom	7,845

The unallocated capital reserve and capital receipts balances have changed since last reported in November due to:

- reduced to reflect the funding decisions reached predominantly when adding the new leisure centre project to the capital programme, this was always anticipated to come from these sources.
- increased due to c£2.7m of the 2020/21 revenue budget underspend added into the capital reserves, which is unallocated (total added to capital reserve from underspend – c£4.9m)

Since the leisure centre was added to the programme, the funding mix for this scheme has changed with WG contributing c£7m of capital grant. This has therefore reduced the new borrowing requirement on NCC for this and the revenue budget for that element has been transferred out of ‘capital financing budgets’ into a non-service budget line, pending a decision on how it should be utilised.

The St Andrews Demountables project is part of the additions schedule attached in Appendix A for approval. It is hoped ultimately that funding will be provided through the revised Band B schools SOP, but given its known necessity, in the meantime, prudently, the financial planning assumption has been to earmark resourcing from existing available headroom.

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Overspend against approved budget	M	L	Regular monitoring and reporting of expenditure in accordance with the timetables set by Cabinet/Council should identify any issues at an early stage and allow for planned slippage of spend.	Corporate Directors / Heads of Service / Head of Finance
Programme growing due to unforeseen events	M	M	Good capital monitoring procedures and effective management of the programme should identify issues and allow for plans to defer expenditure to accommodate urgent works. Priority asset management issues	Corporate Directors / Heads of Service / Head of Finance

			are now being dealt with through a specific programme allocation.	
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* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

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

Options Available and considered

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

Preferred Option and Why

- To approve the changes to the Capital Programme and note the monitoring position as set out in the report, including the use of capital receipts.
- Agree to prioritise capital expenditure to maintain spend within current affordability envelope, recognising that the revenue pressures from future borrowing are part of the overall MTFP budget gap.

Comments of Chief Financial Officer

The monitoring shows a small underspend, but further more significant slippage on that previously reported. The 2020/21 project spend profiling was reduced over the year but slippage is still significant even after this.

The profiling of the scheme will need to be reviewed again following the slippage from 2020/21. This does not reduce the ‘need to borrow commitment’ the Council has but does slow down the pace at which that borrowing is taken up towards that commitment level.

It is important that budget managers work with finance colleagues to re-profile the programme as accurately as reasonably possible as it impacts on the revenue budget forecasts and treasury management forecasts and planning activities of the Council.

Comments of Monitoring Officer

There are no legal issues arising from this report.

Comments of Head of People and Business Change

There are no direct HR implications associated with the report. Budget additions will need to continue be considerate of the requirements of the Well-being of Future Generations Act.

Comments of Cabinet Member

N/A

Local issues

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

Scrutiny Committees

N/A

Equalities Impact Assessment and the Equalities Act 2010

N/A

Children and Families (Wales) Measure

N/A

Wellbeing of Future Generations (Wales) Act 2015

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

Consultation

N/A

Background Papers

Capital Strategy and Treasury Strategy - February 2019 and February 2020

Capital Programme Outturn 2019/20 – July 2020

Monitoring and Additions Report – August 2020

Monitoring and Additions Report – November 2020

Dated: 24 June 2021

Appendix A – Additions and changes to the Programme since Capital Strategy Approval (February 2021)

<u>Project Duration</u>	<u>Scheme</u>	<u>Value £'000</u>	<u>Funding Source</u>	<u>Note</u>
	EDUCATION	4,280		
2020/21	Blaen-y-Pant Bungalow (Educational Use)	6	Reserve	Additional money to fund refurbishment works at Blaen-y-plant
2021/22	Pentrepoeth Primary - Site Accessibility for Current & Future Pupils	694	S106	To improve accessibility in a number of areas around the schools and to improve access to curriculum activities such as external learning environments
2021/22	Llswerry High IT aspects	7	S106	Supplementing grant resourcing to aid portability and security of laptop provision
2020/21	Maesglas Reducing Classroom size	50	Grant	Approved grant funding enabled scheme to be added
2021/22	Education Maintenance Grant 20-21	2,537	Grant	Confirmation from grant originator that award can be utilised in 2021/22
2021/22	St Andrew's Demountables	1,000	Capital Headroom Commitment	Prudently earmarked from existing headroom however likely to be included in revised Band b SOP discussions
2021/22	Bassaleg Demountables - Year 7	(14)	Borrowing	Correction of budget

<u>Project Duration</u>	<u>Scheme</u>	<u>Value</u> <u>£'000</u>	<u>Funding Source</u>	<u>Note</u>
	REGENERATION, INVESTMENT & HOUSING	1,672		
2021/22	Flying Start Capital Grant 21/22	300	Grant	Approved grant funding enabled scheme to be added
2020/21	All Wales Play Opportunities	(26)	Grant	Revised grant award
2021/22	Market Arcade	(64)	Grant / Borrowing	Correction of budget
2021/22	ENABLE Grant funding	217	Grant	Approved grant funding enabled scheme to be added
2020/21-2022/23	Transporter Bridge	(758)	Grant / Borrowing	Updated budget following formal grant approval from HLF for phase 2 - delivery phase
2020/21	'Place –Making' capital projects	1,650	Reserve	Projects and detailed outcomes being developed
2021/22 - 2022/23	Refit	2,000	Borrowing funded by service area	To improve energy efficiency on the first phase of 16 Newport Council buildings
2021/22	Misc grant adjustments	3	Grant	To reflect revised awards

<u>Project Duration</u>	<u>Scheme</u>	<u>Value</u> <u>£'000</u>	<u>Funding Source</u>	<u>Note</u>
	ADULT & COMMUNITY SERVICES	76		
2020/21	Upgrade Call systems in Adults Residential Homes	76	Revenue / Borrowing	Upgrade call systems in each of the 3 Council run older persons care homes

<u>Project Duration</u>	<u>Scheme</u>	<u>Value</u> <u>£'000</u>	<u>Funding Source</u>	<u>Note</u>
	CHILDREN & FAMILY SERVICES	123		
2020/21	Additional Funding of Disbursed Accommodation and Covid-19 Equipment	100	Grant	Approved grant funding enabled scheme to be added
2021/22	Rose Cottage Sewerage	23	Borrowing	To replace the existing septic tank at Rose

				Cottage with a sewerage treatment plant
Project Duration	Scheme	Value £'000	Funding Source	Note
	CITY SERVICES	18,647		
2020/21	Fleet - Ultra Low Emission Vehicle (ULEV)	57	Grant	Approved grant funding enabled scheme to be added
2020/21	Peterstone Sewage Scheme	250	Reserves	Additional budget to carry out work at Peterstone
2021/22	Highways Refurbishment Grant	716	Grant	Approved grant funding enabled scheme to be added
2021/22	Inner City Links – improvement of highways infrastructure	43	Grant	Approved grant funding enabled scheme to be added
2020/21	Upgrading and Replacement of Bus Stops	28	Grant	Approved grant funding enabled scheme to be added
2020/21	Carnegie court additional funding for riverworks following damage sustained from Flooding in February 2020	163	Grant	Approved grant funding enabled scheme to be added
2020/21	Kingsway car park – waterproofing as part of lease arrangement operation	318	Borrowing funded by service area	Expansion of car park services to take on the operation of Kingsway Car Park
2020/21	Repair & Reuse Activities in Town Centres	56	Grant	Approved grant funding enabled scheme to be added
2020/21	Repair & Reuse Newport Makerspace	11	Grant	Approved grant funding enabled scheme to be added
2020/21	Ash Die Back	190	Grant	Approved grant funding enabled scheme to be added
2021/22	Local Transport Fund, Resilient Roads & Ultra Low Emission Vehicle	5,340	Grant	Approved grant funding enabled scheme to be added
2021/22	Upgrade of Facilities NISV	234	Grant	Approved grant funding enabled scheme to be added

2021/22	Active Travel Grant	9,790	Grant	Approved grant funding enabled scheme to be added
2021/22	Newport Fflesci Demand Responsive Bus Pilot Scheme	1,000	Grant	Approved grant funding enabled scheme to be added
2021/22	Safe Routes in Communities & Road Safety Grant	432	Grant	Approved grant funding enabled scheme to be added
2021/22	Somerton Park	8	S106	To refurbish the existing play facilities at Somerton Park
<u>Project Duration</u>	<u>Scheme</u>	<u>Value £'000</u>	<u>Funding Source</u>	<u>Note</u>
2021/22	Underwood Play Area	12	S106	To refurbish the existing play facilities at Underwood
2021/22	Local Places for Nature Grant	109	Grant	Approved grant funding enabled scheme to be added
2020/21	Flood and Coastal Erosion Risk Management	(105)	Grant	Grant transferred to Revenue
2020/21	Minor revisions to Highways resourcing	(8)	Borrowing	Reflective of outturn activity
	TOTAL	24,795		

Appendix B – Detailed Budget Breakdown of the 7 year Programme

	Outturn 18/19	Outturn 19/20	Budget 20/21	Budget 21/22	Budget 22/23	Budget 23/24	Budget 24/25	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
21st Century Schools - Band A	8,046	1,220	74	-	-	-	-	9,340
21st Century Schools - Band B	675	1,711	3,421	23,349	35,940	10,137	140	75,373
Jubilee Park - Fixtures, Furniture & Equipment	13	-	-	-	-	-	-	13
Gaer Annexe Education Use	-	416	79	-	-	-	-	495
Blaen-y-Pant Bungalow (Educational Use)	52	-	14	-	-	-	-	66
St Mary's Toilet Refurbishment.	-	42	-	-	-	-	-	42
Somerton Primary - ICT Equipment	11	-	-	-	-	-	-	11
Feminine hygiene hardware & toilet facilities.	34	-	-	-	-	-	-	34
Lliswerry High (S106 Funds)	110	80	-	7	-	-	-	197
Maesglas Reducing classroom size	-	64	109	398	-	-	-	571
Lliswerry IT Replacements	53	-	-	-	-	-	-	53
Welsh Medium Primary School	-	150	44	2,307	1,000	2,300	-	5,801
Reducing Classroom size bids	-	61	527	-	-	-	-	588
Bassaleg Demountables	-	116	90	-	-	-	-	206
ICT Equipment Lease (Clytha Primary)	-	20	-	-	-	-	-	20
ICT Equipment Lease (St Mary's)	-	11	-	-	-	-	-	11
St Patricks ICT	-	12	-	-	-	-	-	12
Bassaleg ICT	-	69	-	-	-	-	-	69
ICT Equip Lease Ysgol Gymraeg Ifor Hael	-	10	-	-	-	-	-	10
Ringland Perimeter Fence	-	-	85	-	-	-	-	85
Llanmartin Primary ICT	10	-	-	-	-	-	-	10
Malpas Park Primary	11	-	-	-	-	-	-	11
Education Maintenance Grant 2018/19	-	1,470	358	-	-	-	-	1,828
Education Maintenance Grant 2019/20	-	-	1,069	1,072	-	-	-	2,141
Education Maintenance Grant 2020/21	-	-	-	2,537	-	-	-	2,537
Education Asset Improvements	1,055	200	27	-	-	-	-	1,282
Bassaleg Demountables - year 7	-	-	771	-	-	-	-	771
EdTech Grant	-	-	202	160	-	-	-	362

	Outturn 18/19	Outturn 19/20	Budget 20/21	Budget 21/22	Budget 22/23	Budget 23/24	Budget 24/25	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Education Accessibility Studies	-	-	2	265	-	-	-	268
Charles Williams Renovations	-	-	104	1,516	-	-	-	1,620
Lliswerry Safeguarding	-	-	57	-	-	-	-	57
Maindee Toilets	-	-	172	-	-	-	-	172
Milton IT replacement	-	-	26	-	-	-	-	26
St Michaels IT	-	-	16	-	-	-	-	16
Pentrepoeth - site accessibility	-	-	-	694	-	-	-	694
St Andrews	-	-	-	1,000	-	-	-	1,000
Prior Year Scheme - Various	(38)	(39)	-	-	-	-	-	(77)
								-
Education	10,032	5,614	7,245	33,305	36,940	12,437	140	105,713
Gypsy/Traveller Site Development	2,993	78	10	55	-	-	-	3,136
Indoor Newport Market	-	-	1,086	3,414	-	(4,500)	-	0
HLF Market Arcade Townscape Heritage Scheme	39	266	1,043	1,429	-	-	-	2,777
Indoor Market Facilities Improvements	(2)	-	-	-	-	-	-	(2)
Civic Centre / Info Station Service Relocations	116	121	-	29	-	-	-	266
Info Station NSA enabling	536	-	-	-	-	-	-	536
123-129 Commercial Street (Pobl Regen)	623	623	-	-	-	-	-	1,246
Cardiff City Region Deal	1,208	-	196	2,810	5,188	-	-	9,402
Cardiff City Region Deal - Cost of Carry	-	-	-	-	1,850	9,987	5,482	17,319
Mill Street Development Loan	-	2,341	1,184	475	-	-	-	4,000
Neighbourhood Hubs	915	1,344	-	-	-	-	-	2,259
Arva Investment Loan	385	333	-	32	-	-	-	750
Disabled Facilities	898	1,092	784	1,316	1,000	-	-	5,090
Safety at Home	364	375	243	328	300	-	-	1,610
ENABLE Adaptations Grant	197	197	197	217	-	-	-	808
Homelessness Prevention Grant	98	-	-	-	-	-	-	98
Asset Management Programme	1,066	1,245	1,801	2,337	1,500	-	-	7,949
FS Maintenance 1819 / 1920	31	38	-	-	-	-	-	69
FS Shaftsbury Community Centre	183	-	-	-	-	-	-	183

	Outturn 18/19	Outturn 19/20	Budget 20/21	Budget 21/22	Budget 22/23	Budget 23/24	Budget 24/25	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
FS City Wide Maintenance & Repair of Premises			59	74				133
All Wales Play Opportunities			157					157
Castle Kids Refurbishment Works			18					18
Improvements to Flying Start Facilities			118					118
Childcare - Flying Start	-	546	256	1,269	-	-	-	2,071
Flying Start Capital Grant				300				300
Central Library - Structural Works	72	17	30	544	-	-	-	663
Transporter Bridge	72	913	80	7,400	3,716	-	-	12,180
Chartist Tower	-	1,344	-	256	-	-	-	1,600
PAC System	-	57	-	-	-	-	-	57
Medieval Ship	-	-	-	12	-	-	-	12
Information Station	-	-	141	1,609	-	-	-	1,750
Renewable Energy Investment	-	2	-	1,727	-	-	-	1,729
TRI Thematic Funding	-	-	49	1,030	-	-	-	1,078
Refit	-	-	-	1,000	1,000	-	-	2,000
Prior Year Scheme - Various	(7)	(18)	-	-	-	-	-	(25)
'Place-Making' capital projects				1,650				1,650
Regeneration, Investment and Housing	9,787	10,914	7,450	29,313	14,554	5,487	5,482	82,986
IT Replacement Schemes	94	9	-	665	150	-	-	918
Corporate EDMS Rollout	-	13	-	-	-	-	-	13
CRM	250	276	243	-	-	-	-	769
I Trent Development	-	91	144	-	-	-	-	235
Print 2010- Managed Printer Service	131	-	50	199	-	-	-	380
People and Business Change	475	389	437	864	150	-	-	2,315
Telecare Service Equipment	97	12	36	30	30	-	-	205
Equipment for Disabled Grant (GWICES)	165	165	165	165	165	-	-	825
Home Care System	32	-	-	-	-	-	-	32
Centrica Lodge	(6)	(3)	-	-	-	-	-	(9)

	Outturn 18/19	Outturn 19/20	Budget 20/21	Budget 21/22	Budget 22/23	Budget 23/24	Budget 24/25	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
SMAPF	320	305	297	-	-	-	-	922
Adult Call up System	-	-	76	-	-	-	-	76
								-
Adults and Community Services	608	479	573	195	195	-	-	2,050
Disbursed accommodation and Covid-19 equipment	-	-	331	106	-	-	-	437
3 New Homes	701	792	629	-	-	-	-	2,122
Oaklands Respite Home	505	102	-	-	-	-	-	607
Windmill Feasibility Study	41	110	25	1,365	-	-	-	1,541
Rose Cottage Sewerage Tank	-	-	0	23	-	-	-	23
								-
Children's and Families Services	1,247	1,004	986	1,494	-	-	-	4,731
Fleet Replacement Programme	797	1,912	2,039	1,599	1,850	-	-	8,197
Bus station - Friars Walk Development	29	93	-	-	-	-	-	122
Flood Risk Regulation Grant	24	34	33	-	-	-	-	91
Cemetery Infrastructure Improvements	16	30	30	33	-	-	-	109
Peterstone Sewage Scheme	1	28	-	444	-	-	-	473
Road Safety Capital 2018/19	-	1,379	-	-	-	-	-	1,379
Composting	567	-	-	-	-	-	-	567
Docksway Cell 4 Development	1,555	1,046	-	-	-	-	-	2,601
CCTV	-	37	8	-	-	-	-	45
Smaller Bins - MTRP BC	70	1,177	-	-	-	-	-	1,247
Newport Station Footbridge - LTF	77	314	655	3,014	-	-	-	4,060
Decriminalised Parking	232	874	280	-	-	-	-	1,386
Update Facilities in Parks	18	47	-	-	-	-	-	65
Decommissioning of Cemetery Office & Toilets	11	-	-	-	-	-	-	11
Building Improvements to Lodges	14	94	-	-	-	-	-	108
Small Scale Works Grant	34	-	-	-	-	-	-	34
Road Refurbishment Grant Scheme	931	198	711	716	-	-	-	2,556
Street Lighting LEDs	564	2,202	132	-	-	-	-	2,898

	Outturn 18/19	Outturn 19/20	Budget 20/21	Budget 21/22	Budget 22/23	Budget 23/24	Budget 24/25	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Park Square Lights	-	-	65	-	-	-	-	65
Velodrome Lights	-	173	128	38	-	-	-	339
Local Transport Fund - Active Travel Northern 2018/19	290	196	114	-	-	-	-	600
Tredegar Park Car Park	-	-	12	-	-	-	-	12
Tredegar Park - Pedal Power	-	3	62	125	35	-	-	225
Lliswerry Road (81)	-	9	2	-	-	-	-	11
28-30 Stow Hill (11/0269)	-	7	-	-	-	-	-	7
Forbisher Road (15/0720)	-	9	-	-	-	-	-	9
Festive lighting	-	109	-	-	-	-	-	109
Local Transport Fund - Active Travel Design 2018/19	240	-	-	-	-	-	-	240
Bus Stop Enhancements	-	24	376	-	-	-	-	400
Core AFT Allocation	-	340	-	-	-	-	-	340
Inner City Links	-	684	249	-	-	-	-	933
LTNF - ECO Stars	42	41	-	-	-	-	-	83
Safe Routes - St Davids RC Primary	84	145	60	-	-	-	-	289
Gwastad Mawr Flood Attenuation Improvement Works	2	-	25	31	-	-	-	58
18-19 Collection Collaborative Change Programme	1,175	-	-	-	-	-	-	1,175
LTF Monkey Island Bridge Lliswerry Pill	29	121	587	403	-	-	-	1,140
LTF Sustainable Transport	25	309	-	-	-	-	-	334
Riverside Park	20	-	-	-	-	-	-	20
Pye Corner Railway Station Development Works	21	-	-	-	-	-	-	21
Nappy Grant	-	202	-	-	-	-	-	202
Improving Flats Recycling Towards 70%	-	344	-	-	-	-	-	344
Increased Recycling at Docks Way	-	86	-	-	-	-	-	86
Plastic Waste Prevention Project	-	30	-	-	-	-	-	30
Green Infrastructure	-	-	35	199	-	-	-	234
Highways Annual Sums	455	322	125	834	500	-	-	2,235
Lliswerry Recreation Ground Changing Rooms	4	339	-	-	-	-	-	343
Safe Routes - St Davids RC Primary Year 2	-	-	278	-	-	-	-	278
Sustainable Transport Improvements Year 2	-	-	208	118	-	-	-	326
Upgrading and Replacement of Bus Stops	-	-	128	-	-	-	-	128
Road Safety Capital A48 Llandeud	-	-	74	-	-	-	-	74

	Outturn 18/19	Outturn 19/20	Budget 20/21	Budget 21/22	Budget 22/23	Budget 23/24	Budget 24/25	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Resilient Roads	-	-	65	-	-	-	-	65
Carnegie Court Emergency River Works	-	-	1,096	167	-	-	-	1,263
Western Corridor-Inner City Links	-	-	536	71	-	-	-	607
Core Allocation Yr 2	-	-	69	30	-	-	-	99
Parry Drive Play Area Improvements	-	-	23	-	-	-	-	23
Brecon Road Play Area Improvements	-	-	3	-	-	-	-	3
Improvements to Throwing Facilities at Newport Athletics Stadium	-	-	154	-	-	-	-	154
Sorrell Drive Repairs	-	-	26	-	-	-	-	26
Improvements to Marshfield Village Sports Pitches	-	-	16	-	-	-	-	16
Local sustainable transport measures in response to Covid	-	-	600	-	-	-	-	600
Ultra Low Emission Grants	-	-	205	-	-	-	-	205
Kingsway car park operation	-	-	343	-	-	-	-	343
Increased Recycling - Bag Sorting at Household Waste Recycling Centre	-	-	-	25	-	-	-	25
Creation of a Reuse+Repair Hub	-	-	456	-	-	-	-	456
Repair & Reuse Newport Makerspace	-	-	69	-	-	-	-	69
Green Recovery (Ash Die Back)	-	-	190	-	-	-	-	190
Leisure centre New build	-	-	-	10,281	8,119	1,319	-	19,719
LTF, Resilient Roads & ULEV	-	-	-	5,340	-	-	-	5,340
Upgrade of Facilities NISV	-	-	-	234	-	-	-	234
ATF Grant	-	-	-	9,790	-	-	-	9,790
Newport Fflesci Demand Responsive Bus Pilot Scheme	-	-	-	1,000	-	-	-	1,000
SRIC & Road Safety Grant	-	-	-	432	-	-	-	432
Somerton Park	-	-	-	8	-	-	-	8
Underwood Play Area	-	-	-	12	-	-	-	12
Local Places for Nature Grant	-	-	-	109	-	-	-	109
Prior Year Scheme - Various	(11)	-	-	-	-	-	-	(11)
								-
City Services	7,316	12,958	10,268	35,054	10,504	1,319	-	77,419
Total	29,466	31,360	26,962	100,223	62,341	19,243	5,622	275,211

	Outturn 18/19	Outturn 19/20	Budget 20/21	Budget 21/22	Budget 22/23	Budget 23/24	Budget 24/25	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financed By:								
General Capital Grant	4,754	3,858	4,107	4,083	4,000	1,173	37	22,012
Supported Borrowing	4,058	4,077	4,097	4,072	4,000	-	-	20,304
Unsupported Borrowing	2,125	5,787	2,239	27,967	17,689	7,120	5,494	68,172
Prudential Borrowing	84	123	-					207
External Grants	12,911	13,053	15,491	53,313	32,966	9,538	91	137,363
S106	868	523	418	2,307	1,740	1,412	-	7,268
Other Contributions	242	268	75	287	15	-	-	885
Capital Receipts	3,136	820	25	2,405	1,933	-	-	8,319
Revenue Contributions	75	68	38	-	-	-	-	181
Reserve	1,081	2,777	2,075	3,943	-	-	-	10,126
Finance Lease	131	-	50	199	-	-	-	380
Total	29,466	31,360	28,609	98,570	62,341	19,243	5,622	275,211

Appendix C – Capital Programme 2020/21

	Adjusted Budget 2020/21 £'000	Forecast Outturn £'000	Variance £'000	Slippage £'000	(Under)/Over Spend £'000
21st Century Schools - Band A		31	43	0	(43)
	74				
21st Century Schools -Band B	3,345	3,421	(76)	76	0
Gaer Annexe Education Use	79	95	(16)	0	16
Blaen-y-Pant Bungalow (Educational Use)	14	14	0	0	0
Maesglas Reducing classroom size	250	109	141	(141)	0
Lliswerry High (S106 Funds)	0	1	(1)	0	1
Welsh Medium Primary School	373	44	329	(329)	0
Reducing Classroom size bids	527	647	(121)	0	121
Bassaleg Demountables	90	102	(12)	0	12
Ringland Perimeter Fence	85	85	0	0	(0)
Bassaleg Demountables - Year 7 Admissions	771	765	6	0	(6)
Education Maintenance Grant	358	574	(216)	0	216
Education Maintenance Grant - 1920	1,341	732	609	(272)	(337)
ED Tech Grant	362	202	160	(160)	0
Education Accessibility Studies	268	2	265	(265)	0
Education Asset Improvements - balance to be drawn down	27	1	25	0	(25)
Charles Williams Renovations	110	104	6	(6)	0
Lliswerry Safeguarding	57	51	5	0	(5)
Maindee Primary Toilets	172	177	(5)	0	5
Milton IT replacement	26	25	0	0	(0)
ST Michaels IT	16	16	0	0	0
Pentrepoeth - site accessibility	10	0	10	(10)	0
Prior Year Scheme - Various	0	(3)	3	0	(3)
Total Education	8,352	7,196	1,157	- 1,108	- 49

	Adjusted Budget 2020/21 £'000	Forecast Outturn £'000	Variance £'000	Slippage £'000	(Under)/Over Spend £'000
Gypsy/Traveller Site Development		10		-	-
	10		0	0	
Indoor Newport Market	1,000	1,086	-		-
			86	86	
HLF Market Arcade Townscape Heritage Scheme	1,556	1,043	514	-	-
				514	
Civic Centre / Info Station Service Relocations		-	29	-	-
	29			29	
Cardiff City Region Deal		196	216	-	-
	412			216	
Mill Street Development Loan	1,659	1,184	475	-	-
				475	
Arva Investment Loan		-	32	-	-
	32			32	
Disabled Facilities	1,100	784	316	-	-
				316	
Safety at Home		243	28	-	-
	270			28	
ENABLE Adaptations Grant		197	-	-	-
	197				
Asset Management Programme	1,519	1,801	-		-
			282	282	
Childcare - Flying Start		256	172	-	-
	428			172	
FS City Wide Maintenance & Repair of Premises		59	-		-
	43		16	16	
All Wales Play Opportunities		144	13	-	-
	157				13
Castle Kids Refurbishment Works		17		-	-
	18		0		0
Improvements to Flying Start Facilities		116		-	-
	118		2		2
Central Library - Structural Works		30	170	-	-
	200			170	

Transporter Bridge			80	-	-	-
Chartist Tower	80	-		258	-	1
Information Station	256	1	141	-	256	-
Renewable Energy Investment	140		1	1		-
TRI Thematic Funding	5		-	-	5	-
Prior Year Scheme - Various		1,078	49	1,030	-	-
		-	-		1,030	-
			9		-	9
Total Regeneration, Investment and Housing	10,307	7,424	2,883	(2,857)	(26)	
CRM	243	246	(3)	0	3	
Itrent Development	144	164	(20)	0	20	
Print 2010- Managed Printer Service	249	50	199	(199)	0	
Total People and Business Change	636	460	176	(199)	23	
		Adjusted Budget 2020/21	Forecast Outturn	Variance	Slippage	(Under)/Over Spend
		£'000	£'000	£'000	£'000	£'000
Telecare Service Equipment	36	35	1	0	(1)	
Equipment for Disabled Grant (GWICES)	165	165	0	0	0	
SMAPF	297	296	1	0	(1)	
Adult Call up System	76	76	0	0	(0)	
Total Adults and Community	573	573	1	0	(2)	
Disbursed accommodation and Covid-19 equipment	437	331	106	(106)	0	
3 New Homes	629	588	41	0	(41)	
Windmill Feasibility Study	90	25	65	(65)	0	
Total Children and Families Services	1,157	945	212	(171)	(41)	

Fleet Replacement Programme	2,485	2,039	446	(446)	0
Flood Risk Regulation Grant	33	27	6	0	(6)
Cemetery Infrastructure Improvements	64	30	33	(33)	0
Peterstone Sewage Scheme	444	(13)	457	(444)	(13)
CCTV	8	8	0	0	0
Newport Station Footbridge - LTF	1,024	655	369	(369)	0
Decriminalised Parking	280	21	259	0	(259)
Road Refurbishment Grant Scheme 2020/21	711	711	0	0	0
Street Lighting LEDs	132	152	(20)	0	20
Park Square Lights	65	71	(6)	0	6
Velodrome Lights	166	128	38	(38)	0
Local Transport Fund - Active Travel Northern 2018/19	114	102	12	0	(12)
Tredegar Park Car Park	12	12	0	0	(0)
Tredegar Park - Pedal Power	152	62	90	(90)	0
Lliswerry Road (81)	2	0	2	0	(2)
Bus Stop Enhancements	376	375	1	0	(1)
Inner City Links	249	249	(0)	0	0
Safe Routes - St Davids RC Primary	60	37	23	0	(23)
	Adjusted Budget 2020/21	Forecast Outturn	Variance	Slippage	(Under)/Over Spend
	£'000	£'000	£'000	£'000	£'000
Gwastad Mawr Flood Attenuation Improvement Works	56	25	31	(31)	0
Green Infrastructure	234	35	199	(199)	0
Safe Routes - St Davids RC Primary Year 2	278	21	257	0	(257)
Sustainable Transport Improvements Year 2	326	208	118	(118)	0
Upgrading and Replacement of Bus Stops	128	128	0	0	0
Road Safety Capital A48 Llandevaud	74	74	0	0	0
Resilient Roads	65	65	0	0	0
Carnegie Court Emergency River Works	1,263	1,096	167	(167)	0
Western Corridor-Inner City Links	607	536	71	(71)	0
Monkey Island Bridge Yr 2	990	587	403	(403)	0
Core Allocation Yr 2	99	69	30	(30)	0
Parry Drive Play Area Improvements	23	19	4	0	(4)

Brecon Road Play Area Improvements	3	3	0	0	(0)
Improvements to Throwing Facilities at Newport Athletics Stadium	154	156	(2)	0	2
Sorrell Drive Repairs+Glasllwch Kickwall Installation	26	26	0	0	0
Improvements to Marshfield Village Sports Pitches	16	14	2	0	(2)
Local sustainable transport measures in response to Covid	600	499	101	0	(101)
Ultra Low Emission Grants	205	205	0	0	0
Kingsway car park operation - expansion of car park services to take on the operation of Kingsway Car Park	343	343	0	0	0
Increased Recycling - Bag Sorting at Household Waste Recycling Centre	25	0	25	(25)	0
Creation of a Reuse+Repair Hub	456	456	0	0	0
Repair & Reuse Newport Makerspace	69	69	0	0	0
Green Recovery (Ash Die Back)	190	190	0	0	0
City Services Annual Sums	459	125	334	(334)	0
Total City Services	13,068	9,614	3,454	(2,800)	(654)
Total Capital Outturn 2020/21	34,093	26,210	7,883	(7,134)	(749)



Report

Cabinet

Part 1

Date: 7 July 2021

Subject **The New Normal - Newport City Council Operating Model**

Purpose Discussions have been on-going regarding a new operating model for Newport City Council. In order to progress this work Cabinet will need to reach a decision on a series of options and policy areas in relation to our staff and the use of our assets. These decisions are detailed within this report.

Author Rhys Cornwall, Head of People and Business Change

Ward N/A

Summary Newport City Council has adapted and developed the way in which it operates in order to maintain services and protect the safety of residents, Members and staff. The organisation, its staff and Elected Members have adapted to many challenges and have overcome these. There is an opportunity to realise many benefits associated with how we utilised our assets, how we support the climate-change agenda and how we support and enhance the well-being of our staff through a smart working model.

The report discusses staffing, the Civic Centre, public access, the democratic function and how technology supports the future work environment. It identifies the challenges, opportunities and options for a future model, post Covid 19. It links this to the wider Welsh Government initiatives and our targets around carbon reduction

Proposal **The proposal is for Cabinet to agree to the recommendations within the report and allow the Head of People and Business Change to consult to relevant Trade Union colleagues and staff on changes to terms and conditions of employment.**

Action by Chief Executive
Head of People and Business Change

Timetable Immediate

This report was prepared after consultation with:

- Corporate Management Team
- Recognised Trade Unions
- Overview and Scrutiny Management Committee
- Head of Law and Regulatory Services
- Head of Finance

Signed

Background

The Covid 19 health emergency has posed a significant and unprecedented challenge to the way in which we deliver our services and our way of life. Since March 2020, the Council's focus has been to preserve life, minimise the spread of the virus, and support our communities and the vulnerable. The impact of the virus has brought about systemic change, pervading every aspect of society. At Newport City Council, material changes to where and how we work have been swift. From day one of the health emergency, Council staff have shown enormous resilience. Those delivering front line services, often to the city's most vulnerable people and communities, have been altruistic in their dedication. Whilst others have quickly adapted to a remote and dispersed way of working using technology to work from home to minimise the spread of the virus.

Elected Members have also had to adapt, blending their work within their communities with the remote meeting arrangements that have been put in place to ensure the on-going functioning of the democratic process, whilst adhering to Covid regulations and keeping individuals safe. Whilst the on-going response to the pandemic remains the number one priority for the Council, it is also an opportunity to consider the changes that have been made and consider the long term impacts on the Council's operating model.

Cabinet agreed our **Strategic Recovery Aims** in June 2020. This includes **Strategic Recovery Aim 3, to Sustain a Safe, Healthy and Productive Workforce**. Cabinet also agreed that operational services would need to be able to safely engage with its service users, work safely in Council buildings, offices and to work remotely both in the short term and long term.

Within the current **Corporate Plan, Building on Success, Building a Better Newport**, the Council made a number of pledges under the banner of a Modernised Council. We committed to developing a modern, capable workforce, where the use of agile working would be explored and implemented wherever possible. We recognised that this could lead to improvements in staff wellbeing, better and more efficient services and also contribute to a reduction in pollution caused by vehicles on our roads. We committed to freeing up 20% of our Civic Centre to save money and create space for commercial and social innovation.

The key decision now is whether we press forward with the cultural and operational changes we have implemented as a result of the pandemic, or whether we return to the pre-Covid model.

Current Position

As a result of the first lock-down in March 2020 the Council has had to adapt the way it operates. Whilst front line services have been protected and enhanced for the most vulnerable, office based functions and the staff who support them have been asked to do this from home, wherever possible. The Council's investment in IT in recent years, as it develops the Modernised Council agenda, has enabled the Council to continue functioning.

Home working station assessments have been undertaken and additional kit provided to support a safe work environment. As a result, many services have been able to develop remote operational models. There are some very clear benefits to continuing with this approach – work/life balance, carbon reduction, reduced congestion on our roads, opportunities for utilising our buildings. However, there are challenges. For staff working from home there may be isolation, increased energy costs and a lack of team development, for example. There is also a challenge around visibility.

The principles of agile or remote working were established in the Council's Digital Strategy, which is also referenced in the Corporate Plan. The Council will need to weigh up the opportunities but also potential impacts when determining how it will proceed beyond the current situation into a longer-term operating model.

Welsh Government Remote Working Wales initiative

The Welsh Government are aiming for 30% of the Welsh workforce to work remotely (from home or near to home). Coronavirus restrictions have seen fewer people working in offices, which has meant a fall in road congestion, pollution and private car use.

The Welsh Government has said it wants to give workers across Wales more flexibility to work remotely and believes this has the potential to drive regeneration and economic activity in communities. It also recognises the importance of learning lessons on issues such as mental health support, childcare arrangements and more innovative housing design.

As part of this, a network of community-based remote working hubs is also being explored which offers choices beyond a simple home/office split. These hubs, within walking and cycling distance of people's homes, could be used by public, private and third-sector employees. They could also help encourage new partnerships to develop between Welsh Government, local government, industry, and others. The intention is to develop a hybrid workplace model, where staff can work in the office, at home, or in a hub location. The aim is that this will enable 30% or more of workers to work remotely, helping reduce congestion and pollution and improving work-life balance for employees and employers.

Pilot schemes are starting to come forward to enable public sector workers to access the hub and work remotely. This ambition is intended to help town centres, reduce congestion and cut carbon emissions. Newport City Council is actively involved in discussions with Welsh Government to create a public sector remote working hub in Newport and enable our staff to register to work from other remote working hubs

Climate Change

Newport City Council has committed to work towards being a net zero organisation by 2030 as part of the Welsh public sector. This includes carbon emissions from our:

- Buildings
- land use
- transport (fleet and business mileage)
- procured goods and services

However, as a Council we also have a wider role, to support the decarbonisation of our city. The Welsh Government has committed to a net zero Wales by 2050 and reducing staff commuting will support that commitment for the Newport area. 45% of all carbon emissions in Newport originate from transport. This is the third highest in Wales after Cardiff and Rhondda Cynon Taff.

In addition, in Newport we have eleven air quality management areas (AQMAs). AQMAs are areas of poor air quality where air quality is found to exceed thresholds as set in law. All of the AQMAs in Newport are due to road traffic emissions.

Prior to the pandemic whilst other sectors such as energy had seen a marked decarbonisation the transport sector had shown little or no improvement.

Approach

We have identified four broad areas of focus, detailed within this report. They are:

1. Staff
2. Building (Civic Centre) and Public
3. Democratic Functions
4. Technology

Staff

Objective: To consider all the implications of the implementation of a smart working approach for our staff, including:

- **Well-being**
- **Remuneration**
- **Professional development and support**

According to data from the Office of National Statistics, prior to COVID-19 only around 5% of the workforce worked mainly from home. According to research from the Chartered Institute of Personnel and Development (CIPD), before the pandemic, 65% of employers either did not offer regular working from home at all or offered it to 10% or less of their workforce. After the crisis, that 65% is expected to fall dramatically to 37%. This represents a significant shift in ways of working which employers will need to prepare for. As a Council we will need to consider the culture shift and its associated policies and procedures that enable the change.

Prior to the pandemic in February 2020 the council took part in the Gwent Healthy Travel Charter Staff Survey. 720 members of staff completed the survey and at that time of those surveyed:

- 14% of staff were working from home 1 or more days a week.
- 27% of staff were working remotely 1 or more days a week.

Travelling to work:

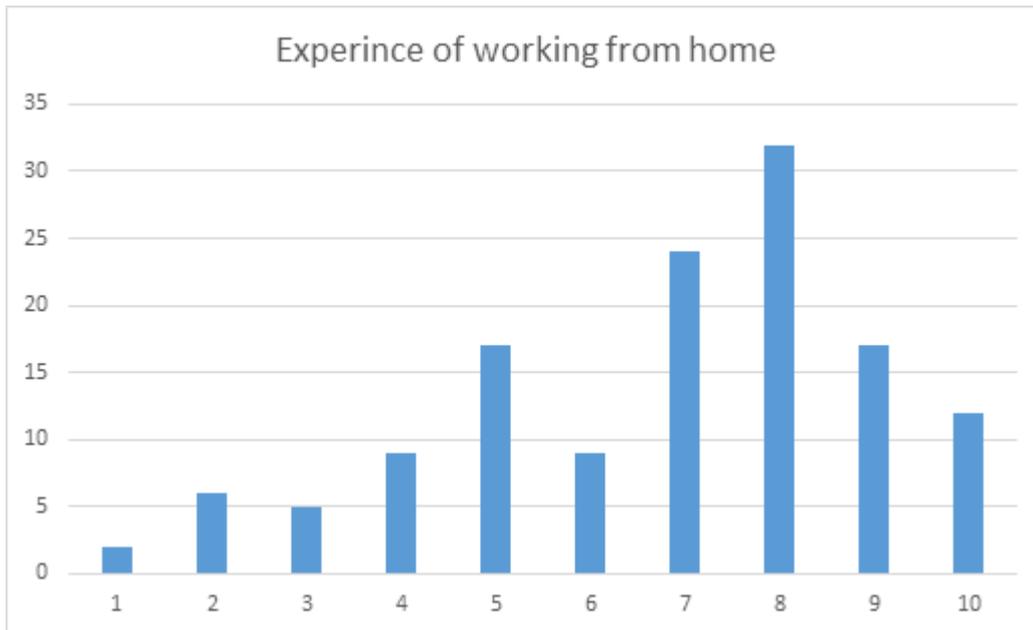
- 75% of journeys were by car.
- 7% of journeys were by public transport.
- 13% of journeys were by active travel.

The move to remote working for many has created an increased interest in flexible working and has led to greater expectation around provision being made by employers for increased flexibility. The remote workforce has identified the benefits to be gained from homeworking - a better work-life balance, greater ability to focus with fewer distractions, more time for family and friends, saved commuting time and costs, access to IT and digital technology and higher levels of motivation. Organisations who choose to disregard these perceived benefits and revert to pre-pandemic arrangements may be the position of having increased employee turnover, higher levels of sickness absence, reduced employee engagement and limits to attracting future talent to join the workforce.

Well-being

The Council has been issuing wellbeing surveys to the workforce at periodic moments throughout the pandemic, with the latest version (February 2021) showing that only 42% of respondents rated their mental and physical wellbeing as good or excellent. 58% felt that the Council supported them with balancing work and caring responsibilities effectively whilst 59% felt safe or very safe in their workplace, with a further 16% feeling neutral. Over 69% of respondents felt supported by their manager and 67% felt that they had the appropriate equipment to carry out their role remotely. However, only 49% of respondents felt able to disconnect from work, highlighting that there is scope to explore ways in which to promote a healthy work life balance when the boundaries between work and home are blurred due to your physical location of work being in the home.

The Council also carried out surveys on manager wellbeing and the impact that working from home has had, which can be shown in the graph below, when rating the experience on a scale of 1-10 with 1 being a negative response and 10 being the most positive.



In line with the wellbeing survey results there has been a significant decrease in the amount of lost time due to non-Covid related sickness absence. The total number of days lost to sickness absence in 2019/20 was 43,565, with 12,190 of those days due to short term absence such as viral infection, sickness/diarrhoea and ear/nose/throat. Comparing these figures to 2020/21, the total number of days lost was 31,736, with 5,837 of them due to short term absence. This is a 52% decrease in the number of days lost due to short term absence and a 47% drop in the number of occurrences. However, the number of days lost due to stress and anxiety remains the most common reason for absence with 12,407 days lost in 2019/20 and 11,184 in 2020/21, a drop of 11%.

This suggests that whilst the working from home guidance has had a significant impact on short term absences caused by transmissible illness, the reduction in stress related absence is not as positive and further work remains to be done in supporting staff to cope with poor mental health and stress in the workplace. Our Wellness at Work Policy, currently being consulted upon with trade unions, should contribute to improving levels of support upon implementation later in 2021.

Remuneration

From 6 April 2020 those eligible employees have been able to claim tax relief from HMRC to cover additional costs incurred if they have had to work from home. The UK government have confirmed that this tax relief will also be made available for the 2021 financial year. Eligible taxpayers can claim tax relief based on the rate at which they pay tax. For example, if an employed worker pays the 20% basic rate of tax and claims tax relief on £6 a week, they would receive £1.20 a week in tax relief (20% of £6 a week) towards the cost of their household bills. Higher rate taxpayers would therefore receive £2.40 a week (40% of £6 a week). Over the course of the year, this could mean taxpayers can reduce the tax they pay by £62.40 or £124.80 respectively.

Whilst the Council has signposted staff to the online portal to claim this tax relief, alternatives will need to be considered should we move to a position whereby as an employer the Council asks staff to re-designate their place of work to their home, even if this is for part of the working week. Employers are able to make an allowance of £6 per week (£26 per month) to employees who are required to work from home.

Policy review

Continuing to embrace the positive elements of remote working will require a Homeworking Policy to be drafted and negotiated with trade unions. Prior to the pandemic Newport City Council did not have a pre-existing Homeworking Policy as all work was carried out from a Council owned workplace, with very

occasional ad hoc permission to work from home to carry out a specific task. Implementing our first Homeworking Policy will be essential if we are to ask sections of the workforce to continue to work from home for an element of their contractual working week.

A consequential step will also be to revise the existing Travel and Subsistence Policy which treats all claimable mileage as needing to be from a designated Council workplace. Consideration should be given as to whether this is appropriate for the long term with a significant number of employees working from a range of work sites, both at home and at alternatives such as a geographically local public sector hub.

Engagement

It will be vital to engage with not only our trade union representatives but with our workforce who will be affected by any decision to continue to work remotely. Their views and feedback on any proposal will be essential to understanding the likely future culture of the organisation, their thoughts on how the Council can make hybrid working a success and the likely challenges that they might perceive in implementing it for the good of the individual person, but also their team and the overall workforce.

Professional development and support

As we move towards an operating model where parts of the workforce are working remotely with increased trust and empowerment, our performance management and time monitoring policies and procedures will require review. We have already implemented a technology solution for online, remote performance management check-ins where progress towards performance and personal objectives can be discussed and assessed.

Likewise, our learning and development offer has moved online and courses are delivered remotely or via e-learning. Whilst this has been effective during a prolonged period of homeworking, the long term position will see face to face training events return, but there is opportunity to reflect on which events can continue to be delivered remotely in order that engagement and attendance is not impacted by a hybrid operating model with some staff physically present in a workplace and some working remotely. Our development offer will need to adapt to increasingly needed digital upskilling, a feature identified in our workplace plan.

However, with less frequent supervision being a long term feature, the way the value of a time-based monitoring system is called into question. The Council's flexi-time scheme has been suspended since the working from home guidance took effect, partly due to there being no opportunity to supervise time spent working and partly to support the demands on employees with home schooling, supporting dependent relatives and assisting those who are vulnerable in their communities. It would be appropriate to scope a review of the flexi-time system and assess whether it meets our on-going business needs or whether a move towards performance outcomes is more suited to a modern, adaptable and remote workforce.

Challenges

Health and Safety

The Council has ensured that its duty of care towards employees working from home has been maintained during the pandemic. Staff were directed towards a specific e-learning module on Display Screen Equipment (DSE) and appropriate workstation environment which was required to be completed prior to each individual then completing a DSE assessment. A checklist of required equipment was then able to be ordered and delivered to individuals to enable them to work from home at an appropriate workstation. Any long term plan to continue with working from home will require investment in workstation equipment and reassessment of need at intervals.

There will be employees with physical or mental health conditions that will need to be taken into consideration when determining long term places of work. The working from home guidance has assisted those with some mobility issues to remain in the workplace and provide effective service due to

not having to address physical challenges with some Council buildings and access to adequate levels of parking. Likewise, there will be individuals who may struggle with isolation at home and have a specific need to access workplaces on a more frequent basis. Balancing these individual needs with those of the organisation may present challenges, but individual circumstances should be taken into account wherever possible.

Culture

Our new recruits since March 2020 have experienced an entirely different culture to the one that was evident in our buildings and offices prior to the pandemic. They are unlikely to have met their line manager, their team members or even visited the workplace. It will be our responsibility to ensure that new talent joining the Council experiences a positive working culture where colleagues are respected, valued, entrusted and empowered to make decisions, take responsibility and use initiative for the benefit of our residents, our City and our fellow co-workers. We are seeking to increase under-representation of young people across the workforce and expand our apprenticeship programme, meaning that a section of new starters may not have experienced any employment prior to joining Newport City Council.

There may need to be priority status awarded to such new starters in considering any reduced footprint across our office spaces in order that they can experience a richer welcome to the organisation, meet many people and understand how their role fits into the wider objectives of the Council.

Considerations/Options

1. The first option is, once Covid restrictions come to an end and it is safe to do so, to return to our offices and for staff and Members to operate in the way in which they did pre-Covid.

However, if we choose to take advantage of the opportunities presented by the new approach to work then we will need to look at the following:

2. We will need to consider the introduction of a homeworking policy and associated allowance for staff required to work from home for at least one day per week
3. We would need to review the flexible working scheme and the appropriateness of this going forward
4. We need to consider investment in new approaches to support staff with long term health conditions, with the emphasis on supporting mental health in a post-pandemic environment
5. We will need to employ different techniques and tactics to ensure engagement with a dispersed workforce

Building (Civic Centre) and Public

Objective: To determine the optimum usage and configuration of the Civic Centre to support NCC objectives.

To seek opportunities to increase the usage/income associated with the Civic Centre to support on-going costs

To look at opportunities within the broader estate that can support flexible working opportunities

To ensure there remains a focus on meeting of service user requirements and that the Civic Centre has enhanced capacity to support the needs of the people of Newport and the services that support them

The Council has for several years been rationalising its property estate in accordance with its Strategic Asset Management Plan. Despite this it is known that some areas of the Civic Centre are underutilised and a previous study in 2018 recorded desk utilisation (in core hours) of around 40%. The pandemic has accelerated some business change processes and allowed officers to reconsider what property /accommodation is required to better support service delivery. The way we work is changing and the types of spaces required by individuals and teams when attending the Civic Centre needs to be flexible and agile to meet these changing demands.

Whilst the Civic Centre is home to what would traditionally be seen as 'back office' functions, it also houses front line service delivery and as a public building, is open to members of the public. The primary points of contact are Customer Services and Social Services.

Any options for changing the way in which we operate the building needs to take this in to consideration. In fact, the delivery of services to the public should be the main driver when considering options regarding our staff and the utilisation of the building.

Technology implemented during Covid has enabled us to provide a different offering to the public. Enhancing this will enable us to better direct our resources where they are most needed. Feedback from Service Areas has directed us to a zoned approach with our planning, should the decision be taken to utilise the Civic Centre in a different way.

In focussing further on better utilisation of the Civic Centre, opportunities to further rationalise the estate will emerge. This would also potentially reduce the Council's carbon footprint in the operation of its own property estate and reduce running costs. There will also be opportunities to generate income by letting space to third party occupiers who may wish to co-locate with the Council.

Examples:

Cultural Hub

Work has been on-going with Newport minority communities to develop options for a Cultural Hub that will celebrate the diversity of our city and offer shared opportunities for mutual development and understanding. Similar developments have taken place in other cities, and it affords real benefits for community cohesion. We are currently working with Race Council Cymru on the development of this proposal.

Other Third Parties

There are several potential opportunities to share space at the Civic Centre with others which can be explored further once the Council's own requirements are fully determined. There is also the potential to utilise other Council assets as touch down spaces for staff.

Considerations/Options

There are two broad options for the Council to consider. They are:

1. Reoccupy the Civic Centre in the same fashion as pre pandemic
2. Seek to maximise the occupation of the Civic Centre as the main administrative headquarters and centralise other Council facilities and potential third-party occupiers within the premises

If we maintain a more flexible approach then we would recommend

3. Zoning the Civic Centre (by Service Area of Directorate) so that staff are able to work together in their professional groups when in the building
4. As part of this we would develop service specific areas (confidential areas, fixed locations for specific activities, etc.) including public accessible areas either on a drop in or appointments basis
5. We would develop technological solutions to support this (booking system, etc.)
6. We would need to consider the utilisation of the reception area and meeting rooms

Democratic Function

Objective: To ensure that Members and the Democratic Process are catered for within this process and that NCC is able to meet the requirements of the Local Government and Elections Act.

Under Part 3 of the Local Government and Elections Act we have a duty to Promote Access to Local Government. This requires us not only to ensure an electronic broadcast of Council meetings but also to make provision for remote access to those meetings. By doing this it is hoped that a wider and more diverse group will come forward for Civic Duty. This is a position beyond that which we have put in place during the Pandemic. We will need to facilitate a hybrid meeting solution to Council meetings. This is independent of any decision as a result of the New Normal work.

Whilst Newport City Council has no employment relationship with Elected Members we would still need to consider the dispersed working impacts on Members, in a similar way to staff.

Well-being

Newport City Council provides a broad well-being service for staff. Elected Members are able to avail themselves of this support (this excludes attendance at specific staff networks but does include attendance at relevant training and/or well-being sessions). Should we enhance this well-being programme in line with a new operating model then Elected Members would be supported through this. Any further Member specific interventions should be discussed Democratic Services Committee.

Remuneration

The last Independent Remuneration Panel Annual report reiterated that Members should not have to pay for any of their technical support, which is necessary for them to discharge their duties.

“Determination 10: Such support should be without cost to the individual member. Deductions must not be made from members’ salaries by the respective authority as a contribution towards the cost of support which the authority has decided necessary for the effectiveness and or efficiency of members ...the Panel does not consider it appropriate that elected members should be required to pay for any telephone usage to enable them to discharge their council duties as a ward member, committee member or cabinet member.

3.22 The Panel considers it is necessary for each elected member to have ready use of e-mail services, and electronic access to appropriate information via an internet connection. The Panel does not consider it appropriate that elected members should be required to pay for internet related services to enable them to discharge their council duties as a ward member, committee member or cabinet member. This comprises the necessary provision for a member to be in proper contact with council services and to maintain contact with those they represent. Councils are committed to ‘paperless working’ and without electronic access members would be significantly limited in their ability to discharge their duties. It is not appropriate for facilities required by members to be available only within council offices within office hours”

Any changes to this would have to be recommended to Council by the Democratic Services Committee.

Considerations/options

1. Should the Council retain a dispersed working model are current well-being provisions adequate or should Democratic Services Committee review this?
2. Should the Council retain a dispersed working model is the current remuneration package sufficient or should Democratic Services Committee review this and make recommendations to Council?

Technology

Objective: To ensure that our IT provision is appropriate to the needs of the organisation. To look at new opportunities/innovations that can support our development as an organisation and for this to influence the development of the new Digital Strategy. To implement the Cabinet decision to move IT infrastructure from the Civic Centre

The council has continued to function effectively through the pandemic as a result of its previous strategy for increased staff mobility and improved IT system facilities. Increased funding has provided opportunities to improve capability and capacity further. Whilst the Council's existing telephony has largely served the organisation well, there are opportunities to modernise these facilities and provide simplified and more flexible telephony. The increased use of Microsoft 365 provides opportunities for working smartly. This will include the use of an enhanced remote access solution, AlwaysOn VPN. This will also include the use of Microsoft Teams and its video/chat facilities. The council will invest further in technology to support staff and members in council buildings and remotely by way of "hybrid meetings".

This will build on newly installed committee room and meeting room audio visual equipment. A successful Welsh Government funding bid will provide the ability for hybrid council meetings in the Council Chamber and remotely. Such initiatives will be supported by the migration of the council's data centre including a core network and new improved facilities together with the migration of more of the councils' systems to the cloud. Initial discussions on the Digital Strategy refresh have highlighted the importance of the council's web site and opportunities for its improvement. Identifying and providing a greater variety of devices to use IT systems has also been identified.

Challenges

One of the main challenges is to ensure that even greater reliance on technology is supported by suitably accessible and resilient IT systems with sufficient capacity in this new working environment. A specific challenge also exists around cyber resilience in the current environment with an increased threat level highlighted by a large number of cyber incidents in the UK and globally. The council has implemented a specific solution to mitigate this risk but there are still significant risks. These challenges should be reduced as a result of the council's increased investment in digital technology over the last three financial years but the costs associated with these greater demands have not been quantified.

There are no decisions required from Cabinet in relation to Technology.

Conclusion

There are both opportunities and challenges associated with the decision to return to the pre-Covid 'normal' or embrace the 'new normal.' However, three areas which need to be paid particular attention when considering the final decision are:

1. Expectation

Covid 19 and the response to it has changed the expectations for both our staff and our service users. There are undoubtedly those who would prefer to the way things were in early 2020. However, there are many (staff and public included) who now have a level of expectation regarding remote accessing of services, work-life balance and flexibility

2. Carbon reduction

We have very challenging targets and will become carbon neutral by 2030. We will struggle with this target (and the ensuing and on-going environmental impacts) if we don't reduce both commuting and grey mileage, encourage and make possible active travel options and be smarter about how we use our buildings

3. Maximisation of our assets

There is a commitment to maximise the assets we have. This is better financially and better for the environment. We will not do this unless we adapt and change the way we do things. Going back to pre-Covid occupation levels is inefficient and removes any opportunity to look at how we use our assets differently (and in the case of the Civic Centre, bring it back in to full usage).

The Covid 19 Pandemic is an event that has altered the way in which all aspects of society operate. Whilst we may in some ways wish for a return to the world as it was in March 2020 Cabinet should consider how likely this is.

Financial Summary

More detailed work is required to identify the costs associated with the adoption of the model proposed within this report. However, costs will be associated with:

1. One off costs associated with replacement furniture to enable maximum utilisation of the reduced footprint within the Civic Centre
2. One off costs associated with any reconfiguration of facilities within the Civic Centre (such as power and network access)
3. The agreement of a home working allowance in line with the recommendations within the report

These costs could be offset by the following:

1. Reduction in costs associated with other assets
2. Capital receipts from the disposal of other assets
3. Income generated by third parties use of our un-used space

	Year 1 (Current) £	Year 2 £	Year 3 £	Ongoing £	Notes including budgets heads affected
Costs (Income)					
Net Costs (Savings)					
Net Impact on Budget					

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Failure of IT infrastructure	H	L	Business Continuity Arrangement System prioritisation with SRS System back up and fail safe	Head of People and Business Change Heads of Service SRS
Information Security	M	L	Information Governance arrangements Staff and member training Multi-factor authentication	Digital Services Manager

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

- The main Corporate Plan focus is on the Modernised Council theme but, dependant on decisions taken, will also positively impact on Thriving City and Aspirational People.

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			

Other council strategies and plans that link closely with this work are the Carbon Management Plan 2018-22 and the Sustainable Travel Strategy (Air, Noise & Sustainability Action Plan). Both of these plans are looking to reduce business and staff travel. The Council is also signed up to the Gwent Travel Charter (below).

Options Available and considered

1. Once Covid restrictions come to an end and an appropriate risk assessment is in place the option to return to pre-Covid arrangements will be available to the Council. Or,
2. Accept a new operating model, in principle and pending consultation with Trade Unions and staff that builds on our experiences of operating during Covid.
 - a. Consult on a homeworking policy and associated allowance for staff required to work from home for at least one day per week
 - b. Review the flexible working scheme and the appropriateness of this going forward
 - c. Develop proposals to investment in new approaches to support staff with long term health conditions, with the emphasis on supporting mental health in a post-pandemic environment
 - d. Develop different techniques and tactics to ensure engagement with a dispersed workforce
3. Seek to maximise the occupation of the Civic Centre as the main administrative headquarters and centralise other Council facilities and potential third-party occupiers within the premises
 - a. Zone the Civic Centre (by Service Area of Directorate) so that staff are able to work together in their professional groups when in the building
 - b. Develop service specific areas (confidential areas, fixed locations for specific activities, etc.) including public accessible areas either on a drop in or appointments basis
 - c. Develop technological solutions to support this (booking system, etc.)
 - d. Develop approaches to the utilisation of the reception area and meeting rooms
4. Should the Council retain a dispersed working model ask Democratic Services Committee to review current well-being provisions to ensure that they are adequate and make recommendations to Council
5. Should the Council retain a dispersed working model ask Democratic Services Committee to assess if the current remuneration package is sufficient and, if required, make recommendations to Council

Preferred Option and Why

Options 2, 3, 4 and 5 are the preferred options.

Option 1 limits our ability to meet our carbon reduction targets and rationalise our assets. If Cabinet choose Option 1 we will still need to develop a hybrid meeting ability due to the requirements of the Local Government and Elections Act and Members will have the option to access meetings remotely. Employees may have expectations regarding remote and home working that are therefore not met.

If the preferred options are accepted by Cabinet we will consult with our recognised Trade Unions on any changes to HR policies. A final report will be presented to Cabinet in the Autumn detailing responses to

this consultation and with further options for the utilisation of the Civic Centre. We will also discuss the proposed reviews with Democratic Services Committee.

Comments of Chief Financial Officer

There are no financial details available yet and the report seeks a decisions on high level options in moving forward. There will need to be a costed financial plan with funding solutions developed before any final implementation decision. A number of issues will need to be considered, from a financial perspective, and include:

- One-off costs of implementation are likely to be considerable and long-term / permanent if moving towards a different 'new normal' is taken forward for more detailed consideration/planning. In order therefore to secure value for money, it will be important to be as clear as possible, in due course, on what working arrangements will be in order for that to inform building/ space requirement which will then inform enabling work and their estimates /costs. This will need to include any plans for 'surplus space'. This will help ensure we develop the building suited to the outcome required and minimising/avoiding any abortive costs where possible.
- The Cabinet receives regular reports on available 'capital headroom' and included in the latest update, to the same meeting as this report, is the position including any recommended allocation from the 2020/21 revenue budget underspend to the 'current capital programme headroom to 2022/23' as well as capital reserves/receipts. Demand is high for capital resources and therefore both Cabinet and Corporate Management Team will need to be clear on priorities in how the available resources are allocated and take a holistic view on all demands. As noted in the report, reduction in costs in other assets may provide revenue resources. As far as possible, a clear plan should set out what these might be in line with the first point above which will provide some level of certainty on their contribution to any increased costs. It may be sensible to consider earmarking these as part of this wider project to ensure they are not used for budget revenue savings elsewhere. A corporate perspective and structure will be needed potentially to facilitate this, especially given that this project may span over more than one year potentially.

Comments of Monitoring Officer

There are no specific legal issues arising from the report at this stage. If Cabinet agree to move to a new operating model, then any legal implications will be addressed as part of the implementation process and the individual work-streams. The proposed new operating model is consistent with the Council's Covid-19 strategic recovery aims, the Corporate Plan objectives relating to a modernised Council and workforce and also strategic sustainability objectives. In terms of staffing implications, the new operating model will require changes to working culture and terms and conditions of employment. The Council is able to change terms and conditions in accordance with its general staffing and employment powers under section 112 of the Local Government Act 1972, but in making these changes it has to comply with the requirements of the Employment Rights legislation and, in particular, the requirement for meaningful consultation with the staff and recognised trade unions. The re-use or re-purposing of Council premises is also consistent with asset rationalisation policies and the Council's general powers of property management under sections 122 and 123 of the 1972 Act. The Local Government & Elections (Wales) Act 2021 requires the Council to introduce the technology to hold "hybrid" meetings as from May 2022, as part of its democratic decision-making processes, and this requirement will apply regardless of any new operating model. This is intended to allow greater flexibility for elected members to participate remotely in meetings, as part of the equalities agenda to encourage more diversity among Council membership. If this model is extended to enable greater use of technology by members to discharge their roles and responsibilities, then a review of member IT support and costs may be required to ensure that the IRP directions continue to be complied with.

Comments of Head of People and Business Change

Covid 19 and the response to the pandemic has introduced systemic change at incredible pace. There have been many benefits to this but it has also created challenges and these are highlighted within the report. Cabinet is asked to give approval to move on to the next, more detailed stage of planning. It is critical that there is meaningful engagement with our workforce, especially those with protected characteristics, so that we can fully understand the impacts and implications of a permanent move to this new operating model.

Union comments received are within Annex A and whilst generally supportive they do raise particular questions that will need to be answered during the next phase.

As an organisation we have a key and positive role to play as a leader in the climate change agenda and the report highlights the benefits for current and future generations.

Comments of Cabinet Member

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

Local issues

Not Applicable

Scrutiny Committees

An original discussion paper on the New Normal was presented to Overview and Scrutiny Management Committee in February 2021. The recommendations from that Committee are below

The final version of this report was presented to Overview and Scrutiny Management Committee in June 2021. Recommendations and comments from that Committee are below

- The Committee would like further exploration on how mentors for Active Travel could work, for people who would like to cycle but do not have the experience or confidence. It was also requested that rewarding active travel could be reviewed as a part of the Travel and Subsistence Policy review.
- Members spoke of the importance of face-to-face contact and it shouldn't be neglected. Both from a staff perspective and a citizen perspective, it is very important for people to be able to interact in person. The Council need to pay important attention to this, as it is at the heart of local engagement and democracy.
- The Committee were pleased with the assurance that the Council is able to cope and have facilities in place with cyber-attacks.
- Members requested if there can be additional information included in the report about the potential future usage of the Civic Centre building.

Equalities Impact Assessment and the Equalities Act 2010

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

Children and Families (Wales) Measure

Although no targeted consultation takes place specifically aimed at children and young people, consultation on planning applications and appeals is open to all of our citizens regardless of their age. Depending on the scale of the proposed development, applications are publicised via letters to neighbouring occupiers, site notices, press notices and/or social media. People replying to consultations

are not required to provide their age or any other personal data, and therefore this data is not held or recorded in any way, and responses are not separated out by age.

Wellbeing of Future Generations (Wales) Act 2015

The “New Normal” Programme will have long-term and preventative benefits to the health and well-being of staff and the wider community by contributing to the improvement of air quality and the reduction of carbon emissions in the area. Stakeholders including staff should be involved in a meaningful and effective way to help shape the programme as it is developed.

As stated above the programme takes an integrated approach by supporting many of the well-being goals namely: A Prosperous Wales; A Resilient Wales; A Healthier Wales; and A Globally Responsible Wales and does not adversely affect any of the others. The programme also support three of the council’s Corporate Plan well-being objectives

2. To promote economic growth and regeneration whilst protecting the environment;
3. To enable people to be healthy, independent & resilient;
4. To build cohesive & sustainable communities.

In addition, the council is working with partners in a collaborative way through the One Newport Public Services Board (PSB) and the implementation of the Local Well-being Plan Well-being Objectives. The PSB as a whole has pledged to “become champions of sustainable travel, leading by example and reducing the public sector’s contribution to air pollution”.

To support this work the council along with 22 other public and third sector organisations across Gwent has signed up to the Travel Charter.

The Charter commits to supporting and encouraging staff to reduce travel and travel in a sustainable way. Through 15 ambitious commitments, the charter promotes walking, cycling, agile working and the use of public transport and ultra-low emission vehicles.

The public sector in Gwent employs almost one in three working adults. By working together, public sector organisations across Gwent aim to increase sustainable journeys made to and from workplaces, reducing the impact on the environment and improving health in Gwent for current and future generations.

The “New Normal” Programme supports this work along with the following Local Well-being Plan well-being objectives:

1. Everyone feels good about living, working, visiting and investing in our unique city.
2. Everyone has the skills and opportunities to develop, prosper and contribute to a sustainable, thriving city.
3. Everyone belongs to friendly, connected resilient communities and feels confident and empowered to improve their well-being.
4. Newport has healthy, safe and resilient environments with an integrated sustainable travel network.

Crime and Disorder Act 1998

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

Consultation

Trade Union comments are at Annex A

Background Papers

- [The Essentials - Wellbeing of Future Generation Act \(Wales\)](#)

- [Corporate Plan](#)
- [Carbon Management Plan](#)
- [Sustainable Travel Strategy \(Air, Noise & Sustainability Action Plan\)](#)
- [Gwent Healthy Travel Charter](#)

Dated: 7 July 2021

Annex A

Trade Union Comments

Unison

Whilst no one can pretend that Covid has been a positive experience in any way, it has shown that many more staff can work flexibly from home.

Many staff have embraced working from home with flexible hours during this very traumatic period. Some service areas who have previously been very traditional in working methods have had to embrace agile working and flexible hours. I can think of many examples where staff on long term sickness could have been able to continue working if the service areas had been more open to staff home working. I would argue that with covid stats removed from sickness figures there would be significant drop in overall sickness levels. But I would also suggest that there may be a rise in stress and anxiety illness amongst some staff.

Whilst we believe that Newport should be using this opportunity to embrace new working practices any move to remote working will mean there needs to be additional support for staff to access. Work is not just work it's a safe place to be for staff in abusive or controlling relationships. It's a place to meet new people, a support network of colleagues and friends a routine to build a life around. This needs to be acknowledged and sufficient support be put in place for staff.

There needs to be a new work ethos that balances what's best for NCC and its workforce. There are financial savings to be made but this decision should not be seen purely as a savings or cost cutting exercise. Staff working from home have had to incur greater costs heating, electricity, upgrades to internet etc. whilst these costs have been picked up by staff in the short term if this model of working were to continue this does need to be addressed.

Working spaces within homes are not always practical and work station assessments will need to continue to be undertaken to support individuals and this would need to continue as a long term plan. There also needs to be clear demarcation between somebody working flexibly and a manager wanting/expecting responses or work completed on demand or having their team work flexibly around their needs.

There are massive advantages to be gained from continuing to work as we are and to continue to move in this direction and we recognise this. The gains for the environment, easing congestion and parking issues around the civic and other council buildings all need to be considered but the points mentioned above need to be considered too and a supportive balanced approach must be taken.

For this to continue successfully there needs to be a coordinated plan in place which is appropriately funded to ensure that all staff are supported. Supervision and management needs to be done supportively and be a two way process. All too many times when we are supporting members we find that support is a tick box exercise or supervision becomes a one way communication with managers using those opportunity's to highlight perceived problems or issues without listening or seeing what is happening with that individual.

Staff across the council are doing more with less now after years of austerity. Staff consistently work over their hours to complete tasks and to meet deadlines "because it has to be done" and this is difficult to monitor when staff work remotely.

Staff working remotely need to still feel like they are part of a team and supported. There is a financial impact to consider on staff.

How mileage is calculated needs to be considered when staff are working from home but having to visit sites sometimes several per day. Where is classed as a base home or former work location. Flexi time if it is to be removed due to home working what if anything takes its place.

Screen fatigue long use of screens has a detrimental impact on health and wellbeing this can be worse when considering potential poor lighting and lack of natural light in spare rooms and house spaces being used by staff.

Monitoring of screen time meetings and real world meetings to ensure a balanced approach to the new ways of working.

Peter Garland Branch Secretary Unison City Branch

GMB comments to New Normal cabinet Report - Newport City Council

The GMB is seeking clarity as to who defines who is regarded as a non-frontline employee and therefore able to work from home - with home as their start base of work? Do you expect disparity across departments with regards to this?

This has obvious benefits to non-frontline employees, should they feel happy to continue to work from home on some kind of flexible basis. GMB also acknowledges that continuously working from home can have a detrimental impact on individuals' health and wellbeing.

Whilst GMB sees this as a positive opportunity for many employees, it could (if not implemented correctly) lead to further, tangible divisions between groups of workers who will not have the same flexibility to their working practices - frontline/operational staff. We are therefore seeking clarification from the Council as to how they will mitigate the potential for employees to feel excluded.

Whilst the reduction in carbon emissions is welcome, it should be noted that services for such items as household waste will increase with individuals working from home, and these operational resources should reflect the increase from business waste to personal waste.

GMB welcomes the opportunity to work with the Council on this initiative, however it must be emphasised that managers/supervisors are properly trained and subscribe to the principle of inclusivity, fairness and transparency when considering the implementation of the New Normal.

Rowena Hayward GMB Senior Organiser

Report

Cabinet

Part 1

Date: 7 July 2021

Subject **Mutual Investment Model (MIM) – 21st Century Schools Welsh Education Partnership – Strategic Partnership Agreement**

Purpose To seek approval for the Council to sign-up to an Agreement that is supplemental to the Welsh Education Partnership Strategic Partnering Agreement dated 30th September 2020 (“Deed of Adherence to the Strategic Partnering Agreement”)

Author Chief Education Officer

Ward All

Summary The Welsh Government has procured Meridiam Investments as its private sector partner to work with it on the delivery of education and community facilities in Wales, under the Mutual Investment Model (MIM) of the 21st Century Schools Programme.

Meridiam Investments and a subsidiary of the Development Bank of Wales (known as WGCo) have formed WEPCO Limited (*hereafter referred to as “WEPCo”*) to deliver infrastructure services to a number of Local Authorities and Further Education Institutions (*the Participants*), through a Strategic Partnering Agreement which was completed on 30th September 2020. Under the terms of the WEP Strategic Partnering Agreement (*the SPA*), WEPCo will be required to provide partnering services to the Participants, including (i) project development and delivery; and (ii) supply chain assembly and management. This may lead to the delivery of revenue supported Band B projects pursuant to a separate Project Agreement or, in due course, capital funded projects could be delivered through this contract structure. The Welsh Ministers are also party to the SPA as a Participant.

Following completion of the SPA in September 2020, other Local Authorities and Further Education Institutions now have a window within which they may enter into a supplemental agreement to the SPA, namely a “Deed of Adherence” which enables the Council from the date of execution to agree with each other person who is or who becomes a party to the SPA to be bound by the SPA (on the same terms and conditions). The Deed of Adherence is due to be completed later in 2021.

The purpose of this report is to explain the process and seek Cabinet approval to enter into the Deed of Adherence to the SPA, to facilitate the delivery of education and community facilities. The Cabinet is also asked to approve the appointment of Sarah Morgan, Chief Education Officer as ‘Participant Representative’ to sit on the Strategic Partnering Board.

It should be noted that in agreeing to enter into the Deed of Adherence to the SPA, the Cabinet is not being asked to decide to proceed with any MIM project. Any decision to proceed with a project would need to be approved by the Council and come back to the Cabinet in future for determination.

Proposal For Cabinet to:

- (a) Approve the execution, delivery and performance of a supplemental agreement to the WEP Strategic Partnering Agreement dated 30th September 2020 (the “Deed of Adherence”) and from the date of execution of the Deed of Adherence to give effect to and be bound by the terms of the WEP Strategic Partnering Agreement dated 30th September 2020 as a party to it, to facilitate the delivery of a range of infrastructure services and the delivery of education and community facilities;
- (b) Approve the terms of the Deed of Adherence and the WEP Strategic Partnering Agreement dated 30th September at Appendix A and B of this report and summarised in Appendix 1 and 2 of this report so as to give effect to recommendation (a), subject to recommendation (c) below;
- (c) Note that the Chief Education Officer shall complete the Deed of Adherence for execution and is approved to complete all information gaps;
- (d) Note that the Deed of Adherence shall be executed as a deed and attested in accordance with Section 14.5 of the Constitution; and
- (e) Approve:
 - (i) The appointment of Sarah Morgan, Chief Education Officer as ‘Participant Representative’ to sit on the Strategic Partnering Board for the purposes of Clause 12 (*Parties’ Representatives*) of the WEP Strategic Partnering Agreement; and
 - (ii) The name, address and contact details for the purposes of Clause 40 (*Notices*) of the WEP Strategic Partnering Agreement;
- (f) Note that in agreeing to enter into the Deed of Adherence it is not being asked during this meeting to decide to proceed with any Project, and that any decision to proceed with a Project will be considered separately and reported back to Cabinet in future report(s) for decision.

Action by Chief Education Officer

Timetable Immediate

This report was prepared after consultation with:

- Corporate Management Team

Signed

Background

The Mutual Investment Model (MIM) was formally launched by the Welsh Government in February 2017 and is a platform for delivery of the "*Taking Wales Forward*" agenda. MIM has been designed to finance major capital projects due to a scarcity of capital funding. It is based on traditional PPP structures but with the following core principles embedded:

- an emphasis on wider community benefits;
- enhanced stakeholder involvement;
- public sector equity investment;
- no soft services; and
- effective and efficient contract management by the public sector.

The MIM is intended to support additional investment in social and economic infrastructure projects and help to improve public services in Wales. Under the MIM, the private sector partners will build and maintain public assets, and in return, the Council supported by funding from the Welsh Government will pay a fee to the private partner, which will cover the cost of construction, maintenance and financing the project.

The Welsh Government has procured Meridiam Investments as its private sector partner to work with it on the delivery of education and community facilities in Wales, under the MIM 21st Century Schools Programme. It will be the only means of delivering revenue funded Band B projects. Meridiam Investments and a subsidiary of the Development Bank of Wales (known as WGCo) have now formed WEPCO Limited (hereafter "**WEPCo**"), which will deliver infrastructure services to the Participants in Wales.

Welsh Ministers and a number of Local Authorities and Further Education Institutions entered into the WEP Strategic Partnering Agreement with WEPCo on 30th September 2020, each being the "Continuing Participants". The WEP Strategic Partnering Agreement provides for how the parties act together over the long term in a collaborative partnering non-adversarial and open manner to support the effective planning, procurement and delivery of education and community facilities in Wales and the delivery of infrastructure services.

The Council is able to access the Welsh Education Partnership — Strategic Partnering Delivery Model, as described in the OJEU Notice published 11th July 2019 (reference OJEU Ref: 2019/S 133-327173) and enter into a supplemental agreement to the WEP Strategic Partnering Agreement dated 30th September, namely by a Deed of Adherence (**DoA**).

The Strategic Partnering Agreement (SPA)

The initial term of the SPA is 10 years. This may be extended by 5 years by any one or more Participants. Under the SPA, WEPCo is required to provide partnering services to the Participants. These services include (i) project development and delivery; (ii) supply chain assembly and management and (iii) other professional services necessary to fund and deliver education and community facilities.

For the first 10 years of the SPA, WEPCo has the exclusive right to provide services to all Participants (as signatories to the SPA) including:

- Project Development Partnering Services to work up new "Qualifying Projects" (only) for delivery (including supply chain assembly, funding and value for money), set out in more detail in Schedule 3 (Partnering Services) of the SPA; and
- Project Services (design, construction, testing, commissioning and completion of the premises, hard facilities management, and installation of equipment) relating to a "Qualifying Project" subject to it becoming an "Approved Project" within the first 10 years of the SPA and for a MIM Band B project, provided that it has met the criteria set out in Schedule 5 (Approval Process for New Projects) of the SPA.

"Qualifying Projects" means those identified projects at the outset for delivery by WEPCo (as set out in a Schedule to the SPA) and all other 21st Century Schools and Colleges (Band B) MIM Programme projects, where such a project has been identified by a Participant required to enable them to provide education based services in the region.

Participants may ask WEPCo to provide on a non-exclusive basis:

- Project Services relating to capital projects required for the provision of education sector services (where expressly designated and approved under a Strategic Outline Programme) and/or community services;
- Strategic Support Partnering Services (such as estate planning, service planning and demonstrating value for money);
- Project Development Partnering Services in respect of potential new projects, which are not “Qualifying Projects”, but requested by a Participant;
- Ongoing Partnering Services and/or Project Development Partnering Services after ten years, where the initial term of the SPA has been extended; and
- Project Services in respect of Qualifying Projects that become “Approved Projects” after 10 years, where the initial term of the SPA has been extended.

If a Participant receives funding for a 21st Century Schools and Colleges Band B MIM Programme project, WEPCo has the exclusive right to develop proposals for the delivery of that project (Project Development Partnering Services) within the first 10 years of the SPA. Therefore, the most likely outcome for a Participant that becomes a party to the SPA is that they proceed to develop a project or projects using the Approval Process in the SPA resulting in the execution of a Project Agreement that will govern the design, build, finance and maintenance of schools or colleges. Appendix 2 provides a more detailed summary of the SPA.

The SPA commits the Participants and WEPCo to work to the following nine key principles:

- to develop close working relationships between WEPCo and the Participants at all levels;
- to focus on achieving the best value for money operational performance within agreed timescales;
- to set in place business and cultural processes to enable the Participants and WEPCo to establish and agree challenging time and performance objectives and to meet or better them;
- to recognise each other’s needs, constraints, limitations, capabilities, roles and responsibilities to achieve mutually beneficial outcomes;
- to identify by regular monitoring, weaknesses and strengths in the relationship between and amongst the Participants and WEPCo and to work together to overcome the weaknesses and to build on the strengths;
- to commit to the early recognition and resolution of differences, conflicts and disputes between and amongst the Participants and WEPCo in a ‘no surprises’ environment;
- to appoint within each of the Participants and WEPCo co-ordinators at senior level who will support, defend and promote the long term strategic partnership between them and its principles of operation;
- to develop openness and trust in a transparent information and data sharing environment; and
- in accordance with the Equality Requirements to positively promote equal opportunities and the Ethical Employment Code by combating discrimination on the grounds of race, ethnicity, religion, nationality, gender, disability, age or sexuality and promoting good relations between all sections of the community in ‘everything we do’ including:
 - Delivering high quality Education Sector Services and (where relevant) Community Services for end users; and
 - Working with the local community and partners in the public, private or voluntary sectors.

The Strategic Partnering Board (SPB) is the guardian vehicle of these commitments.

The Strategic Partnering Board (SPB)

The SPB acts as the primary mechanism for managing WEPCo's performance. The SPB is the central forum in which the Participants can work together with WEPCo, Welsh Government and Stakeholder Representatives to ensure that the key principles of the SPA are met. Participant representation is required on the SPB.

The SPB’s role is to approve the Strategic Delivery Plan (SDP); ensure any new project proposals are consistent with the SDP; monitor WEPCo’s performance against agreed Key Performance Indicators; approve any extension to the SPA term; and approve any proposed disposal of interest in share capital resulting in a loss of control by WEPCo (or subsidiary).

The Council's Representative will be expected to be a senior representative of the Council, with the appropriate authority to make decisions on behalf of the Council. They should be experienced in holding a director or similar position and have the required skills to make the decisions required to be made by the SPB. The Council will need to consider any likely conflicts of interest and ensure that conflicts of interest do not prevent the chosen representative from fulfilling their role as representative as well as any other role they hold directly in the Council.

The Council's Representative will attend the SPB meetings at least every three months, together with representatives of each Participant, WEPCo, Welsh Government and other stakeholder representatives as agreed by the Participants. These meetings are to review financial and operating issues and provide strategic input into the partnering arrangements including the exchange of ideas in relation to each of the Participants' accommodation and service delivery requirements.

The SPB must have a quorum of five Participants' representatives (one of whom must be a representative from Welsh Government) and a WEPCo Representative. If a quorum is not present at any meeting of the SPB within 30 minutes of that meeting's start time, the SPA requires that the meeting is adjourned to the same time and place five Business Days later. For any adjourned meeting, the quorum shall be one Participant's Representative (who must be a representative of the Welsh Government) and the WEPCo Representative. Telephone conference calls or video conferences are valid as a meeting of the SPB. Appendix 3 provides a more detailed summary of the role of the SPB.

The Council's nominated 'Participant Representative' to sit on the Strategic Partnering Board will be the Chief Education Officer, Sarah Morgan. It is noted that there may on occasion be conflicts between her role on Strategic Partnering Board and her substantive position as the Council's Chief Education Officer. Such conflicts will be referred to the Chief Executive of the Council for advice, consideration and determination.

The Delivery of Projects

WEPCo shall, if requested to do so by one or more Participants, develop proposals for the implementation and delivery of new projects through the Approval Process for New Projects set out in Schedule 5 of the SPA. WEPCo will assist Participants in developing proposals for the delivery of new projects, the preparation of an outline business case and the obtaining of all necessary approvals to progress any new project request by a Participant.

Schedule 5 of the SPA sets out the procedure by which WEPCo and the Participants will work together to agree which New Projects will be taken forward and approved for development by WEPCo and on what basis. Schedule 5 sets out a two stage Approval Process for such New Projects. The approval process shall only apply in relation to Qualifying Projects regardless of whether the period of 10 years from the Commencement Date has expired. Appendix 4 provides a more detailed summary of the Approval Process for New Projects under the SPA.

Commitments and Practicalities of Entering into the Deed of Adherence to the WEP Strategic Partnering Agreement (SPA)

Through entry into the DoA, as a supplemental agreement to the WEP Strategic Partnering Agreement dated 30th September, the Council agrees with each person who is or who becomes a party to the WEP Strategic Partnering Agreement to be bound by it as a party in that capacity, on the same terms and conditions. Appendix 1 provides a more detailed summary of the Deed of Adherence.

The terms of the SPA offers an opportunity for the Council to draw down a range of strategic support and infrastructure services, in a procurement safe manner, without any obligation to do so, save only where exclusivity is granted to WEPCo in respect of developing proposals for MIM projects. For MIM projects, WEPCo through a robust approval process will still need to meet the Council's bespoke requirements identified at the outset for each new project, which includes site and project specific requirements and demonstrate value for money. Business case approval would also be required in the usual way. If the Council were to seek funding in the future from the Welsh Government for a MIM project, it is expected that WEPCo would be the intended delivery vehicle.

As a Participant to the arrangements, this provides the Council with a “seat at the table” to set priorities and have an understanding of the delivery plans for other participating authorities for education and community facilities in Wales.

What Happens If Approval Is Not In Place By The End Of 2021?

Local Authorities and FEIs are encouraged to enter into the DoA, as a supplemental agreement to the WEP Strategic Partnering Agreement entered into on 30th September 2020 regardless of whether they have a MIM Scheme in place as WEPCo also offers Strategic Support Partnering Services which can assist Participants with estates planning or associated activities.

The purpose of the SPA is to enable Participants to proceed to develop a project or projects using the Approval Process for New Projects within the SPA, resulting in the execution of a Project Agreement. In order to benefit from that process Participants need to execute and be a party to the SPA.

There may be a procurement risk in entering into the DoA, based on time elapsed argument, if the DoA is not entered into within a reasonable window of time after execution of the WEP Strategic Partnering Agreement dated 30th September 2020. Execution of the DoA in 2021 is considered to be reasonable.

Potential Procurement Risk

If a Participant were to choose not to sign the DoA and then wanted in the future to access Partnering Services or Project Services from WEPCo, it will not be able to do so in a procurement safe manner.

Similarly, with regards to 21st Century Schools and Colleges Band B funding, if a Participant were to not choose to sign the DoA but then wanted to utilise WEPCo to deliver a Band B funded project (whether capital or revenue) in the future, it will also not be able to do so in a procurement safe manner.

Should for example, a Participant secure MIM Band B funding downstream from the Welsh Government for a project not currently identified and it was required to use WEPCo, it would not be able to do so in a procurement safe manner if it had not signed the DoA. WEPCo has the exclusive right to develop proposals for the delivery of a 21st Century Schools and Colleges Band B MIM Programme project (Project Development Partnering Services) within the first 10 years of the SPA. It is therefore recommended that the Cabinet approve entering into the DoA as set out in this report to ensure that from the date of its execution it is bound by the WEP Strategic Partnering Agreement dated 30th September 2020 as a party to it.

Financial Impact

There is no immediate financial impact by signing up to this strategic agreement in that it simply provides the Council with a “seat at the table” to set priorities and have an understanding of the delivery plans for other participating authorities for education and community facilities in Wales.

If the Council was to deliver any future qualifying project via the MIM route, which signing up allows it to consider, then the financial arrangement and structure is very different to current 21st Century Schools funding and delivery arrangements. These are explained, in broad terms, within the Head of Finance commentary but as said elsewhere here, signing up does not commit the Council to using the MIM route to funding/delivering education/community assets in going forward. It is likely the Council will need to develop/acquire an appraisal model to assess future funding options in delivering education scheme which could qualify for this funding route.

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Failure to sign the DoA resulting in future access to WEPCo not being carried out in a procurement safe manner	L	L	Signing the DoA now means that future access to WEPCo services will not be inhibited.	Chief Education Officer / Head of Finance
Failure to sign the DoA resulting in future delivery of a Band B funded project not being possible in a procurement safe manner	L	L	Signing the SPA now means that future delivery of Band B projects will not be inhibited.	Chief Education Officer / Head of Finance

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

Wellbeing of Future Generations (Wales) Act 2015

Corporate Plan

Council Improvement Plan (*Aspirational People* theme)

Education Service Plan

Options Available

Option 1: To agree that the Council signs up to the DoA by Spring 2021 to enable access as a party to the WEP Strategic Partnering Agreement dated 30th September 2020 and the services provided by WEPCo if and when required in the future.

Option 2: To decide not to sign up to the DoA.

Preferred Option and Why

The preferred option is Option 1. The Council understands that if it wishes to access revenue funding for Band B projects from the Welsh Government then it will need to use MIM to access the funding and WEPCo for delivery. There are no alternative delivery options for such funding. The Council recognises the benefits of entering into the DoA to have the ability for a Council representative to sit on the Strategic Partnering Board and (as required) access a range of services provided by WEPCo including, in the future, the delivery of Band B MIM projects.

Comments of Chief Financial Officer

This arrangement would provide an alternative source of funding and delivery arrangement for qualifying projects in order to provide education and community assets under the 21st century programme. Newport have no projects in the current Band B programme where WEPCo have exclusive rights to develop and deliver. Therefore, the Council is not committed to using this arrangement but signing up gives the opportunity to consider and use it where it believes it could provide better value than the current or any other alternative arrangement. It is likely that the Council will need to develop an appraisal process to assess this in going forward, taking into account whole life costs of these assets.

The MIM arrangement is different to the current arrangement where WG provides one-off capital grant funding for an agreed percentage share of the project cost in designing/building these assets with Councils providing the balance from its own resources and then the Council ultimately taking over responsibility for funding on-going maintenance through its own maintenance capital/revenue budgets. The MIM arrangement will establish a project delivery company which will charge the Council for the capital funding costs of the initial project costs plus on-going revenue costs for maintenance, excluding 'soft services'. Welsh Government will continue to provide funding support for this MIM model.

Comments of Monitoring Officer

The proposed action is in accordance with the Council's statutory powers to enter into contracts for the provision of work and services, under section 111 of the Local Government Act 1972, the Local Government (Contracts) Act 1997 and the general powers of social and economic "well-being" contained in section 2 of the Local Government Act 2000. The contractual arrangements embodied in the Deed of Adherence and the Strategic Partnership Agreement are also compliant with the Council's public procurement duties under the Public Contracts Regulations.

The Strategic Partnership Agreement is essentially a public sector framework agreement, procured by Welsh Government, with WEPCo as the preferred provider and partner for the delivery of project management and professional support in connections with all Welsh Government MIM funded projects for education and community assets. Those local authorities and FEI's who have already entered into the Strategic Partnership Agreement (SPA) are able to contract directly with WEPCo for the delivery of any future MIM projects without having to re-tender or undertake any further public procurement. In return, they are committed to granting WEPCo exclusive rights to deliver these qualifying MIM funded projects for a period of at least 10 years. By entering into the Deed of Adherence (DOA), the Council will commit itself to complying with the terms of the SPA and will be able to avail itself of the services of WEPCo in relation to any future MIM funded projects. However, the DOA and SPA do not commit the Council to any specific projects at this time and there are no current MIM projects in the Band B schools capital programme. It would be a matter for Cabinet to decide how any future projects are funded, based on the relative whole life costs of the assets, but if it did elect to go down the MIM funded design/build/finance and operate model, then WEPCo would have exclusive rights to deliver the projects.

In order to take advantage of the framework and SPA arrangements, the Council will be required to enter into the DOA in 2021 as any further delays may not meet public procurement requirements because the original SPA was completed in September 2020. Given that this MIM funding and the WEPCo partnership is the preferred Welsh Government model for future schemes of this nature, then there are benefits in the Council signing-up to the arrangements, to keep its options open should it ever wish to go down this route.

Although the model form of resolution set out in the Proposals includes authority for the Chief Education Officer to complete the DOA and fill in any information gaps, this is covered already in the officer scheme of delegation in the Constitution, where the Head of Law & Regulation has delegated power to finalise the terms of any legal agreements and execute them as a deed by affixing the Council's seal to the documents. Any legal notices under the SPA will also need to be addressed to the Head of Law & Regulation.

The Council will be required under the DOA to appoint a representative to sit on the Strategic Partnering Board and act on its behalf in relation to overseeing the operation of the SPA. Cabinet are asked to approve the appointment of the Chief Education Officer as the Council's officer representative on the Board, although there may be occasions where there could be a conflict of interest with her strategic educational responsibilities and this will need to be resolved at the appropriate time. Under the Local Authorities (Executive Arrangements) (Functions and Responsibilities) (Wales) Regulations 2007, appointments to outside bodies is a local choice function which is reserved to full Council. Therefore, the appointment of the CEO as the Council's Board representative will need to be ratified and approved by full Council in due course.

Comments of Head of People and Business Change

The 21st Century Schools programme provides for long term investment in schools to improve the quality of buildings, ensure sufficient places are available, reduce running costs and promote sustainability. As part of 21st Century schools the Mutual Investment Model (MIM) is intended to support additional investment in social and economic infrastructure projects and help to improve public services in Wales. The Council currently has no MIM projects, but signing the Strategic Partnership Agreement (SPA) will provide an opportunity for future access, and will allow for representation on the Strategic Partnering Board, which will help contribute to the Council's wellbeing objectives. There are no direct human resources implications arising from this report and Fairness Equalities Impact Assessments will be undertaken as necessary should the SPA be progressed.

Local issues

None

Scrutiny Committees

None

Equalities Impact Assessment

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

Should there be a requirement to access the SPA in the future, a relevant Fairness & Equality Impact Assessment (FEIA) will be developed to support each proposal.

Children and Families (Wales) Measure

Not applicable

Wellbeing of Future Generations (Wales) Act 2015

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

- Long term: the importance of balancing short- term needs with the need to safeguard the ability to also meet long-term needs.
The Council currently has no MIM projects, but signing the SPA will provide an opportunity for future uninhibited access, and will also offer a "seat at the table" to set priorities and have an understanding of the delivery plans for other participating authorities for education and community facilities in Wales.
- Prevention: How acting to prevent problems occurring or getting worse may help us meet our objectives.
The Council currently has no MIM projects, but signing the SPA will provide future access to WEPCo for delivery of capital projects.

- Integration: Consider how the proposals will impact on our wellbeing objectives, our wellbeing goals, other objectives or those of other public bodies.
Whilst the Council currently has no MIM projects, any future arrangements could potentially impact on any and all of the Council's Well-being Goals and supports the Well-being Objective "To improve skills, educational outcomes and employment opportunities".
- Collaboration: have you considered how acting in collaboration with any other person or any other part of our organisation could help meet our wellbeing objectives.
This supports Welsh Government's initiative to procure a private sector partner to work with it on the delivery of education and community facilities in Wales, under the Mutual Investment Model (MIM) of the 21st Century Schools Programme.
- Involvement: The importance of involving people with an interest in achieving the wellbeing goals, and ensuring that those people reflect the diversity of the City we serve.
The WEPCo will deliver infrastructure services to a number of Local Authorities and Further Education Institutions.

Crime and Disorder Act 1998

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

Consultation

Not applicable at this stage but will be carried out to support individual projects and proposals in the future.

Background Papers

Appendix A: Deed of Adherence

Exempt Appendix B: Strategic Partnering Agreement

Appendix 1: Deed of Adherence Summary

Appendix 2: Strategic Partnering Agreement Summary

Appendix 3: Strategic Partnering Board Summary

Appendix 4: Approval Process for New Projects Summary

Dated: 7 July 2021

DEED OF ADHERENCE

THIS AGREEMENT IS MADE ON [] 2021

AMONG:

- (1) **WEPCO LIMITED**, a company registered in England and Wales (Company Registration Number 12815179) whose registered office is at One Central Square, Cardiff, Wales, CF10 1FS ("**WEPCo**");
- (2) **ISLE OF ANGLESEY COUNTY COUNCIL** of Isle of Anglesey County Council, Council Offices, Llangefni, Angesey, LL77 7TW;
- (3) **BRIDGEND COUNTY BOROUGH COUNCIL** of Bridgend County Borough Council, Civic Offices, Angel Street, Bridgend CF31 4WB;
- (4) **CAERPHILLY COUNTY BOROUGH COUNCIL** of Ty Penallta, Tredomen, Ystrad Mynach CF82 7PG;
- (5) **THE COUNTY COUNCIL OF THE CITY AND COUNTY OF CARDIFF** of Cardiff County Hall, Atlantic Wharf, Cardiff CF10 4UW;
- (6) **CARMARTHENSHIRE COUNTY COUNCIL** of County Hall, Carmarthen, Carmarthenshire, SA31 1JP;
- (7) **CEREDIGION COUNTY COUNCIL** of Penmorfa, Aberaeron, Ceredigion SA46 0PA
- (8) **CONWY COUNTY BOROUGH COUNCIL** of PO Box 1, Conwy LL30 9GN
- (9) **DENBIGHSHIRE COUNTY COUNCIL** of PO Box 62, Ruthin, LL15 9AZ
- (10) **FLINTSHIRE COUNTY COUNCIL** of County Hall, Raikes Lane, Mold, Flintshire CH7 6ND
- (11) **MONMOUTHSHIRE COUNTY COUNCIL** of County Hall, The Rhadyr, Usk, Monmouthshire NP15 1GA
- (12) **PEMBROKESHIRE COUNTY COUNCIL** of County Hall, Freeman's Way, Haverfordwest, Pembrokeshire, SA61 1TP
- (13) **POWYS COUNTY COUNCIL** of County Hall, Llandrindod Wells, Powys LD1 5LG
- (14) **RHONDDA CYNON TAFF COUNTY BOROUGH COUNCIL** of The Pavilions, Cambrian Park, Clydach Vale, Tonypany CF40 2XX
- (15) **THE COUNCIL OF THE CITY AND COUNTY OF SWANSEA** of Civic Centre, Oystermouth Road, Swansea SA1 3SN
- (16) **VALE OF GLAMORGAN COUNCIL** of Civic Offices, Holton Road, Barry CF63 4RU
- (17) **WREXHAM COUNTY BOROUGH COUNCIL** of The Guildhall, Wrexham LL11 1AY
- (18) **CARDIFF AND VALE COLLEGE** of One Canal Parade, Dumballs Road, Cardiff CF10 5BF
- (19) **COLEG CEREDIGION** of Park Place, Cardigan, Ceredigion, SA43 1AB
- (20) **COLEG GWENT** of The Rhadyr, Usk NP15 1JX
- (21) **COLEG SIR GAR** of Sandy Road, Pwll, Llanelli, Carmarthenshire SA15 4DN

- (22) **COLEG Y CYMOEDD** of Nantgarw Campus, Heol y Coleg Parc Natgarw Cardiff CF157QY
- (23) **GOWER COLLEGE SWANSEA** of Tycoch Road, Sketty, Swansea SA2 9EB
- (24) **GRŴP LLANDRILLO MENAI** of Llandudno Road, Rhos on Sea, Conwy LL28 4HZ
- (25) **NEATH PORT TALBOT COLLEGE (KNOWN AS “NPTC GROUP OF COLLEGES”)** of Dwr-y-Felin Road, Neath SA10 7RF
- (26) **THE WELSH MINISTERS** of Crown Buildings, Cathays Park, Cardiff, CF10 3NQ

each of (2) to (26) being the "**Continuing Participants**"; and

- (27) **BRIDGEND COLLEGE** of []
- (28) **BLAENAU GWENT COUNTY BOROUGH COUNCIL** of []
- (29) **GWYNEDD COUNCIL** of []
- (30) **NEWPORT CITY COUNCIL** of []
- (31) **COLEG CAMBRIA** of []

each of (27) to (31) being the "**Joining Participants**"

IT IS AGREED AS FOLLOWS:

1. This Agreement is supplemental to the partnering agreement (the "**WEP Strategic Partnering Agreement**") dated 30 September 2020 between WEPCo and the Continuing Participants.
2. Words and expressions defined in the WEP Strategic Partnering Agreement have the same meanings when used in this Agreement.
3. The Joining Participants hereby agree with each other person who is or who becomes a party to the WEP Strategic Partnering Agreement at today's date that with effect on and from the date of its execution of this Agreement it is bound by the WEP Strategic Partnering Agreement as a Participant.
4. The address and details for notices of the Joining Participants for the purposes of Clause **Error! Reference source not found.** (*Notices*) of the WEP Strategic Partnering Agreement are:

Bridgend College, [NAME, POSITION, EMAIL ADDRESS, FULL ADDRESS]

Blaenau Gwent County Borough Council, [NAME, POSITION, EMAIL ADDRESS, FULL ADDRESS]

Gwynedd Council, [NAME, POSITION, EMAIL ADDRESS, FULL ADDRESS]

Newport City Council, [NAME, POSITION, EMAIL ADDRESS, FULL ADDRESS]

Coleg Cambria, [NAME, POSITION, EMAIL ADDRESS, FULL ADDRESS]

5. For the purpose of Clause 12.1 (*Parties' Representatives*) of the WEP Strategic Partnering Agreement, the respective Joining Participants' Representatives shall be:

Participant	Joining Participant's Representative (name and position)

Bridgend College	
Blaenau Gwent County Borough Council	
Gwynedd Council	
Newport City Council	
Coleg Cambria	

6. For the purpose of Clause 28.5.2 (*Assignment and Sub-Contracting*) of the WEP Strategic Partnering Agreement, the respective Joining Participants' representatives shall be:

Participant	Joining Participant's representative (name, position and address)
Bridgend College	
Blaenau Gwent County Borough Council	
Gwynedd Council	
Newport City Council	
Coleg Cambria	

7. For the purpose of Section 3.2 of Schedule 22 (*Dispute Resolution*) of the WEP Strategic Partnering Agreement, the respective Joining Participants' contact points for escalation shall be:

Participant	Position of Joining Participant's Escalation Contact
Bridgend College	
Blaenau Gwent County Borough Council	
Gwynedd Council	
Newport City Council	
Coleg Cambria	

This Agreement is subject to and shall be construed in accordance with the law of England and Wales.

IN WITNESS WHEREOF the parties have executed this Agreement as a Deed the day and year first above written:

EXECUTED as a Deed but not delivered until)
the first date specified on page 1, by **WEPCO**)
LIMITED acting by its duly authorized)
signatory:)

.....
Director

In the presence of:

Witness Signature:

Name:

Address

EXECUTED as a **DEED**, but not)
delivered until the first date)
specified on page 1, by applying)
the seal of **THE WELSH**)
MINISTERS:)

SEAL

The application of the seal of The
Welsh Ministers is
AUTHENTICATED by:

Signature -----
Name (block
capitals) -----

who is duly authorised for that
purpose by authority of The Welsh
Ministers under section 90(2) of the
Government of Wales Act 2006

Executed as a DEED, but not delivered until the first date specified on page 1, by affixing the common seal of ISLE OF ANGLESEY COUNTY COUNCIL in the presence of:

COMMON SEAL

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Authorised Signatory

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Name in CAPITALS

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Position

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Authorised Signatory

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Name in CAPITALS

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Position

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COMMON SEAL

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Authorised Signatory

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Name in CAPITALS

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Authorised Signatory

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COMMON SEAL

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Authorised Signatory

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COMMON SEAL

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Authorised Signatory

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COMMON SEAL

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COMMON SEAL

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COMMON SEAL

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Authorised Signatory

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Name in CAPITALS

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Authorised Signatory

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COMMON SEAL

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Authorised Signatory

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Name in CAPITALS

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Authorised Signatory

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COMMON SEAL

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Authorised Signatory

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Name in CAPITALS

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Authorised Signatory

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COMMON SEAL

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Authorised Signatory

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Name in CAPITALS

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Authorised Signatory

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Name in CAPITALS

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COMMON SEAL

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Authorised Signatory

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Authorised Signatory

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COMMON SEAL

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Authorised Signatory

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Name in CAPITALS

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Authorised Signatory

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COMMON SEAL

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Authorised Signatory

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Authorised Signatory

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COMMON SEAL

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Authorised Signatory

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Authorised Signatory

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COMMON SEAL

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Authorised Signatory

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Name in CAPITALS

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Authorised Signatory

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COMMON SEAL

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Authorised Signatory

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Authorised Signatory

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COMMON SEAL

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COMMON SEAL

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COMMON SEAL

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COMMON SEAL

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COMMON SEAL

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COMMON SEAL

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COMMON SEAL

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Authorised Signatory

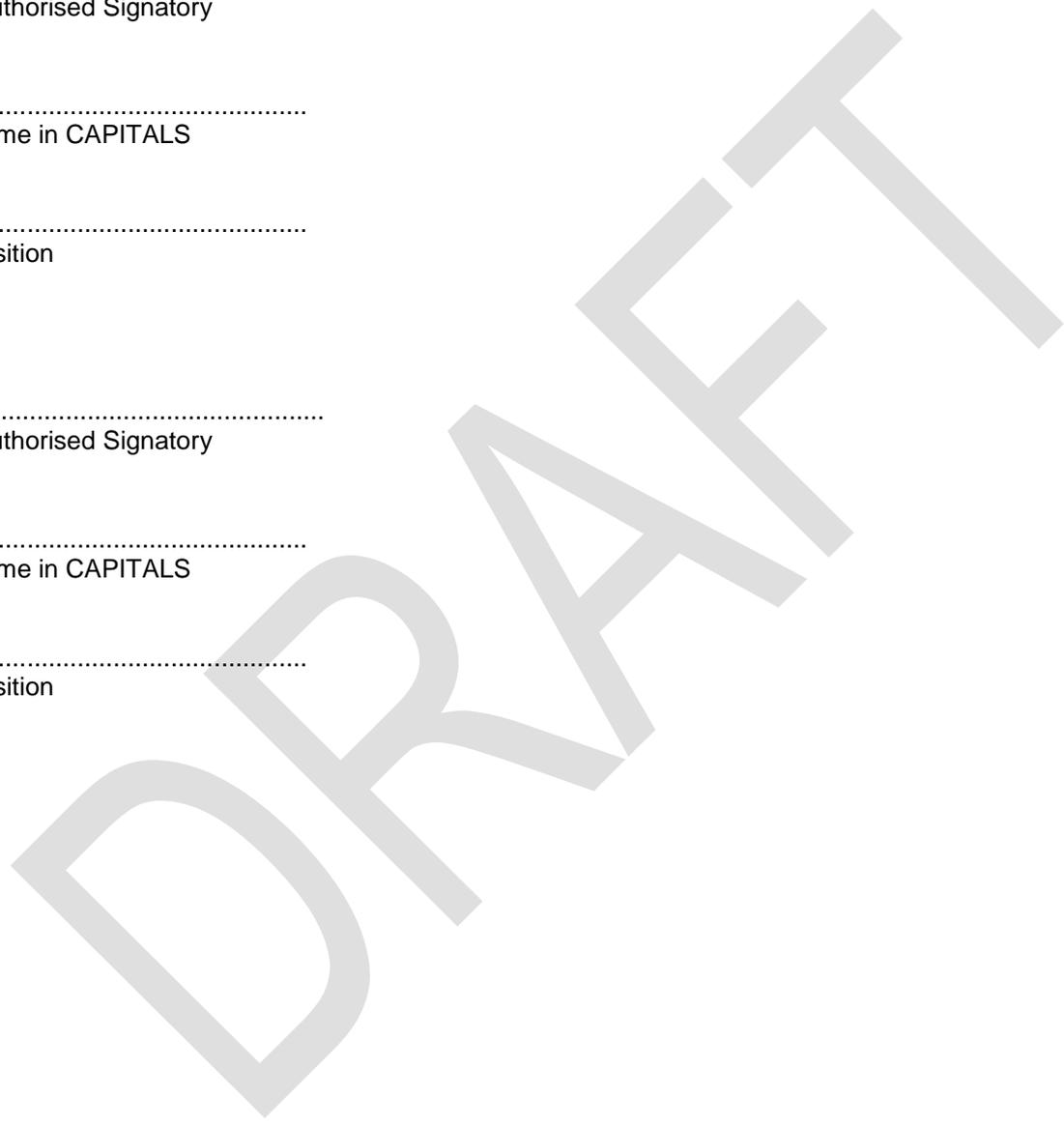
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COMMON SEAL

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COMMON SEAL

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COMMON SEAL

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COMMON SEAL

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COMMON SEAL

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COMMON SEAL

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Authorised Signatory

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Name in CAPITALS

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Position

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Authorised Signatory

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Position

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DATED 30 September 2020

(1) Fulcrum Infrastructure Management Limited

(2) WEPCO LIMITED

SECONDMENT & MANAGEMENT SERVICE AGREEMENT

This SECONDMENT AND MANAGEMENT SERVICE AGREEMENT (the "Agreement") is made on the 30th day of *September* 2020 between -

1. **Fulcrum Infrastructure Management Limited**, a company registered in England and Wales (registered under number 06046376 and whose registered office is at 4th Floor 105 Piccadilly, London, W1J 7NJ)("Management Services Company"); and
2. **WEPCO LIMITED**, a company incorporated in England and Wales (registered under number 12815179 and whose registered office is at One Central Square, Cardiff, Wales, CF10 1FS) (hereinafter: "WEPCo"),

each referred to individually as a "Party" and collectively as the "Parties".

WHEREAS

- A. WEPCo's activity is to develop projects as part of the 21st Century Schools Programme, established by the Welsh Government and procured under the Welsh Mutual Investment Model scheme.
- B. Management Services Company's activity is as an employer of staff providing services to Infrastructure projects. Management Services Company intends to second the Secondees and provide the Management Services to WEPCo in order for WEPCo to perform the above activities.

IT IS HEREBY AGREED AS FOLLOWS

1. DEFINITIONS

In this Agreement, unless the context requires otherwise, the following expressions shall have the meanings set out below:

360° Review	means an annual review of the Management Services Company's performance and compliance;
Agreement	means this Secondment and Management Service Agreement and the Schedules hereto and includes any amendment, supplement, or other modification to this Agreement;
Confidential Information	means, all oral, written, printed, photographically recorded or electronically recorded information relating to any ideas, concepts, drawings, specifications, financial projections, documents, data, graphs, spreadsheets or copies, notes or extracts thereof or any other information relating to the business, products, affairs and finances of WEPCo or the Project which is supplied to Management Services Company (or any of the Secondees) by or on behalf of WEPCo or by any financial, legal or technical advisers appointed by WEPCo prior to, at or after the execution of this Agreement (including without limitation, technical data, know-how relating to the business of the relevant Party or any of its suppliers, clients, customers, agents, distributors, shareholders or management). The existence and terms of this Agreement shall constitute Confidential Information;
Contract Year	means the period from the date of this Agreement to the following 31 st March and subsequently each period of twelve (12) calendar months commencing on 1 st April;

Controller, Data Subject, Personal Data and Processor	shall have the meanings given under the Data Protection Act 2018;
Data Protection Legislation	means all laws that relate to data protection, privacy, the use of information relating to individuals, and/or the information rights of individuals and all laws implementing them, in each case as may be replaced, extended or amended, including, without limitation, the General Data Protection Regulation (EU) 2016/679, the Data Protection Act 2018 and the Privacy and Electronic Communications (EC Directive) Regulations 2003;
DBW Director	the director of WEPCo nominated by DBW Investments (MIMS) Limited (Company No. 12324765) whose registered office is at Unit J Yale Business Village, Ellice Way, Wrexham, United Kingdom, LL13 7YL;
Effective Date	the Commencement Date of the Strategic Partnering Agreement;
Employment Contracts	the terms of employment or engagement between Management Services Company and the Seconddees, subject to any changes in the Seconddees' salary or other benefits in accordance with Management Services Company's usual procedures from time to time;
Fees	comprises the MSA Fees and Secondment Fees as defined in Schedule 5;
Grantor	means the Welsh Government and/or DBW Investments (MIMS) Limited including the representatives of either or both of them;
Indexed	means such amounts that are referred to be indexed are to be multiplied by $((\text{Index 1} \div \text{Index 2}) + 1.00\%)$, being understood that such number cannot be less than 1, where Index 1 is the value of RPI most recently published for February preceding the MSA year date and Index 2 is RPI at February 2020;
Initial Period	means a period of ten (10) years from the Effective Date;
Independent Contractor	means a person employed by the Management Services Company on an ad hoc basis in order to manage WEPCo possible activity peaks or specific needs, paid through a daily fee, and subject to a confidentiality agreement;
Meridiam Group	means Meridiam Infrastructure Europe III SLP, Meridiam Investments II SAS and any parent undertaking, subsidiary undertaking or manager of either of them, and including any entity notified by WEPCo to Management Services Company from time to time as forming part of the Meridiam Group;
Management Issues	all those matters under the Employment Contracts requiring action, investigation and/or decisions by Management Services Company including in particular (by way of illustration only and without limitation) appraisals and performance issues; pay reviews and the award of other payments and benefits under the Employment Contracts; periods of annual, sick or other leave; absences of the Seconddees for any other reason; any complaints about the Seconddees (whether or not that would be dealt with under Management Services Company's disciplinary procedure) and any complaint or grievance raised by the Seconddees (whether or not

	that would be dealt with under Management Services Company's grievance procedure);
Management Services	means the Management Services as defined in Schedule 4;
NPR	means a New Project Request (as defined in the Strategic Partnering Agreement);
Project	means a New Project as defined in the Strategic Partnering Agreement;
Project Management Team	means the General Manager(s), the Project Manager(s) and the Assistant Project Manager(s);
PSDP	means Meridiam Investments II SAS (registered under number 828 622 852 R.C.S. Paris) whose registered office is at 4 Place de l'Opera 75002, Paris, France;
Redundancy Fee	means the standard fee paid to an employee calculated on the day of employee's contract termination on the basis of the employee's rate of pay and length of service with Management Services Company in line with statutory requirements;
RPI	means the Retail Prices Index (All Items) as published by the Office for National Statistics from time to time (the " Index "), or failing such publication or in the event of a fundamental change to the Index, such other index as the Parties may agree, or such adjustments to the Index as the Parties may agree (in each case with the intention of putting the Parties in no better nor worse position than they would have been in had the Index not ceased to be published or the relevant fundamental change not made);
Seconded Roles	means the roles set out in Schedule 1, Schedule 2 and Schedule 3;
Secondees	means the persons employed or engaged by Management Services Company in the Seconded Roles;
Secondment Services	means the services to be provided by Management Services Company to WEPCo, as set out in clause 3.2;
Secondments	the secondment of the Secondees by Management Services Company to WEPCO on the terms of this Agreement;
Senior Management Team	means WEPCo CEO, WEPCo CFO, Management System Director and Administrative Assistant;
Shared Project Team	means the Community Benefits & ESG Lead and the Digital Lead;
Stage 1 Submission	has the meaning given in the Strategic Partnering Agreement;
Stage 2 Submission	has the meaning given in the Strategic Partnering Agreement;
Strategic Partnering Agreement	means the Strategic Partnering Agreement entered into between WEPCo, Welsh Government and the Participants named in that agreement, on or about the same date as this Agreement;
WEPCo Board	means the board of WEPCo appointed in accordance with the WEPCo Shareholders' Agreement;

- WEPCo Board Director means a director of the Board of WEPCo appointed in accordance with the WEPCo Shareholders' Agreement;
- WEPCo CEO means the person appointed from time to time to fulfil the role of WEPCo CEO as set out in Schedule 1; and
- WEPCo Shareholders' Agreement means the shareholders' agreement between Meridiam Investments II SAS, DBW Investments (MIMS) Limited and WEPCo Limited, dated on or about the same date as this Agreement.

Expressions used in the singular shall include the plural and vice versa.

2. INDEXATION

- 2.1. The Fees shall be Indexed with effect from 1st April in the first year following the anniversary of the date of this Agreement, and thereafter at the start of each Contract Year.

3. SERVICES

- 3.1. WEPCo hereby appoints Management Services Company to provide the Secondment Services and the Management Services for its benefit upon the terms of this Agreement.

Secondment Services

- 3.2. This Agreement is a contract for the secondment of the Secondees under which Management Services Company shall second the Secondees to WEPCo to carry out the Seconded Roles as listed in Schedule 1, Schedule 2 and Schedule 3, such Secondees having all necessary expertise, knowledge, and resources for the performance of the Secondment Roles and Management Services Company shall at all times act in good faith towards WEPCo.

- 3.3. Depending on the needs of WEPCo, the Secondment Services shall consist of:

- 3.3.1. the Senior Management Team which shall consist of the following roles:

- 3.3.1.1. Chief Executive Officer (WEPCo CEO):

Management Services Company will second to WEPCo on a full time basis a person to act as Chief Executive Officer in accordance with Schedule 1;

- 3.3.1.2. Chief Financial Officer and Management System Director role:

Management Services Company will second to WEPCo the necessary resources to fulfil the roles of Chief Financial Officer and Management System Director in accordance with Schedule 1; and

- 3.3.1.3. Administrative Assistant:

Management Services Company will second to WEPCo on a full time basis one to three person(s) to act as Assistant Project Manager in accordance with Schedule 3, as required by WEPCo;

- 3.3.2. The Shared Project Team which shall consist of the following roles:

- 3.3.2.1. Community Benefits & ESG Lead:

Management Services Company will second to WEPCo on a full or part-time basis resources to act as Community Benefits & ESG Lead in accordance with Schedule 2; and

- 3.3.2.2. Digital Lead:

Management Services Company will second to WEPCo on a full or part-time basis resources to act as Digital Programme Director in accordance with Schedule 2; and

3.3.3. The Project Development Dedicated Team which shall consist of the following roles:

3.3.3.1. General Manager:

Management Services Company will second to WEPCo on a full time basis one to two person(s) to act as General Manager in accordance with Schedule 3;

3.3.3.2. Project Manager:

Management Services Company will second to WEPCO on a full time basis one or several person(s) to act as Project Manager in accordance with Schedule 3, as required by WEPCo; and

3.3.3.3. Assistant Project Manager:

Management Services Company will second to WEPCo on a full or half-time basis one or several person(s) to act as Assistant Project Manager in accordance with Schedule 3, as required by WEPCo.

3.4. Subject always to the provisions of this Agreement and all relevant legal obligations including the terms of all relevant agreements, leases or licenses, Management Services Company shall use all reasonable endeavours to procure that the Secondees shall during the period of the Secondments:

3.4.1. faithfully and diligently serve WEPCo and use all reasonable endeavours to promote, protect, develop and extend WEPCo's business; and

3.4.2. not enter into any arrangement on behalf of WEPCo which is outside the normal course of business or their normal duties or which contains unusual or onerous terms.

Management Services

3.5. From and including the Effective Date and thereafter until expiry of the Term, the Management Services Company shall provide the Management Services to WEPCo in accordance with the terms of this Agreement.

3.6. In its provision of the Management Services to WEPCo in accordance with the terms of this Agreement, the Management Services Company shall meet the KPIs (as set out in Schedule 4).

4. SECONDEES' EMPLOYMENT

4.1. For the avoidance of doubt, the Secondees shall at all times during the Secondments continue to be employed or engaged by Management Services Company under the Employment Contracts. The Employment Contracts shall remain in force during the period of the Secondments.

4.2. Management Services Company shall continue to pay its Secondees' salaries or wages and any allowances, provide any benefits due to its Secondees or their dependants, make any payments to third parties (including without limitation any relevant tax and social security contributions to the applicable tax authorities) in relation to its Secondees and make any deductions that it is required to make from its Secondees' salaries and other payments.

4.3. WEPCo shall not require the Secondees to do anything that shall breach the Employment Contracts and shall have no authority to vary the terms of the Employment Contracts or make

any representations to the Secondees in relation to the terms of the Employment Contracts.

- 4.4. WEPCo shall provide Management Services Company with such information and assistance as it may reasonably require to carry out its obligations as the Secondees' employer.
- 4.5. Any change in the Employment Contracts during the period of the Secondments shall be notified to WEPCo as soon as reasonably practicable.
- 4.6. All documents, manuals, hardware and software provided for the Secondees' use will be provided by Management Services Company and any data or documents (including copies) produced, maintained or stored on Management Services Company's computer systems or other electronic equipment (including mobile phones) will remain the property of WEPCo and all costs associated with these will be paid by WEPCo.

5. MANAGEMENT DURING THE SECONDMENT

- 5.1. Management Services Company shall continue to deal with any Management Issues concerning the Secondees during the duration of the Secondments.
- 5.2. WEPCo shall provide any information, documentation and assistance to Management Services Company to deal with any Management Issues concerning the Secondees whether under Management Services Company's internal procedures or before any court or tribunal.
- 5.3. WEPCo CEO shall have day-to-day control of the Secondees' activities but as soon as reasonably practicable shall refer any Management Issues concerning the Secondees that come to its attention to WEPCo and Management Services Company.
- 5.4. Each Party shall inform the other as soon as reasonably practicable of any other significant matter that may arise during the period of the Secondments relating to the Secondees or their employment.

6. LEAVE

- 6.1. The Secondees shall continue to be eligible for sick pay, holiday pay and any absence entitlements in accordance with the Employment Contract, and shall remain subject to Management Services Company's approval and notification procedures.

7. REPRESENTATIONS AND WARRANTIES

- 7.1. WEPCo represents and warrants in favour of Management Services Company (and acknowledges that WEPCo is relying on such representations and warranties in entering into this Agreement) that:
 - 7.1.1. WEPCo is a corporation duly organised, validly existing and in good standing under the laws of England and Wales;
 - 7.1.2. WEPCo has the requisite power and authority (whether corporate or otherwise) and legal capacity to enter into, and to carry out its obligations under, this Agreement;
 - 7.1.3. The execution and delivery by WEPCo of this Agreement and the performance by WEPCo of the transactions contemplated by this Agreement have been duly authorised by all necessary action on the part of WEPCo; and
- 7.2. This Agreement has been duly executed and delivered by WEPCo, and constitutes a legal, valid and binding obligation of WEPCo enforceable against WEPCo in accordance with its terms.

8. CONFIDENTIAL INFORMATION

- 8.1. Management Services Company (for the purposes of this Clause also referred to as a "**Recipient**") acknowledges that all documents and any other material containing or referring to Confidential Information which at any time are or become within or under its control, power or possession are, shall become and shall at all times remain the property of WEPCo and Management Services Company further undertakes to exercise all reasonable due care and diligence to keep the Confidential Information private and confidential. Management Services Company shall not disclose such information other than to persons involved in the performance of this Agreement (in which case it shall procure that such persons comply with the obligations of this clause 8.1 as if they were Management Services Company) and shall not copy such information or use it other than in the context of the performance of this Agreement.
- 8.2. Clause 8.1 above shall not apply to Confidential Information that:
- 8.2.1. is in or becomes part of the public domain otherwise than as the result of a breach by the Recipient or other persons referred to in Clause 8.1. of this Agreement;
 - 8.2.2. was known to the Recipient at the time of disclosure of the Confidential Information except as a result of a prior confidential disclosure by WEPCo;
 - 8.2.3. becomes known to the Recipient through other persons which to the best of knowledge of the Recipient are not under an obligation of confidentiality towards WEPCo; or
 - 8.2.4. is required to be disclosed by any law or any order of any court, tribunal, authority or regulatory body having jurisdiction (including Confidential Information to be disclosed to statutory auditors).

However, in the case of (d), the Recipient shall, before any such disclosure, to the extent permitted by law, inform WEPCo and agree on the nature and extent of Confidential Information that has to be disclosed and the timeframe of such disclosure.

9. FEES, EXPENSES AND PAYMENT

- 9.1. In consideration for the provision of the Secondment Services, WEPCo shall pay Management Services Company the Fees listed in Schedule 5, in accordance with the provisions of this clause 9.
- 9.2. WEPCo shall pay to Management Services Company the Fees, payable in equal monthly instalments in advance in accordance with this clause 9 and Schedule 5.
- 9.3. However, in case of material increase in the required Secondees, the Parties agree to meet in good faith to discuss advance payments.
- 9.4. The Fees payable to Management Services Company shall be paid to the accounts as indicated by Management Services Company.
- 9.5. All payments under this Agreement shall be made in accordance with WEPCo's payment instructions and in full without set-off, condition, restriction or counterclaim and free of any withholdings or deductions in respect of any tax or other charge within twenty-eight (28) business days of receipt of invoice.
- 9.6. All sums payable by WEPCo to Management Services Company for the provision of the Secondment Services are exclusive of VAT that may be payable thereon under any of the provisions of the Value Added Tax Act 1994 (as amended) or regulations made thereunder. Any VAT arising on these amounts shall be due on the receipt of a valid VAT invoice by Management Services Company which complies with the requirements of Part III VAT Regulations 1995.

- 9.7. Management Services Company shall reimburse the Secondees for all reasonable travel, accommodation and other expenses wholly, exclusively and necessarily incurred by the Secondees during the Secondment period or in connection with the provision of the Secondment Services in accordance with Management Services Company's travel and expenses policies, subject to the Secondees providing such receipts and other evidence of such as is reasonably required by Management Services Company. All such travel expenses will be approved by WEPCo CEO and then reimbursed by WEPCo at cost.

10. LIABILITY

- 10.1. WEPCo shall take out and maintain or shall procure is taken out and maintained in full force with a reputable insurance company for the period of the Secondments adequate insurance cover for any loss, injury and damage caused by or to the Secondees in the course of their secondment.
- 10.2. During the period of the Secondments, WEPCo shall fulfil all duties relating to the Secondees' health, safety and welfare as if it was their employer and shall comply with Management Services Company's reasonable requests in connection with Management Services Company's duties in relation to the Secondees.
- 10.3. Neither Party, its officers, directors, employees and/or agents shall have any liability to the other party in respect of any actual or expected special, indirect or consequential loss of any type.

11. SUBSTITUTION AND TERMINATION OF SECONDMENTS

- 11.1. Subject to Management Services Company giving three (3) months' written notice (unless otherwise agreed), Management Services Company may from time to time substitute any of its Secondees with an alternative person with similar experience, qualification, skills and training. Substitutions will only take place following discussions with WEPCo.
- 11.2. WEPCo may, acting reasonably, give not less than three (3) months' written notice to Management Services Company to remove any Secondee supplied to it and, if reasonably practicable, request a substitute provided that such notice shall be supported by information as to the reason of such request. In that case, any recruitment costs (unless already supported by WEPCo for that Secondee) and related redundancy costs will be paid by WEPCo.

12. PERFORMANCE REVIEW

12.1. Annual Performance Review

- 12.1.1. The services of the Management Services Company will be assessed every year through a 360° Review (the first such review to take place by 31st December 2021), conducted by a senior member of Meridiam Group who (for the avoidance of doubt) will not be a Management Services Company employee, member or officer.
- 12.1.2. The DBW Director will be invited to attend, be involved in and to contribute to (if they wish) all elements of the 360° Review.
- 12.1.3. The 360° Review will consist of a one-on-one session with each of the WEPCo Board Directors, (unless the DBW Director does not wish to participate) reviewing the performances of the Management Service Company alongside all the key categories of the Secondment and Management Service agreement, as described in Schedule 1 to 4.
- 12.1.4. The outcome of the 360° Review will be presented to the WEPCo Board by the senior member of Meridiam Group who conducted the 360° Review for comments. For each of the identified development areas, the Management Service Company will provide a timed action plan to resolve the issue.

12.1.5. In addition to the 360° Review, a Secondment and Management Service compliance audit, ensuring that the Management Service Company complies with its contractual obligations, will be carried out by the Management Service Company.

12.2. Project Development Performance Review

12.2.1. At the end of each Stage 1 Submission, the WEPCo Board (as part of its regular meetings) will review the progress achieved and will provide feedback to the Management Services Company on its project development services. If the WEPCo Board is unsatisfied with the services provided, an action plan will be developed and put in place immediately to resolve the issues prior to commencement of Stage 2 of that Project.

12.2.2. Approximately halfway through Stage 2, the WEPCo Board (as part of its regular meetings) will review the progress achieved and will provide feedback to the Management Services Company on its project development services. If the WEPCo Board is unsatisfied with the services provided, an action plan will be developed and put in place immediately to resolve the issues prior to Stage 2 Submission for that Project.

13. TERM AND TERMINATION OF THIS AGREEMENT

13.1. This Agreement shall commence on the Effective Date subject to the provisions of this Agreement and shall continue in force for the Initial Period and terminate upon the earlier of termination of the Strategic Partnering Agreement or expiry of the Initial Period, unless the Strategic Partnering Agreement shall have been extended in accordance with its terms, in which case this Agreement shall also be extended by the same period and shall expire upon the expiry of the Strategic Partnering Agreement.

13.2. The Secondments shall terminate with immediate effect without notice on the termination of this Agreement.

13.3. WEPCo may give Management Services Company six (6) months' notice to terminate this Agreement within the Initial Period, but not within the first twenty-four (24) months from the Effective Date. If WEPCo gives notice to terminate, WEPCo will be responsible for the redundancy costs of the Secondees and shall pay Management Services Company a Redundancy Fee calculated in line with statutory requirements for redundancy.

13.4. Either Party may give thirty (30) days' written notice to terminate this Agreement to the other Party if the other Party is in material breach of its obligations under this Agreement and either:

13.4.1. such breach is not capable of remedy; or

13.4.2. the Party in breach has not remedied such breach within thirty (30) days of notice in writing from the other Party to do so.

14. DATA PROTECTION

14.1. Each Party shall:

14.1.1. comply with Data Protection Legislation and shall not by its act or omission cause the other Party to breach Data Protection Legislation;

14.1.2. (in its respective capacity as Controller) use all its reasonable endeavours to agree with the other Party all matters pertaining to any requirement for instructions to be provided to a Processor who processes the Secondees' data; and

- 14.1.3. generally co-operate in good faith and with all appropriate due diligence to resolve any issue or dispute arising in respect of the Seconddees' data, so as to protect the rights of Data Subjects in accordance with Data Protection Legislation.

15. MISCELLANEOUS

- 15.1. Each Party shall owe a duty of good faith to the other in relation to the performance of its obligations under this Agreement.
- 15.2. Any notices given pursuant to this Agreement shall be in writing and shall be sent by recorded or registered post or delivered by hand to the address or registered office of the addressee which is specified herein (or such other address as may be subsequently notified to the other party hereto in writing) or sent by e-mail to the e-mail address of the addressee, as notified by each Party to the other from time to time. Delivery by hand shall be deemed to be effective on the same business day upon which delivery took place. Delivery by post shall be deemed to be effective on the second business day after posting. Delivery by e-mail shall be deemed to be effective immediately upon sending (unless the sender receives an error message) provided that if the e-mail is sent after 16:00 on a business day, it shall be deemed delivered on the following business day. Legal proceedings (including arbitration and adjudication) may not be served by e-mail.
- 15.3. This Agreement is delivered and takes effect on the date at this Agreement.
- 15.4. This Agreement is made at arms' length in accordance with UK market practice for comparable rendered services.
- 15.5. This Agreement contains the entire understanding between the Parties in connection with the matters contained within it and supersedes any previous agreements or undertakings (whether written, oral or implied) relating to the subject matter of this Agreement. The Parties acknowledge that in entering into this Agreement neither has relied on any oral or written representation or undertaking by the other except as expressly incorporated in this Agreement. Nothing in this clause shall limit or exclude any liability for fraud.
- 15.6. No waiver, delay or other indulgence granted by any party to this Agreement in respect of any breach of this Agreement shall in any way prejudice or affect the rights or remedies in relation to such breach.
- 15.7. The Parties do not intend that any person other than a Party to this Agreement should have any enforceable benefit under it and the provisions of the Contracts (Rights of Third Parties) Act 1999 are excluded.

16. APPLICABLE LAW AND JURISDICTION

- 16.1. This Agreement shall be governed by and construed under the laws of England and Wales (other than any conflict of laws principles that would require or permit the application of the laws of another jurisdiction). The Parties hereto submit to the non-exclusive jurisdiction of the Courts of England and Wales.
- 16.2. No modification or amendment of this Agreement shall be valid unless in writing and signed by all Parties hereto.

IN WITNESS WHEREOF this Agreement has been signed by the duly authorised representatives of the Parties.

FULCRUM INFRASTRUCTURE MANAGEMENT LIMITED acting by

CHRISTOPHE DE CARMEY

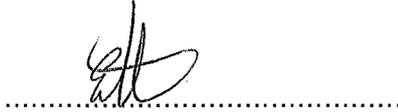


Full Name (as attorney for and on behalf of Fulcrum Infrastructure Management Limited)

Signature of named authorised signatory

in the presence of:

EMMA SCOTT



Full Name (Witness)

Signature of Witness

105 PICCADILLY

LONDON

W1J 7NJ

Address

WEPCO LIMITED acting by

.....

.....

Full Name (Director)

Signature of Director

in the presence of:

.....

.....

Full Name (Witness)

Signature of Witness

.....

.....

Address

IN WITNESS WHEREOF this Agreement has been signed by the duly authorised representatives of the Parties.

FULCRUM INFRASTRUCTURE MANAGEMENT LIMITED acting by

.....
Full Name (as attorney for and on behalf of Fulcrum Infrastructure Management Limited) Signature of named authorised signatory

in the presence of:

.....
Full Name (Witness) Signature of Witness

.....
.....
.....
Address

WEPCO LIMITED acting by

Barbara Lautz
Full Name (Director) *[Signature]*
Signature of Director

in the presence of:

Theo Miloché
Full Name (Witness) *[Signature]*
Signature of Witness

4, Place de l'Opera
75002, Paris
.....
Address

**SCHEDULE 1
SENIOR MANAGEMENT TEAM**

Schedule 1.1 – CEO Role

The CEO is the senior employee of WEPCo whose responsibilities are as follows:

- To deliver the strategic and business aims of WEPCo
- To oversee operational performance and ensure WEPCo is compliant from a contractual, safety, and operational perspective, and is delivering to a best practice standard in all areas
- To drive a culture of continuous improvement within WEPCo that is aligned with the Fulcrum Values

The CEO will fulfil a leadership role and be primarily responsible for partnership and business development activity.

1. Develop relationships with stakeholders

- a. Be an active advocate for WEPCo in providing professional leadership at all times and leading by example.
- b. Co-ordination and engagement with the Grantor.
- c. Identify and prioritise new business opportunities as agreed with the WEPCo Board
- d. Develop and create alliances and relationships with stakeholders
- e. Regular engagement with existing stakeholders and potential customers

2. Manage WEPCo and its associated affairs as directed by the Shareholders

- a. Ensure the availability of suitable staff, accommodation and IT infrastructure for the delivery of service.
- b. Implement and operate effective management processes for WEPCo.
- c. Drive a culture of continuous improvement and best practice within WEPCo and ensure the values below are effectively delivered by the team.
- d. Provide critical feedback and support to the Grantor.

3. Manage the requirements of the WEPCo Board

- a. Liaise with the chairman
- b. Control WEPCo Budget
- c. Provide a board report in an agreed format.
- d. Attend in person (with such appropriate and suitable staff as required) at WEPCo Board meetings including for the purpose of presenting on the financial and operational performance of WEPCo, and with suitable representation for the areas covered by this Agreement.
- e. Provide telephone conferencing facilities.

4. Preparation and Implementation of WEPCo Business Plan

- a. Prepare for the WEPCo Board an annual business plan and budget covering a period as specified by the WEPCo Board.
- b. Play a full and value-added role in the development of strategy and business plan for WEPCo.
- c. Ensure the successful delivery of strategic, operational and business aims for WEPCo.

5. Provision of Professional Advice

- a. Management of any routine legal or other professional advice required by WEPCo.

6. Disputes

- a. Notify the WEPCo Board in the defence of any claims against WEPCo relating to past or future issues of contention.
- b. Notify the WEPCo Board of any potential claims WEPCo could make against any third party immediately of becoming aware of the same.
- c. Assis with the appointment and instruction of any external legal or other specialist advisers to act on behalf of WEPCo but excluding any professional fees in relation to such appointments.
- d. Ensure, to the extent required, that any funder to WEPCo is kept informed of the progress of any dispute.

Schedule 1.2 – CFO ROLE

Manage the day to day functions of the WEPCo finance teams supporting the delivery of the financial services elements of the underlying contracts. Provide financial advisory support to General Managers/Project Managers in relation to financial aspects of project development during Phase 1 and 2.

1. Transactional Processing

Supervision, monitoring and responsibility of below tasks for WEPCo:

- Cash Management
- Accounts Payable (AP)
- Accounts Receivable (AR)
- Pass Through Costs

2. Management Accounting

Supervision, monitoring and responsibility of below tasks for WEPCo:

- Management reporting
- ProjectCo reporting (financial aspects)

3. Statutory Audit

The cost of the Statutory audit is not included in the scope of services.

- Liaise with Auditors to agree accounting treatment
- Attend the planning meeting to agree audit deliverables and timeframe
- Preparation of Draft Statutory Accounts
- Manage the Audit process and deal with Audit queries
- Finalise Statutory Accounts and manage Approval Process

4. Taxation Services

The provision of tax services assumes the level of tax knowledge of a newly qualified accountant. For specific tax advisory services WEPCo will be required to appoint a specialist tax advisor. The costs of this are not included within the scope of services.

Supervision, monitoring and responsibility of below tasks for WEPCo:

- VAT
- PAYE/CIS
- Corporation Tax

5. Company Secretarial

Supervision, monitoring and responsibility of below tasks for WEPCo:

- Company Governance
- Board Governance
- Maintenance of records

6. Support for the Project Development Dedicated Teams on Funding Agreements

Supervision and support on all financial aspects of a project development, including:

- Provide support, advice and market knowledge for funding competitions
- Review of finance documents for new projects
- Oversight of financial model consistency (excludes any financial modelling work)
- Support in financial documentation negotiation
- Share finance related best practices and standardisation opportunities
- Review of advisors' due diligence documents intended to Funders
- Support for achieving Financial Close
- Report to WEPCo Board on funding status

7. Support the Project on Purchasing

- Develop the Procurement Pan
- Establish the Supply Chain frameworks / panels / appointments
- Set-up the Supply Chain documentation
- Support the Supply Chain tender process
- Ensure the quality of the proposed Supply Chain members
- Support WEPCo Project Development Dedicated Team on all procurement topics during the development phase
- Share lessons learnt & best practice with WEPCo Project Development Dedicated Team

Schedule 1.3 – Management System Director role

The MSD will be responsible for all management system design, data monitoring and ISO related processes as well as overseeing the production of data and reporting for WEPCo Board.

- Draft WEPCo's Integrated Management Systems book of procedures
- Ensure that processes needed for WEPCo's IMS are established, implemented and maintained including OH&S, Quality and Continuous Improvement processes;
- Report to the WEPCo Board on the performance of WEPCo's management systems and any need for improvement;
- Oversee the production of data and reports for WEPCo and WEPCo Board;
- Ensure the promotion and awareness of customer requirements throughout the programme;
- Arrange for internal and external audits to be conducted at planned intervals to determine whether WEPCo's Integrated Management System conform to the quality, OH&S and environmental management systems requirements established by WEPCo;
- Support WEPCo Project Development Dedicated Team on all management system design, data monitoring and ISO related topics during the development phase;
- Drive Continuous Improvement processes.

**SCHEDULE 2
WEPCO SHARED PROJECT TEAM**

Schedule 2.1 – Community Benefits ESG lead role

The Community Benefits (CB) ESG manager role will oversee all CB and ESG activities for the Programme, with a specific focus on the inclusion of CB and ESG requirements in the Procurement Plan and ultimately at ProjectCo level

- Engage with Participants and Local Authorities to establish regional Community Benefits Charter (in line with local community priority areas)
- Communication with stakeholders
- Ensure delivery of KPI requirements including development of WEPCo Academy
- Ensure WEPCo and Projects are compliant with Meridiam ESG Charter and UNPRI and produce the required reporting
- Undertake ESG Audit / checkpoints at stage 1 and 2
- Work with the Procurement Manager (PM) to incorporate Community Benefit KPI requirements into the Procurement Plan
- Develop supply chain Community Benefit KPI requirements T&Cs
- Audit and report performance to i) WEPCo Board against Community Benefit KPIs at Strategic Partnering Agreement level and ii) the CITB against National Skills Academy Targets at WEPCo level
- Develop Community Benefit KPI recovery plans should KPI performance not be meeting expectations
- Support WEPCo Project Development Dedicated Team on all Community Benefits, ESG or SDG topics during the development phase
- Share lessons learnt & best practice with WEPCo Project Development Dedicated Team

Schedule 2.2 – Digital Lead role

The Digital Programme Director role will oversee all digital requirements at the Programme level, including all BIM requirements

- Ensure consistent approach to BIM in compliance with SPA requirements
- Manage the digital library of design information
- Develop key data requirements for FM Service Providers and operational KPIs for FM procurement
- Train all BIM Information Manager that will work on projects
- Drive BIM best practices at WEPCo level, propose improvements to be included in upcoming supply chain tender based on Stage 1 & 2 lessons learned.
- Promote the use of digital tools for communication (virtual reality, social media...)
- Manage data platform between WEPCo and Participants
- Support WEPCo Project Development Dedicated Team on all BIM topics during the development phase
- Share lessons learnt & best practice with WEPCo Project Development Dedicated Team

All WEPCO Shared Dedicated Team roles may be full or part-time depending on the need, and as agreed from time to time between WEPCo and the Management Services Company.

SCHEDULE 3
WEPCO PROJECT DEVELOPMENT DEDICATED TEAM

Schedule 3.1 – General Manager role

General Managers will have the responsibility of overseeing several projects at the same time in a given geography

- Act as a Key Relationship Manager for the Participants, responsible for Client Satisfaction
- Closely monitor, on their territory, evolution of the pipeline and progress of NPR/Stage 1/ Stage 2 development & submission
- Provide guidance and support to Participants for developing comprehensive and compliant NPR response
- Act as a Primary point of contact for the MIM Project Director
- Oversee delivery of several projects including batched programmes to drive efficiency and consistency of approach
- Responsible for managing all Project Managers and Assistant PM in their geography
- Be a Member of Project Advisory Group ensuring that the New Projects are delivered in line with Participants requirements.

Schedule 3.2 – Project Manager

The Project Managers will be responsible for the day-to-day work on a project or a batch of project.

- Develop and implement the Project Execution Plan in line with the Submission Requirements and Approval Criteria
- Manage the project risk and the risk register
- Act as the single point of contact for the Participant Project Manager
- Manage Stakeholder Engagement for their respective projects
- Deliver a fair, open and transparent tender process in line with the Tender Process Method Statement
- Review of key assumptions for CAPEX, FM and lifecycle
- Manage supply chain partners including coordinating delivery and reporting on performance to Procurement Manager
- With the support of the WEPCo CFO, manage all financial and legal aspects of the project development (funding competition, financial model update, legal documentation negotiation, reaching of financial close)

Schedule 3.3 – Project Manager Assistant role

The Project Manager Assistant will support the Project Manager for complex projects or numerous projects included in a batch

The Assistant Project Manager will have responsibilities broadly in line with that of the Project Manager, but will be under the responsibility of the Project Manager

Schedule 3.4 – Administrative Assistant role

Provide secretarial services to WEPCo Project Development Dedicated Team

- Administrative support for the WEPCo Shared Project Team and the Project Development Dedicated team, including coordination of meetings, travel, and accommodation arrangements
- Support WEPCo teams in the management of the performance of the business
- Development of professional documents such as presentation, Board reporting or reports
- Day-to-day office duties
- Based in Cardiff

SCHEDULE 4 – Management Services Agreement Scope of Work

FINANCIAL SERVICES

Financial Services

Manage the day to day functions of WEPCo finance under the supervision of WEPCo CFO.

1. Transactional Processing

a. Cash Management

- Cash Drawdowns
- Monitor Cash Balances – Arrange Term Deposits if required
- Petty Cash Management if required
- Monthly Bank Reconciliation

b. Accounts Payable (AP)

- Receiving Supplier Invoices
- Co-ordination of Supplier Invoice Approvals
- Posting Supplier Invoices
- Co-ordination with Suppliers
- Setting up Supplier Payments
- Co-ordination of Supplier Payment Approvals
- Monthly Accounts Payable Reconciliation

c. Accounts Receivable (AR)

- Raising Sales Invoices
- Co-ordination with Debtors around invoicing
- Posting Sales Invoices
- Following up on Outstanding Debtors
- Posting Debtors Payments
- Monthly Accounts Receivable Reconciliation

d. Pass Through Costs

- Ensure all pass-through costs are paid and recharged in line with contractual requirements.

2. Management Accounting

a. Management reporting

- Ensure all transactional processing of accounting data through appropriate accounting software
- Post Accruals and Prepayments
- Check Bank, AP and AR Reconciliations
- Export Data in specially designed reporting Pack
- Process Budget and Forecast updates, monitor cashflow
- Setup and maintain project cost codes to support project variations

b. WEPCo reporting

- Preparation of WEPCo Board reporting in a format as agreed with the WEPCo Board and pursuant to Section 3 of Schedule 3 of the Strategic Partnering Agreement
- Preparation of SPB reporting

3. Statutory Audit

The cost of the Statutory audit is not included in the scope of services.

- Preparation of Audit working papers
- Submit Statutory Accounts to Companies House
- Submit statutory Accounts to Funders (if applicable)

4. Taxation Services

The provision of tax services assumes the level of tax knowledge of a newly qualified accountant. For specific tax advisory services, the Company will be required to appoint a specialist tax advisor. The costs of this this are not included within the scope of services.

VAT

- Monthly VAT return and submission.
- Process payments or refunds of VAT.
- Deal with related queries (management of technical disputes as a result of changes in legislation is not included in the scope).

PAYE/ CIS

- Monthly PAYE / CIS return and submission.
- Process payments due
- Deal with related queries (management of technical disputes as a result of changes in legislation is not included in the scope)

Corporation Tax

- Preparation of and submission of Corporation Tax return with support of Advisors
- Submit Corporation Tax Return to HMRC
- Process Payments due
- Deal with related queries (management of technical disputes as a result of changes in legislation is not included in the scope)

5. Company Secretarial

a. Company Governance

- Registered Office
- Maintain company Incorporation documents
- Maintain Register of Shareholders / Members
- Submit Annual Returns.
- Preparation of notices to shareholders
- Assist the Company with Freedom of information requests
- Company Secretary not including the provision of legal advice.

b. Board Governance

- Maintain Register of Directors
- Maintenance of Register of Directors' interests
- Prepare Documents for the Appointment and Removal of Directors
- Setting up and Administering Board meetings, including taking minutes

c. Maintenance of records

- All records pertaining to the Management Services function will be maintained and filed appropriately, either in electronic or hard copy format.
- This includes an archiving function.
- Documents to be maintained and filed to comply with the requirements of the Project Documents.

Key Performance Indicators:

1. Corporation Tax returns submitted and paid within legislative timeframes
2. VAT returns submitted and paid within legislative timeframes
3. CIS returns submitted and paid within legislative timeframes

SECRETARIAL SERVICES

Secretarial Services

Provide secretarial services to WEPCo

- Administrative support for WEPCo Senior Management Team, including coordination of meetings, travel, and accommodation arrangements
- Support WEPCo Senior Management Team in the management of the performance of the business
- Development of professional documents such as presentation, WEPCo Board reporting or reports
- Day-to-day office duties
- Any other relevant administrative reasonably requested by WEPCo Senior Management Team

BOARD SERVICES

Board Services

FIM will be responsible for ensuring efficient and document services to WEPCo Board

- Manage the requirements of WEPCo Board
- Liaise with the chairperson, the WEPCo Board Directors and WEPCo CEO for the organisation of the WEPCo Board meetings.
- Support the CEO for the development of WEPCo Board report in the agreed format.
- Send WEPCo Board material in advance of WEPCo Board meetings by email or using the dedicated platform.
- Ensure the attendance in person of appropriate and suitable staff at WEPCo Board meetings, for the purpose of presenting on the financial and operational performance of WEPCo and with suitable representation for the areas covered by this Agreement.
- Provide acceptable media for the purposes of a quorate Board Meeting.

SCHEDULE 5 FEES AND CHARGES

MSA Fees:

For providing the Management Services Agreement Scope of Work as defined in Schedule 4, in respect of each Contract Year, a fee of £30,000, such fee to be Indexed every year on 1 April in each year of the term of this Agreement.

Secondment Fees:

For the secondment agreement scope of work as defined in Schedule 1, Schedule 2 and Schedule 3, the Management Services Company shall charge the full secondees' actual costs (e.g. fixed salary, bonus, 9% pension, ERS NIC, recruiting fee, daily rate if Independent Contractor etc.) plus a 5% Overhead and a 10% Margin. The fee will be adjusted depending on the number of roles hired or number of days assigned to WEPCo and indexed based on the approved salary increase of the roles seconded.

The Fees will be paid as follows:

WEPCo Senior Leadership Team:

- 90% of the total Secondment Fees relating to the WEPCo Senior Leadership Team roles on a monthly basis
- Up to 10% of the total Secondment Fees (the Incentive Fee) relating to the WEPCo Senior Leadership Team roles at the end of each calendar year, following review and approval from WEPCo Board, based on the Senior Leadership Team attainment of the WEPCo annual objectives.

WEPCo Shared Project and WEPCo Project Teams:

- 90% of the total Secondment Fees relating to the WEPCo Shared Project and WEPCo Project Teams roles on a monthly basis
- Up to 10% of the total Secondment Fees (the Incentive Fee) relating to WEPCo Shared Project and WEPCo Project Team's roles at the end of each calendar year, following approval from WEPCo Board, based on the completion of Stage 1 and Stage 2. To measure Stage 1 and Stage 2 annual completion, the Parties will discuss every year, in good faith, a Stage 1 and Stage 2 schedule to achieve based on the actual pipeline and/or WEPCo development objectives.

Below is an illustration of the mechanism:

	Compensation (Fixed + Bonus)	Pension	ERS NIC	Subtotal	OH & Profit	Total Secondment Fees	Monthly Secondment Fee (90%/12)	Incentive Fee (10% in this example)
		9%	13.80%		15%		90%	
Position 1	55,000	4,950	7,590	67,540	10,131	77,671	5,825	7,767
Position 2	90,000	8,100	12,420	110,520	16,578	127,098	9,532	12,710

For services outside this MSA, the Parties will agree in good faith on works to be done and daily rates.

WEP STRATEGIC PARTNERING DELIVERY MODEL
SUMMARY OF STRATEGIC PARTNERING AGREEMENT

1 INTRODUCTION¹

- 1.1 The WEP Strategic Partnering Agreement (**SPA**) is the agreement dated 30 September 2020 and entered into between the Local Authorities and Further Education Institutions listed in the Schedule below (**Continuing Participants**)² and WEPCo (being the joint venture company established between the Private Sector Delivery Partner (**PSDP**) and a subsidiary of the Development Bank of Wales). The Local Authorities and Further Education Institutions who are entering into the SPA in 2021 (**Joining Participants**) will do so by executing a deed of adherence in the form attached at Schedule 10 of the SPA.
- 1.2 The SPA provides for how the parties act together over the long term in a collaborative partnering, non-adversarial and open manner to support the effective planning, procurement and delivery of education and community facilities in Wales and the delivery of infrastructure services.
- 1.3 The SPA sets out the high level principles that underpin the delivery of the parties' obligations; the behaviors, vision and values of WEPCo; the establishment of a framework that promotes excellence and value for money; and the monitoring and management of WEPCo's performance.
- 1.4 Under the SPA, WEPCo will be required to provide **partnering services** to the Participants. These services include (i) project development and delivery; (ii) supply chain assembly and management and (iii) other professional services necessary to fund and deliver education and community facilities.
- 1.5 The initial term of the SPA is 10 years. This may be extended by 5 years by any one or more Participants. Certain protections in the SPA continue in force beyond the term of the SPA until the end of the last associated Project Agreement entered into by the Participant(s) for the delivery of individual education facilities.
- 1.6 WEPCo will have the sole and exclusive right for the term of the SPA to nominate a subsidiary of the PSDP (which will be a special purpose vehicle that holds the majority of voting rights, or a wholly owned subsidiary of such a company) (**Project Co**) to deliver MIM Projects, provided that the relevant criteria in the SPA are met. Approved MIM Projects will be developed by WEPCo, but delivered by Project Co which will enter into a Project Agreement with the relevant Participant to deliver the relevant MIM Project.
- 1.7 Participants will be able to request that WEPCo, or a nominated wholly owned subsidiary of WEPCo, provides other **project services** such as the delivery of design and build capital projects for education or community facilities under the SPA, provided that the relevant criteria in the SPA are met. WEPCo and/or its subsidiaries shall enter into all required agreements for the delivery of capital projects and/or FM services directly with the relevant Participant, which in the case of education sector capital projects shall be substantially in the form of the Template Education Design and Build Development Agreement appended to the SPA.

2 NEW PROJECTS

- 2.1 WEPCo shall, if requested to do so by one or more Participants, develop proposals for the implementation and delivery of new projects by a Project Service Provider. For MIM Projects, the Project Service Provider will be the Project Co that will be created for such purpose and for other approved projects shall be WEPCo or a Subsidiary of WEPCo. The role of WEPCo will include the raising of finance, project development, project management and supply chain assembly and management of a new project up to contractual/financial close, during the construction period and operational period.

¹ Capitalised terms have the meaning provided for in the Strategic Partnering Agreement unless otherwise stated.

² Note those named as a "Contracting Authority" in the OJEU notice will be entitled to sign and enter into the SPA.

- 2.2 The obligations on WEPCo and the relevant Participant in relation to the identification, approval and delivery of a new project are set out in Schedule 5 (*Approval Process for New Projects*).
- 2.3 For an overview of Schedule 5 and a flow chart outlining the Approval Process for New Projects, please see **separate guidance**.
- 2.4 WEPCo is obliged to assist Participants in developing local delivery plans, which will form the basis of an annual Strategic Delivery Plan (**SDP**) developed between the Participants and WEPCo. The Participants' requirements for new projects will in most cases be initiated through the inclusion of such projects in the latest edition of the SDP. The initial Strategic Delivery Plan is at Schedule 11 of the SPA.
- 2.5 WEPCo will assist Participants in developing proposals for the delivery of new projects, the preparation of an outline business case and the obtaining of all necessary approvals to progress any new project request by a Participant.
- 2.6 With each approved new project, WEPCo will (or will procure a Project Service Provider will) enter into a Project Agreement, a template form of which is appended to the SPA at Schedule 7 (*Template Project Agreements*). For an overview of the Template Project Agreement, please see **separate guidance**. For every MIM Project, the Project Service Provider will enter into a Shareholders' Agreement to establish the relevant Project Co.³
- 2.7 WEPCo must evidence value for money both at the beginning and continuously throughout the development and delivery of new projects in accordance with Schedules 3 (*Partnering Services*), 5 (*Approval Process for New Projects*) and 6 (*New Project Pricing Report*).
- 2.8 The Participants will develop with WEPCo the approach to supply chain assembly for the delivery of a new project, the market testing of design and construction, hard facilities management services and the funding of the new project to ensure value for money. WEPCo and the relevant Participant(s) will work together to ensure that the pricing of a new project provides the relevant Participant(s) with robust, transparent and auditable information as to the costs, fees and prices included within WEPCo's proposals.
- 2.9 WEPCo shall, for all projects, monitor and update (where applicable) the predicted capital, whole life cost and any increase or reduction in estimated costs, the final cost of design and construction and the actual cost of maintaining and repairing each project. WEPCo will be expected to demonstrate to Participants through a WEPCo Performance Report and Annual Review, lower costs and/or greater value for money over the term of the SPA.
- 2.10 Planning permission for approved projects to be delivered by WEPCo must be obtained by WEPCo prior to signing the relevant Project Agreement.

3 PARTNERING SERVICES

- 3.1 WEPCo may provide a range of Partnering Services to Participants.
- 3.2 These fall into three categories:
 - 3.2.1 Ongoing Partnering Services;
 - 3.2.2 Project Development Partnering Services; and
 - 3.2.3 Strategic Support Services.

³ This will be substantially in the form of the Template Project Co Shareholders' Agreement appended to the SPA.

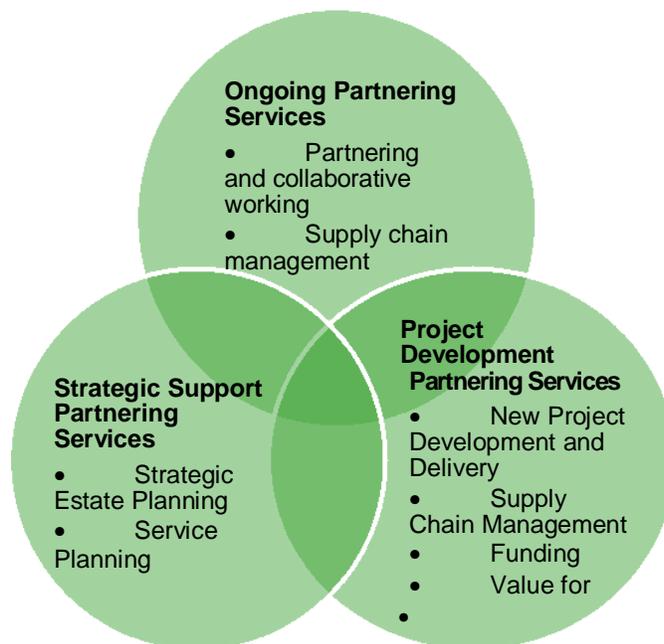


Figure 1 WEPCo Partnering Services

- 3.3 WEPCo shall provide **Ongoing Partnering Services** to the Participants that relate to the day to day operation of WEPCo, the fostering of partnering and collaborative working between the parties, supply chain management and the delivery of value for money.
- 3.4 WEPCo shall provide **Project Development Partnering Services** to implement and deliver projects identified in the SPA and all other 21st Century schools and colleges (Band B) MIM Programme Projects (**Qualifying Projects**) in accordance with the specification, Key Performance Indicators (**KPIs**) (including community benefits) and rates set out in Schedule 3 (*Partnering Services*). The role of WEPCo is to develop proposals for a Qualifying Project to meet the Participant’s Requirements including affordability and other agreed approval criteria (services, operational, financial and value for money). The scope and specification of the services to be provided by WEPCo will be agreed between WEPCo and the relevant Participant on a project by project basis, together with the approval criteria.
- 3.5 The relevant Participant will remain as “sponsor” for business case approval purposes. The role of WEPCo will be to support the relevant Participant in preparing agreed outputs at each business case approval stage for the delivery of a Qualifying Project.
- 3.6 WEPCo shall also, where requested, provide **Strategic Support Partnering Services**, to support Participants in strategic estate planning and strategic services planning to plan education sector services and where requested, community services. These are discrete, consultancy support services that may be required by Participants. The Participants and WEPCo will jointly develop a Strategic Delivery Plan for the delivery of new accommodation requirements.
- 3.7 WEPCo must monitor the performance of each of the Partnering Services and Project Services at its own cost and expense, meet value for money requirements and demonstrate continuous improvement wherever practicable achieved through agreed KPIs, as developed in accordance with the SPA throughout the term.
- 3.8 For all Partnering Services, WEPCo must provide the Partnering Services in compliance of the WEP Objectives and all objectives set out in the SDP agreed between the Participants and WEPCo. All Partnering Services must meet the requirements for Value of Money set out in clause 13 and seek to obtain continuous improvement in providing the services.

Payment for Partnering Services

- 3.9 Clause 10 of the SPA governs what WEPCo is entitled to charge a Participant for the provision of Partnering Services.
- 3.10 WEPCo recovers Partnering Services Costs relating to Ongoing Partnering Services and Project Development Partnering Services in accordance with Schedule 4 (*Partnering Services Costs*) of the SPA. Partnering Services Costs are recovered either from the Participant on a “pay as delivered” basis, or as a lump sum at financial close of the relevant approved Project, or such costs are rolled into the financial model for the relevant approved Project and are repaid over the term of the relevant Project Agreement.
- 3.11 WEPCo recovers the costs incurred for the delivery of Strategic Support Partnering Services on a “pay as delivered” basis or as otherwise agreed with the relevant Participant procuring such services from WEPCo. The quantum of such costs will be calculated by reference to the rate card which will be included at Schedule 4 (*Partnering Services Costs*).
- 3.12 Save to the extent adjustments are required and agreed between the Parties and “save in respect of Funder Due Diligence costs”, the Project Development Fee Estimate for each element or component of the Project Development Partnering Services, for each stage of the New Project Approval Process and in respect of the New Project as a whole, can in no circumstances exceed the relevant Project Development Fee Cap.
- 3.13 Under no circumstances shall the Incurred Project Development Fee for a stage of the New Project Approval Process in respect of a New Project exceed the terms agreed with the Participants for Funder Due Diligence costs. The Project Development Fee Cap for the New Project shall not include Funder Due Diligence costs.

Subcontracting of Partnering Services

- 3.12 WEPCo is able to subcontract its obligations in respect of the whole or part provision of the Partnering Services to a Partnering Subcontractor but will remain responsible to the relevant Participants for the provision of the contracted out services.
- 3.13 WEPCo is responsible for ensuring the performance by the Supply Chain Members of their obligations under the relevant Supply Chain Agreements.
- 3.14 On the expiry or earlier termination of the SPA, the handover provisions set out in Schedule 20 (*Handover on Expiry or Termination*) will apply. Any staff engaged in the delivery of Partnering Services will transfer under TUPE regulations to the relevant Participant or third party successor provider of services.
- 3.15 For further detail on the scope of Partnering Services in Schedule 3 (*Partnering Services*) and Schedule 4 (*Partnering Services Costs*), please see **separate guidance**.

4 PROJECT SERVICES

- 4.1 WEPCo is responsible for providing **Project Services** to Participants. These are services required under a Project Agreement in relation to the design, construction, testing, commissioning and completion of premises (including any temporary works) and the installation of equipment, together with the provision of facilities maintenance (FM) services.
- 4.2 The SPA acknowledges that Participants may have existing providers in place to provide their accommodation requirements and associated services. WEPCo agrees to work with Participants to ensure the existing providers are treated fairly and that the individuals providing the existing services are, where possible, employed by the Project Service Provider.

5 EXCLUSIVITY

5.1 The Participants grant WEPCo the sole and exclusive right for the 10 year term of the SPA to provide:

5.1.1 Ongoing Partnering Services

5.1.2 Project Development Partnering Services in respect of projects identified in the SPA and 21st Century Schools and Colleges (Band B) MIM projects (**Qualifying Projects**)

5.1.3 Project Services in respect of Qualifying Projects that become Approved Projects (as developed through Schedule 5 (*Approval Process for New Projects*)).

After 10 years exclusivity will not apply.

5.2 Participants may request WEPCo to deliver other services:

5.2.1 Project Services relating to Major Capital Projects in the education sector, save for MIM projects for a specified period;

5.2.2 Project Services relating to capital projects required for the provision of education sector services or community services;

5.2.3 Project Services in relation to the provision of FM Services required for the provision of education sector services or community services (not provided as part of any Qualifying Project);

5.2.4 Strategic Support Partnering Services;

5.2.5 Ongoing Partnering Services and/or Project Development Partnering Services after 10 years (where the term of the SPA has been extended);

5.2.6 Project Development Partnering Services in respect of potential New Projects which are not Qualifying Projects.

The above services are not subject to exclusivity.

5.3 The benefits of exclusivity include:

5.3.1 Participants will not have to embark on another regulated procurement for the delivery of Partnering Services or Project Services for the lifetime of the SPA.

5.3.2 Participants can be assured of the appropriate level of commitment from WEPCo to foster the development of a successful partnership and outcomes over the long term.

5.3.3 Participants can be assured regarding value for money and continuous improvement for the delivery of a pipeline of new projects.

5.3.4 Delivery of economies of scale over time through the growth of the WEPCo estate.

5.4 Exclusivity can be suspended if WEPCo fails the "Track Record Test" and will not apply until WEPCo passes a subsequent Track Record Test. This is an assessment of whether in the most recent WEPCo Performance Report shared with Participants on an annual basis, WEPCo has met specified KPIs (including those that relate to community benefits) as evidenced.

6 MANAGING WEPCO PERFORMANCE

- 6.1 WEPCo's performance is incentivized through KPIs and there is a requirement for the KPIs to comply with the prevailing Law and applicable government policy. Where the Welsh Government (acting reasonably) considers amendments to the KPIs and/or consequential changes to the Partnering Services Method Statements are of benefit to the Participants and these are accepted by WEPCo, the SPA shall be deemed to be amended from the date a report containing such agreed amendments is signed by an authorised signatory of the Welsh Ministers and WEPCo.
- 6.2 Within one (1) year following the Commencement Date of the SPA, WEPCo is obliged to convene, organise and lead for the SPB a board effectiveness review, a strategy review and a portfolio risk management review (together, the Effectiveness Review). WEPCo will record in writing the conclusions and recommendations of the Effectiveness Review.
- 6.3 Where the Welsh Government considers such recommendations to be of a beneficial nature to the Participants generally (whether on the basis of value for money, efficiency or otherwise), the Parties shall be deemed to agree to such recommendations set out in a report outlining such agreed recommendations signed by an authorised signatory of the Welsh Ministers and WEPCo (Effectiveness Review Report).
- 6.4 Where the terms of the Effectiveness Review Report necessitate amendment to any Template Project Agreement or Template Project Co Shareholders' Agreement such amendment(s) shall be subject to Welsh Government's absolute discretion. In such circumstances, the relevant terms of the Effectiveness Review Report will be sent to the Welsh Ministers' Participant Representative for consideration by Welsh Government. Any amendments to the Template Project Agreement or Template Project Co Shareholders' Agreement agreed by the Welsh Government shall be issued as further guidance to the Template Project Agreement or Template Project Co Shareholders' Agreement, and shall thereafter be implemented.
- 6.5 Every two (2) years on or about the anniversary of the Commencement Date, WEPCo will organise and lead a review of the Authority Construction Requirements and Service Level Specifications (each as Schedules to the Template Project Agreement) (Biennial Review) in order to reflect its view of:
- a) current best industry practices;
 - b) the requirement to comply with prevailing Law and applicable governmental policy; and
 - c) to capture any lessons learned from previous and current Projects that will improve delivery of the Project Services.
- 6.6 WEPCo shall record in writing any enhancements it proposes to the Authority's Construction Requirements and/or Service Level Specifications following each Biennial Review and shall submit its report (Biennial Review Report) to the Welsh Ministers' Participant Representative, for consideration by Welsh Government. Any amendments to the Authority's Construction Requirements and/or Service Level Specification agreed by Welsh Government in its absolute discretion shall be issued as further guidance to the Template Project Agreement (as provided for in the "IMPORTANT NOTE") and shall thereafter be implemented in accordance with the terms of the SPA.

7 REPRESENTATIVES AND STRATEGIC PARTNERING BOARD (SPB)

- 7.1 The Continuing Participants' Representatives are listed in the Schedule. Each Joining Participant will also appoint a representative to act on its behalf in relation to the SPA.
- 7.2 The identity of the Participant's Representative may change at any time following written notice to WEPCo and all other Participants. Each Participant Representative may also at any time, by written notice to WEPCo, authorise others to exercise the functions and powers of that Participant.
- 7.3 The SPB governs the relationship between WEPCo and the Participants. It will comprise of representatives of each Participant, WEPCo, Welsh Government and other stakeholder representatives as agreed by the Participants.
- 7.4 The SPB will meet at least every three months to review financial and operating issues and provide strategic input into the partnering arrangements including the exchange of ideas in relation to the Participants' accommodation and service delivery requirements.
- 7.5 The first Participant's Representative appointed as Chairman of the Strategic Partnering Board (SPB) for the first year is Sara Humber, Programme Director MIM 21st Century Schools and Colleges for The Welsh Ministers.
- 7.6 A quorum of the SPB is proposed to be five Participant's Representatives (one of whom must be a representative of the Welsh Government) and the WEPCo Representative. For any adjourned meeting, the quorum shall be one Participant's Representative (who must be a representative of the Welsh Government) and the WEPCo Representative. WEPCo and stakeholder representatives will not have a vote at SPB meetings. Decisions will be taken by majority vote. A decision that affects a Participant will only bind it if that Participant's representative has voted in favour of it.
- 7.7 The SPB will approve the annual Strategic Delivery Plan, ensure New Project proposals are consistent with the SDP, manage WEPCo's performance against agreed KPIs, approve any extension to the SPA term and approve any proposed disposal of interest in share capital resulting in a loss of control by WEPCo (or subsidiary).
- 7.8 WEPCo will be obliged to report on its KPIs which will be reviewed by the SPB annually. The SPB will assess whether the Track Record Test has been passed and if any significant performance failure has occurred. Any dispute shall be resolved under Schedule 21 (*Dispute Resolution Procedure*).

8 DEFAULT

Participant Default

- 8.1 Participant Event of Default includes:
 - 8.1.1 one or more Participants being in breach of clauses 9.1, 9.2 and 9.6 (exclusivity clause);
 - 8.1.2 one or more Participants failing to attend SPB meetings which has a material adverse effect on WEPCo or any Project Service Provider;
 - 8.1.3 one or more Participants being in breach of the SPA which delays the execution of any Project Agreement relating to an Approved Project by more than 40 Business Days;
 - 8.1.4 an expropriation, sequestration, nationalisation or requisition of any Facilities or assets and/or shares of WEPCo or its Holding Company or Project Service Provider by a Participant or any other Relevant Authority (where this occurs due to a Relevant Authority, all Participants will be deemed responsible for the Event of Default); and

- 8.1.5 any non-payment by a Participant under the SPA exceeding £100,000 60 Business Days after demand.
- 8.2 Where a Participant Event of Default occurs, WEPCo may either:
 - 8.2.1 suspend their performance of the SPA in relation to the Participant in default until that Participant can demonstrate to WEPCo's reasonable satisfaction it is capable of performing their obligations; or
 - 8.2.2 notify the Participant of the Event of Default.

If the Participant Event of Default is capable of remedy and has not been remedied within 30 Business Days or is not capable of remedy with immediate effect, WEPCo may either serve notice on each Participant in default terminating the SPA in relation to them with immediate effect or simply notify the Participants in default of the effect their default has had. Any Participants in default will be liable to pay compensation to WEPCo in accordance with section 1 of Schedule 14 (*Compensation on Participant Event of Default and Termination*). If the SPA is terminated in its entirety by the default, compensation under section 2 of Schedule 14 (*Compensation on Participant Event of Default and Termination*) will be payable. The Participant will pay the higher of 3.5% and the Bank of England base rate interest on the relevant compensation or termination sum for the period from (but excluding) the date on which the Participant Default Notice is served until either (i) the date the SPA is terminated; or (ii) the date which is 40 Business Days after the Invoice Date

- 8.3 If a Participant is served a Participant Default Notice more than once in any 12 months, it will not receive Project Development Partnering Services or any Strategic Support Partnering Services unless paid monthly in arrears.
- 8.4 The Participants have several liability, other than where two or more Participants have suffered an Event of Default leading to a termination of the SPA, in which case, the loss of WEPCo will be split between the defaulting Participants.

WEPCo Default

- 8.5 The SPA provides for a long list of circumstances which constitute a WEPCo Default including amongst others, WEPCo breaching the SPA, WEPCo failing to provide the Partnering Services, WEPCo breaching health and safety laws; WEPCo failing to pay Participants under the SPA which exceeds £10,000 for 60 Business Days on demand; WEPCo or a Project Service Provider suffering an Insolvency Event; and WEPCo (or WEPCo Party) committing a Prohibited Act.
- 8.6 On a WEPCo Event of Default, each Participant can (acting through the Welsh Government) suspend the exclusivity granted to WEPCo which will include any New Projects that have not yet reached Stage 2 approval. The Participants can lift that suspension at any time and the suspension of exclusivity will be lifted on remedy of the default and where the PSDP shares in WEPCo are sold.
- 8.7 The SPA provides for an escalation of remedies following a WEPCo Event of Default, proportionate to the severity of the default, which may be exercised by the Participants (acting through Welsh Government). These include: suspension of exclusivity; requiring a remediation programme to be implemented; an improvement programme to satisfy Participants that the events will not recur; termination of a non-performing supply chain member; and ultimately termination of the SPA.
- 8.8 WEPCo will reimburse each Participant for all reasonable costs incurred by each Participant as a result of WEPCo's breach of the SPA.

9 WEPCO INDEMNITIES

- 9.1 As would be expected under a long term partnering agreement, the SPA includes provisions under which WEPCo indemnifies the Participants, and the Participants indemnify WEPCo, for certain losses. These are limited to Direct Losses, and exclude Indirect Losses (such as loss of profit and loss of business opportunity), and further Participants partially exclude their liability for their negligence (see below) and claims in tort.
- 9.2 The scope of the indemnity provided by WEPCo is slightly wider than the Participants' indemnities to WEPCo, as the Participants' indemnities are limited to Direct Losses sustained by WEPCo as a consequence of any negligent act or omission by that Participant (or a Participant Party relating to that Participant) relating to the performance or non-performance of the Participant's obligations under the SPA, or a breach of an express provision of the SPA by that Participant. The indemnities provided by WEPCo relate to any act or omission of WEPCo (not just its negligence or breach of an express obligation).
- 9.3 The indemnities cover death and/or personal injury, damage to assets of the other party and third parties. In each case (and subject to the overriding limitation on the scope of the Participants' indemnities described in above), each party is liable for Direct Losses sustained in consequence of any claim for death and/or personal injury of their own employees or persons engaged by them, notwithstanding any act or omission of the other party.
- 9.4 In respect of death or personal injury to third parties, and damage to property, each party indemnifies the other for Direct Losses they cause (save to the extent caused or contributed to by the Participant's own negligence (where WEPCo is indemnifying the Participant) or WEPCo's own acts or omissions (where the Participant is indemnifying WEPCo). Physical damage to property is typically an insured risk, and the indemnity given by the Participants to WEPCo excludes insured losses. Where damage to property has been caused (or contributed to) by the Participant's own negligence, and they are claiming under the WEPCo indemnity, the Participant is responsible for the deductibles under any policy of insurance, and any sums over the maximum amount required to be insured under the SPA insurance policies.

10 DISPUTE RESOLUTION

- 10.1 Disputes are dealt with in accordance with the resolution procedure set out in Schedule 22 (*Dispute Resolution Procedure*). If a Dispute occurs, the parties must consult in good faith. If that is unsuccessful, the Dispute must be escalated to senior personnel. If that is unsuccessful, the Dispute will be escalated to mediation and failing that to arbitration. The exception to this is where a party requires an order restraining another party from doing any act or compelling another to do any act or a judgement for a liquidated sum where there is no arguable defence.

11 INSURANCE

- 11.1 The insurances listed in Schedule 9 (*Insurances*) and any others required by law must be taken out by WEPCo, subject to insurance being available in the market to cover WEPCo in its role during the lifetime of the SPA. The insurance will cover any indemnity claims against WEPCo in relation to any death or bodily injury or third party property damage arising out of or in connection with the Partnering Services.
- 11.2 The Period for Insurance shall be for the period(s) agreed between WEPC and the Participant(s) and the maximum deductible threshold shall be such sum as agreed between WEPCo and the Relevant Participant(s), acting reasonably in the context of the Partnering Services.
- 11.2 If a Project Service Provider notices a risk becoming an Uninsurable Risk under the relevant Project Agreement, the Participants and WEPCo will hold a SPB meeting within 7

Business Days and will use their reasonable endeavours to agree a position with regards to the risk within 20 Business Days of notice.

12 INTELLECTUAL PROPERTY RIGHTS

- 12.1 WEPCo grants a free, irrevocable, non-exclusive and transferable (but only to any assignee or transferee of any rights or benefits under the SPA or following termination of the SPA) licence to each Participant to use the Intellectual Property Rights which are vested in WEPCo and where possible, where vested in third parties. WEPCo will indemnify Participants where they receive a claim as a result of the Participant infringing third party Intellectual Property Rights (other than as a result of the Participant acting outside of the terms of the SPA).

13 ASSIGNMENT AND SUBCONTRACTING

- 13.1 WEPCo cannot assign or dispose of the SPA without the prior written consent of the Participants, other than where granting security rights in a form approved by the Participants prior to grant.
- 13.2 A Participant cannot assign or dispose of the SPA other than to a limited set of organisations set out in clauses 28.4.1 to 28.4.4, including the Welsh Ministers, an agency of the Welsh Ministers, Government or Local Authority, any other Further Education Corporation or Designated Institution or any person with the legal capacity or sufficient financial resources to perform the obligations of the Participant. Depending on the transferee, the obligations may need to be guaranteed by the Participant.
- 13.3 WEPCo is not able to agree to vary the terms of a management services agreement substantially in the form set out in the attachment to Appendix 1 of Section 2 of Schedule 3 (Initial Management Systems) without the prior written consent of the Participant's Representative for Welsh Ministers (such consent not to be unreasonably withheld or delayed).
- 13.4 Further, that WEPCo will not, without the prior written consent of the Participant's Representative for Welsh Ministers (such consent not to be unreasonably withheld or delayed), agree to the assignment, transfer, sub-contracting or other disposal by the management services provider of any interest under any approved management services agreement, relating to the delivery of the Partnering Services.

Bevan Brittan LLP

10 February 2021

The Schedule

	Continuing Participants	Registered Address	Clause 12.1 (Parties' Representatives)
1	Isle of Anglesey County Council	Isle of Anglesey County Council Council Offices Llangefni Anglesey LL77 7TW	Mr Marc Jones Head of Function (Resources) and Section 151 Officer
2	Bridgend County Borough Council	Bridgend County Borough Council Civic Offices Angel Street Bridgend CF31 4WB	Cllr Charles Smith, Cabinet Member for Education and Regeneration
3	Caerphilly County Borough Council	Caerphilly County Borough Council Ty Penallta Tredomen Ystrad Mynach CF82 7PG	Susan Richards Head of Education Planning and Strategy
4	The County Council of the City and County of Cardiff	The County Council of the City and County of Cardiff County Hall Atlantic Wharf Cardiff CF10 4UW	Nick Batchelar Director of Education and Lifelong Learning
5	Carmarthenshire County Council	Carmarthenshire County Council County Hall Carmarthen Carmarthenshire SA31 1JP	Simon Davies Head of Access to Education
6	Ceredigion County Council	Ceredigion County Council Penmorfa Aberaeron Ceredigion SA46 0PA	Barry Rees Corporate Director
7	Conwy County Borough Council	Conwy County Borough Council PO Box 1 Conwy LL30 9GN	Jenny Williams, Director of Social Care and Education
8	Flintshire County Council	Flintshire County Council County Hall Raikes Lane Mold Flintshire CH7 6ND	Claire Homard Chief Officer, Education and Youth
9	Monmouthshire County Council	Monmouthshire County Council County Hall The Rhadyr Usk Monmouthshire NP15 1GA	Will McLean Chief Officer Children and Young People

10	Pembrokeshire County Council	Pembrokeshire County Council County Hall Freeman's Way Haverfordwest Pembrokeshire SA61 1TP	Jon Haswell, Director of Resources
11	Powys County Council	Powys County Council County Hall Llandrindod Wells Powys LD1 5LG	Dr Caroline Turner Chief Executive and Powys County Council 21st Century Schools Programme Senior Responsible Owner (SRO)
12	Rhondda Cynon Taff County Borough Council	Rhondda Cynon Taff County Borough Council The Pavilions Cambrian Park Clydach Vale Tonypandy CF40 2XX	Andrea Richards Temporary Service Director for 21st Century Schools and Transformation
13	The Council of the City and County of Swansea	The Council of the City and County of Swansea Civic Centre Oystermouth Road Swansea SA1 3SN	Mr Martin Paul Nicholls Director of Place
14	Vale of Glamorgan Council	Vale of Glamorgan Council Civic Offices Holton Road Barry CF63 4RU	Paula Ham Director of Learning and Skills
15	Wrexham County Borough Council	Wrexham County Borough Council The Guildhall Wrexham LL11 1AY	Dafydd Ifans, Head of Education Effectiveness and Infrastructure
16	Denbighshire County Council	Denbighshire County Council, PO Box 62, Ruthin, LL15 9AZ	Steve Gadd, Head of Finance and Property, Denbighshire County Council
17	Cardiff and Vale College	One Canal Parade Dumballs Road Cardiff CF10 5BF	Mark Roberts Chief Operating Officer
18	Coleg Ceredigion	Coleg Ceredigion Park Place Cardigan, Ceredigion SA43 1AB	Mike Williams Assistant Principal

19	Coleg Gwent	Coleg Gwent The Rhadyr Usk NP15 1XJ	Lynda Astell Vice Principal (Resources & Planning)
20	Coleg Sir Gar	Coleg Sir Gar Sandy Road, Pwll Llanelli Carmarthenshire SA15 4DN	Mike Williams Assistant Principal
21	Coleg y Cymoedd	Coleg y Cymoedd Nantgarw Campus Heol y Coleg Parc Natgarw Cardiff CF157QY	Jonathan Morgan Vice Principal / Chief Operating Officer
22	Gower College Swansea	Gower College Swansea Tycoch Road Sketty Swansea SA2 9EB	Michael Glover Director of Finance
23	Grŵp Llandrillo Menai	Grŵp Llandrillo Menai Llandudno Road Rhos on Sea Conwy LL28 4HZ	Kath Coughlin Executive Director, Corporate Services
24	Neath Port Talbot College (known as "NPTC Group of Colleges")	Neath Port Talbot College Dwr-y-Felin Road Neath SA10 7RF	Daniel Sidoli Project Surveyor Estates

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WEP STRATEGIC PARTNERING DELIVERY MODEL

ROLE OF THE STRATEGIC PARTNERING BOARD (SPB)

1 INTRODUCTION¹

- 1.1 The WEP Strategic Partnering Agreement (**SPA**) is the agreement entered into between the Local Authorities and Further Education Institutions (**Participants**)² and WEPCo (being the joint venture company established between the Private Sector Delivery Partner (**PSDP**) and a subsidiary of the Development Bank of Wales).
- 1.2 The purpose of the SPA is to establish a long term partnership (initial term of 10 years, which may be extended by 5 years) between WEPCo and the Participants. The SPA provides for the creation of the Strategic Partnering Board (**SPB**); this paper summarises the role of the SPB in the context of the SPA.

2 THE SPA KEY PRINCIPLES

- 2.1 The SPA commits the Participants and WEPCo to work to the following nine (9) key principles, and the SPB is the guardian vehicle of these commitments.
- 2.2 The key principles of the SPA are:
- a) to develop close working relationships between WEPCo and the Participants at all levels;
 - b) to focus on achieving the best value for money operational performance within agreed timescales;
 - c) to set in place business and cultural processes to enable the Participants and WEPCo to establish and agree challenging time and performance objectives and to meet or better them;
 - d) to recognise each other's needs, constraints, limitations, capabilities, roles and responsibilities to achieve mutually beneficial outcomes;
 - e) to identify by regular monitoring, weaknesses and strengths in the relationship between and amongst the Participants and WEPCo and to work together to overcome the weaknesses and to build on the strengths;
 - f) to commit to the early recognition and resolution of differences, conflicts and disputes between and amongst the Participants and WEPCo in a 'no surprises' environment;
 - g) to appoint within each of the Participants and WEPCo co-ordinators at senior level who will support, defend and promote the long term strategic partnership between them and its principles of operation;
 - h) to develop openness and trust in a transparent information and data sharing environment; and
 - i) in accordance with the Equality Requirements to positively promote equal opportunities and the Ethical Employment Code by combating discrimination on the grounds of race, ethnicity, religion, nationality, gender, disability, age or sexuality and promoting good relations between all sections of the community in 'everything we do' including:

¹ Capitalised terms have the meaning provided for in the Strategic Partnering Agreement unless otherwise stated.

² Note those named as a "Contracting Authority" in the OJEU notice will be entitled to sign and enter D

- a) Delivering high quality Education Sector Services and (where relevant) Community Services for end users; and
- b) Working with the local community and partners in the public, private or voluntary sectors.

3 SPB MECHANICS

3.1 SPB Structure

The SPB will comprise of:

- a) one representative from each of the Participants;
- b) one representative of WEPCo, nominated by the board of directors of WEPCo;
- c) one additional representative of Welsh Government (at Welsh Government's discretion); and
- d) a reasonable number of Stakeholder Representatives interested in or affected by Education Sector Services and/or Community Services;

3.1.1 Participant Representatives are expected to be senior representatives of the Participant, with the appropriate authority to make decisions on behalf of the Participant. They should be experienced in holding a director or similar position and have the required skills to make the decisions required to be made by the SPB. Participants will need to consider any likely conflicts of interest and ensure that conflicts of interest do not prevent the chosen representative from fulfilling their role as representative as well as any other role they hold directly in the Participant organisation.

3.1.2 The identity of a Participant's Representative in the SPB may change at any time following written notice to WEPCo and all other Participants.

3.1.3 A Participant Representative may also give written notice to WEPCo authorising others to exercise the functions and powers of that Participant at SPB meetings.

3.1.4 A Chairman will be appointed on an annual basis from amongst the Participants' Representatives. Save where agreed to the contrary by the Participants, it is intended that the post of Chairman will rotate annually amongst the Participants' Representatives in turn. The Chairman will be non-voting in his capacity as Chairman.

3.2 SPB Meetings

3.2.1 The SPB will meet regularly at least every 3 months to provide strategic input into how the partnering established by the SPA is operating, and to review financial and operating (including performance) issues.

3.2.2 Agendas for SPB meetings will be circulated on behalf of the Chairman five (5) Business Days in advance (with supporting papers) and any party wishing to raise other agenda items will notify all other members of the SPB (with supporting papers) in writing no later than three (3) Business Days in advance.

3.2.3 The SPB must have a quorum of five (5) Participants' Representatives (one of whom must be a representative from Welsh Government) and a WEPCo Representative. If a quorum is not present at any meeting of the SPB within thirty (30) minutes of that meeting's start time, the SPA requires that the meeting is adjourned to the same time and place five (5) Business Days later. For any adjourned meeting, the quorum shall be one Participant's Representative (who much be a representative of the Welsh Government) and the WEPCo Representative. Telephone conference calls or video conferences shall be valid as a meeting of the SPB.

- 3.2.4 The Participants must arrange for a person to take minutes of all SPB meetings and circulate the same to all representatives and the Chairman within five (5) Business Days after the relevant meeting.
- 3.2.5 All members of the SPB are obliged to use reasonable endeavours to ensure their regular attendance at all meetings and each Participant will, unless unavoidable, ensure that its representative on the SPB is appropriately empowered to agree matters on its behalf.
- 3.2.6 Each Participant is required to use reasonable endeavours to ensure that its representative on the SPB conducts himself in accordance with the partnering principles contained in the SPA and in a manner intended to ensure that the SPB complies with its obligations and carries out its functions in a timely manner.
- 3.2.7 Decisions will be taken by a majority vote. WEPCo and Stakeholder Representatives will not have a vote at SPB meetings. A decision that affects a Participant will only bind it if that Participant's representative has voted in favour of it.

4 PARTNERING SERVICES

- 4.1 The SPB will serve as a forum for the open exchange of ideas, and will enable the Participants to discuss their forthcoming accommodation and service delivery requirements to ensure an integrated co-ordinated and practical approach to fulfilling such requirements.

4.2 The Strategic Delivery Plan

The Strategic Delivery Plan (**SDP**) will set out objectives based on Participants' local delivery plans and will be developed annually between the Participants and WEPCo. The SPB will be required to approve:

- 4.2.1 the initial SDP put forward in accordance with Section 1 of Schedule 11 (*Initial SDP*); and
- 4.2.2 any amendments made to the SDP in accordance with Section 2 of Schedule 11 (*Updated SDP*).

4.3 The Management System

The SPB shall be required to approve the following systems established by WEPCo:

- 4.3.1 a quality management system for the purpose of ensuring and demonstrating that all aspects of the Partnering Services and all other matters for which WEPCo is responsible under the SPA are carried out fully in conformity with the relevant provisions of SPA and WEPCo's quality management policies and objectives;
- 4.3.2 an appropriate system for implementing WEPCo's occupational health and safety (**OH&S**) policies and objectives to enable it to control its OH&S risks and improve its OH&S performance over time; and
- 4.3.3 an appropriate system for achieving and demonstrating sound environmental performance by controlling the impacts of WEPCo's activities, products and services on the environment, consistent with its environmental policy and objectives.

4.4 The Partnering Services Costs Rates

- 4.4.1 WEPCo is required to provide report of the Partnering Services rates and prices by reference to:
 - a) other relevant local and national trends;
 - b) the rates and prices actually paid by WEPCo for similar services (where WEPCo has used Good Industry Practice to secure best value in respect of those services);

and taking account of value for money objectives set out in the Key Performance Indicators and the outcomes of the Partnering Services Supply Chain Refresh.

- 4.4.2 The SPB shall decide whether to approve any proposal of an increase or decrease of, or no change to the rates.

5 MANAGING WEPCO PERFORMANCE

- 5.1 The SPB will act as the primary mechanism for managing WEPCo's performance.
- 5.2 WEPCo will be required to regularly monitor and report to the SPB on its performance (and its Partnering Subcontractors) under the SPA, of the Project Service Providers and the Supply Chain Members under Project Agreements.
- 5.3 Within twenty (20) Business Days of each Review Date, WEPCo will issue to the SPB the WEPCo Performance Report, which will detail a review of whether each of the Key Performance Indicators has been met.
- 5.4 In less than one (1) month of the Review Date in that year, the SPB will hold a formal Annual Review of the operation of the SPA and WEPCo's performance in the context of the targets and objectives in the SDP and the Key Performance Indicators. As part of this review, the SPB (excluding for such purposes WEPCo's representative) will review WEPCo's progress against the partnership objectives in the SPA and the WEPCo Performance Report and the SPB and WEPCo shall agree any key findings from such review together with the implications relating to WEPCo's future activities.
- 5.5 The SPB shall be entitled to require information and/or clarification from WEPCo in relation to the WEPCo Performance Report including as to whether or not the Track Record Test has been passed and, whether any Significant Performance Failure has occurred.

6 APPROVAL PROCESS OF NEW PROJECTS

- 6.1 In respect of New Projects, the SPB will work with WEPCo and Participants to:
- 6.1.1 identify, analyse and discuss the Participants' collective and individual accommodation requirements;
 - 6.1.2 assist in the development of local delivery plans and review their applicability to the provision of Education Sector Services and Community Services in the Region;
 - 6.1.3 develop further the SDP, in particular to further refine the proposals contained in the SDP;
 - 6.1.4 decide the basis upon which New Projects are prioritised;
 - 6.1.5 identify and appraise available options for meeting the Participants' accommodation requirements and recommend (on the basis of best available value for money) which New Projects to progress;
 - 6.1.6 advise how best to bundle accommodation requirements within a New Project to ensure that the New Project is Affordable, offers value for money and provides a solution with an appropriate level of flexibility;
 - 6.1.7 take into consideration the views of relevant stakeholders in relation to the SDP and actual or potential New Projects;
 - 6.1.8 develop the Participants' requirements in relation to New Projects (which will be developed further during the Stage 2 Approval process) to enable it to form the basis for the agreement of the relevant Project Agreement;

- 6.1.9 analyse and discuss the range of potential funding options for New Projects including the feasibility of third party funding such as sponsorship when considering and developing a New Project;
- 6.1.10 assist in the preparation of outline business cases and obtaining all necessary approvals; and
- 6.1.11 for any New Project in respect of which such Participant(s) has/have indicated an intention to submit a New Project Request, agree:
 - a) the appropriate Comparator for purposes of determining any adjustments to the Project Development Fee Cap pursuant to paragraph 2 of Schedule 4 (Partnering Services Costs) in respect of such Comparator; and
 - b) each part of the Project Development Fee Cap for each stage.
- 6.2 Where the potential Relevant Participant(s) and WEPCo are unable to agree the matters referred to in paragraph 6.1.11 above within a period of three (3) months, the SPB shall determine such matters.
- 6.3 The SPB should be provided with copies of both the Stage 1 and Stage 2 Submissions and will provide a forum for discussion of whether the submissions meet the Approval Criteria. Approval of the New Projects is ultimately decided by the Relevant Participant(s).

7 EXTENDING THE SPA TERM

- 7.1 The term of the SPA may be extended for an additional five (5) years after the Initial ten year term. The SPB will meet twelve (12) months before the Initial Expiry Date to review:
 - 7.1.1 the performance of the Parties under the SPA and, in particular, the performance of WEPCo in delivering the Partnering Services to the performance standards set out in Clause 8.1 (*Services Obligations*);
 - 7.1.2 the Education Sector Services and Community Services needs of the population within the Region; and
 - 7.1.3 whether it would be beneficial to the provision of all or any of the Education Sector Services and/or Community Services in the Region to extend this Agreement for a further five (5) year period from the Initial Expiry Date.
- 7.2 It will then be decided by WEPCo and one or more of the Participants whether to extend the term of the SPA by five (5) years from the Initial Expiry Date.

8 DISPOSAL OF PROPERTIES AND/OR SHARES

- 8.1 SPB approval will be required in respect of any action, which would result in a loss of control (direct or indirect) by WEPCo of any Subsidiary of WEPCo, which is a Project Service Provider. The SPB is obliged to act reasonably and without undue delay, taking into account any proposals put forward. If the SPB does not approve the proposed action, WEPCo must use all reasonable endeavours to procure that its Subsidiary and/or the relevant Project Service Provider shall not proceed with that proposed action.
- 8.2 It will be deemed to constitute a material breach of the SPA by WEPCo if:
 - 8.2.1 any Project Service Provider takes any action under its Project Agreement, which under the terms of such agreement, requires the SPB's consent without such consent having first been obtained, or
 - 8.2.2 WEPCo or any Subsidiary of WEPCo takes any action, which requires the SPB's consent or agreement under the SPA without such consent or agreement having first been obtained.

9 INSURANCE

- 9.1 Where a Project Service Provider for a MIM Project has notified a Project Agreement Counterparty of a risk becoming an Uninsurable Risk (pursuant to the provisions of the relevant Project Agreement), the Participants and WEPCo must ensure that a meeting of the SPB is held as soon as is reasonably practicable (and in any event within seven (7) Business Days of receipt by the Project Agreement Counterparty of such notice).
- 9.2 At that meeting the SPB will consider the situation and the parties will work together to use all their respective reasonable endeavours to obtain an agreed position from the SPB in relation to the risk becoming an Uninsurable Risk within twenty (20) Business Days of the Project Service Provider notifying the Project Agreement Counterparty as described above.

10 CONCLUSION

The SPB will be the central forum in which the Participants can work together with WEPCo, Welsh Government and Stakeholder Representatives to ensure that the key principles of the SPA are met. The SPB's role will be to approve the SDP; ensure any New Project proposals are consistent with the SDP; monitor WEPCo's performance against agreed KPIs; approve any extension to the SPA term; and approve any proposed disposal of interest in share capital resulting in a loss of control by WEPCo (or subsidiary).

WEP STRATEGIC PARTNERING DELIVERY MODEL

APPROVAL PROCESS FOR NEW PROJECTS

1 INTRODUCTION

- 1.1 The WEP Strategic Partnering Agreement (**SPA**) is the agreement entered into between the Local Authorities and Further Education Institutions (the **Participants**) and WEPCo (being the joint venture company established between the Private Sector Delivery Partner and a subsidiary of the Development Bank of Wales).
- 1.2 Schedule 5 of the SPA sets out the procedure by which WEPCo and the Participants will work together to agree which New Projects will be taken forward and approved for development by WEPCo and on what basis. Schedule 5 sets out a two stage Approval Process for such New Projects. The approval process (as discussed in more detail below) shall only apply in relation to Qualifying Projects regardless of whether the period of ten (10) years from the Commencement Date has expired.
- 1.3 The Parties may agree to utilise this process (amended as appropriate) in respect of other Project Services under Clause 9.3 but are not obliged to do so.
- 1.4 A flow diagram outlining the Approval Process for New Projects is appended to this guidance note at Appendix A.
- 1.5 Capitalised terms in this guidance note shall have the meaning given to them in the SPA unless otherwise defined in this guidance note.

2 OBLIGATIONS OF THE PARTIES

How are New Projects identified at the outset?

- 2.1 WEPCo will work with Participants to develop local delivery plans (addressing Participants' requirements) which will form part of the annual Strategic Delivery Plan (**SDP**). WEPCo will then review the applicability of the SDP to the provision of education services in the Participant's Region to decide which New Projects should progress. The SPB shall ensure that WEPCo's proposals for New Projects are consistent with delivery of the latest SDP.

How far will WEPCo's role extend in developing New Projects and obtaining approval?

- 2.2 Paragraphs 2.1 and 2.2 of Schedule 5 lists WEPCo's general obligations in developing New Projects. WEPCo has a full set of obligations, including:
 - 2.2.1 identifying Participants' requirements for future New Projects;
 - 2.2.2 prioritising New Projects and advising on best timeframes for New Projects;
 - 2.2.3 engaging with stakeholders and advising on the preferred funding options;
 - 2.2.4 preparing outline business cases;
 - 2.2.5 obtaining all necessary approvals;
 - 2.2.6 agreeing an appropriate Comparator for determining adjustments to the Project Development Fee Cap; and
 - 2.2.7 agreeing each part of the Project Development Fee Estimate..
- 2.3 WEPCo shall (pursuant to Paragraph 2), without entitlement to specific or additional payment, work with the Participants and other members of the Strategic Partnering Board (**SPB**) to (including but not limited to) analyse and discuss the range of potential funding options for New Projects, as well as

develop the Participants' requirements in relation to New Projects (as more explicitly set out in Paragraphs 2.2.1 to 2.2.11).

What are the Participants expected to do by way of the Approval Process for New Projects?

- 2.4 Paragraph 2.3 of Schedule 5 sets out the Participants' obligations, which mainly includes obligations of co-operation with WEPCo, including providing necessary information; identifying its needs and funding opportunities (including benchmarks); and providing assistance in obtaining necessary Consents.
- 2.5 Each Participant will co-operate with WEPCo in its performance of its obligations (as set out in Paragraphs 2.2.1 to 2.2.11) in relation to any New Project or any potential New Project being developed by WEPCo. Where the potential Participant and WEPCo are unable to agree the matters referred to in paragraph 2.2.11 within a period of three (3) months, the SPB shall determine such matters.

3 NEW PROJECT REQUEST

- 3.1 Any Participant wishing to procure a New Project (**Relevant Participant**) shall first submit a New Project Request to WEPCo to produce a Stage 1 Submission (Paragraph 3.1). This New Project Request will need to set out matters, including but not limited to, the Affordability Cap, Specific Requirements, a clear detailed Project Brief and any requirements in relation to a New Project that must be satisfied as part of a Stage 1 Submission and/or Stage 2 Submission (as set out more explicitly in Paragraphs 3.1.1 to 3.1.3).
- 3.2 WEPCo shall be entitled (pursuant to paragraph 3.2) to raise any queries and request clarification from the Participant in relation to the New Project Request to enable it to fully assess the request and provide a meaningful response.
- 3.3 WEPCo shall then (in accordance with Paragraph 3.3) confirm in writing to the Participant, within twenty (20) Business Days of receipt of a New Project Request, whether it will submit a Stage 1 Submission to the Participant. If WEPCo confirms that it does not intend to do so, or fails to give the necessary confirmation, then the Participant shall be entitled to procure such New Project outside the terms of the SPA and shall not be in breach of the exclusivity provisions as set out in Clause 9 of the SPA (Exclusive Nature of this Agreement).
- 3.4 It is important to note that where the reason for WEPCo not proceeding is the Affordability Cap being unrealistically low, the parties shall (pursuant to Clause 3.3.1) work together in good faith to seek to agree an alternative Project Brief and/or Affordability Cap which will form the basis of a revised New Project.
- 3.5 If the parties fail to agree such terms within six (6) months of WEPCo's original confirmation, the Participant shall be entitled to procure the New Project outside the terms of the SPA and shall not be or be deemed to be in breach of the Clause 9 exclusivity provisions. If the New Project is a Qualifying Project and they commence to procure such New Project prior to the expiry of ten (10) years from the Commencement Date at a substantially greater cost than the Affordability Cap, the Clause 9 exclusivity provisions will still apply.

4 STAGE 1 SUBMISSION AND APPROVAL

- 4.1 Upon WEPCo's confirmation of the New Project Request, WEPCo will (pursuant to Paragraph 4.1) produce outline proposals for New Projects, which develop and are consistent with the SDP where so requested. This is known as the Stage 1 Submission.
- 4.2 All Stage 1 Submissions will be produced within three (3) months (or such longer period up to a maximum of six (6) months where necessary) from the New Project Request. A Stage 1 Submission shall (as set out in Paragraph 4.2) be produced in accordance with the relevant Partnering Services Method Statement (to be incorporated into the SPA) and contain as a minimum (more expressly set out in Paragraphs 4.2.1 to 4.2.13):

- 4.2.1 a value for money assessment in respect of the New Project Request;
 - 4.2.2 a concept design (to RIBA Stage 2) of the New Project;
 - 4.2.3 a desktop study meeting the requirements of the Partnering Services Method Statements, site investigation studies and environmental impacts (as appropriate and as set out in Clause 4.2.3 more explicitly);
 - 4.2.4 confirmation as to whether the New Project requires the transfer of properties by the Participant to WEPCo, to a Project Service Provider, or to a wholly owned Subsidiary of WEPCo;
 - 4.2.5 the identity of the contractual structure and proposed corporate structure;
 - 4.2.6 a schedule of all material amendments required to the New Project Specific Project Agreement and template Project Agreement for MIM Projects taking into account the Approval Criteria;
 - 4.2.7 the identity of the Participant and/or other parties who will become Project Agreement Counterparties;
 - 4.2.8 an explanation as to how the New Project fits into the service delivery strategy as set out in the latest SDP;
 - 4.2.9 the effect (if any) on any employees of the Participant or relevant third party service providers;
 - 4.2.10 a planning brief;
 - 4.2.11 a maximum time period for submission of a Stage 2 Submission on the assumption that the New Tender Project achieves Stage 1 Approval;
 - 4.2.12 the proposed Project Development Fee Estimate; and
 - 4.2.13 a BIM Execution Plan.
- 4.3 The Stage 1 Submission must also be accompanied by a copy of the most recent WEPCo Performance Report and confirmation as to whether or not the Track Record Test has been passed at the date of submission of the Stage 1 Submission.
- 4.4 In developing a Stage 1 Submission, WEPCo shall (pursuant to Paragraph 4.3) liaise with the Participant and relevant end users as necessary to ensure the best available value for money is achieved through the appropriate consideration of all viable options and informed choices by WEPCo, stakeholders and the Relevant Participant(s). WEPCo shall also be obliged to enter into the Project BIM Agreement for the New Project and comply with its obligations thereunder. The Participant shall also (pursuant to Paragraph 4.4) without prejudice to the requirements of Schedule 6 of the SPA, provide WEPCo with such information as to its requirements and other inputs as WEPCo may reasonably require.
- 4.5 As part of its preparation for each Stage 1 Submission, WEPCo shall, save in respect of Pathfinder Projects, carry out a desktop study of the relevant site or sites and report to the Participant of such studies (in accordance with Paragraph 4.5).
- 4.6 Following receipt of a Stage 1 Submission by the Participant, (pursuant to Paragraph 4.6), the Participant shall have a period of two (2) months from the date of receipt of the Stage 1 Submission in which to notify WEPCo that it approves or rejects the Stage 1 Submission. If approved, this then becomes a Stage 1 Approved Project (Paragraph 4.6).

- 4.7 WEPCo's costs in relation to the preparation of a Stage 1 Submission that has been submitted in accordance with Paragraph 4 of Schedule 5 shall be borne by WEPCo unless in certain circumstances e.g. where the New Project subsequently becomes an Approved Project and the relevant costs are included as part of the Project Development Fee for such Approved Project (as more explicitly set out in Paragraphs 4.8.1 – 4.8.3).
- 4.8 It should be noted that if a Stage 1 Submission does not become a Stage 1 Approved Project, then in certain limited circumstances (as set out in detail in Paragraphs 4.9.1 – 4.9.3 including but not limited to where the New Project in question is not a Qualifying Project, then the Participant shall be entitled to procure the New Project outside the terms of the SPA and shall not be deemed to be in breach of the exclusivity provisions as set out in Clause 9 of the SPA, unless (in the case of Paragraph 4.9.1(a)) they seek to commence procurement of such New Project during any period when exclusivity in respect of the Participant has been reinstated pursuant to Clause 9.7, Clause 23.3 or Clause 23.10.1.
- 4.9 Finally, in relation to the Stage 1 Submission, where in respect of a New Project demolition of an existing facility is anticipated within the scope of a New Project and an Asbestos Management survey has not been carried out by the Participant and included within the New Project Request, WEPCo, shall then procure an Asbestos Management Survey with the support and guidance of the Participant, in accordance with the provisions as set out in Paragraphs 4.10.1 to 4.10.5.

5 STAGE 2 SUBMISSION AND APPROVAL

- 5.1 Once the Stage 1 Submission becomes a Stage 1 Approved Project, WEPCo, will (pursuant to Paragraph 5.1) when requested to do so in writing by the Participant, provide further Project Development Partnering Services to proceed regularly and diligently to develop a Stage 1 Approved Project into a detailed submission. This is known as a Stage 2 Submission. This shall then be presented to the Participant as soon as reasonably practicable and in any case within the maximum period specified in the Stage 1 Submission.
- 5.2 WEPCo shall, in developing a Stage 2 Submission (pursuant to Paragraph 5.2) continue to liaise with the Participant and relevant end users (Paragraph 5.2.1) and WEPCo shall be obliged to comply with its BIM protocol obligations under the Project BIM Agreement and submit a BIM Execution plan to the Participant within one month of commencing Stage 2.
- 5.3 As part of the Stage 2 process, the Participant shall provide WEPCo with any such information as to its/their requirements (including the Specific Requirements) and other inputs as WEPCo may reasonably require and shall assist WEPCo in the review of any draft designs and proposals in relation to the Stage 2 Submission (Paragraph 5.3.1) and generally co-operate with WEPCo in relation to any Stage 2 Submission (Paragraph 5.3.2).
- 5.4 WEPCo shall produce each Stage 2 Submission in accordance with the relevant Partnering Services Method Statement and shall procure that the Stage 2 Submission shall address all issues that have a potential impact on risk and/or price in respect of the proposed New Project and shall include as a minimum (including but not limited to and as set out in more detail in Paragraphs 5.4.1 to 5.4.18):
- 5.4.1 a value for money assessment in respect of the option given Stage 1 Approval;
 - 5.4.2 terms for the transfer of properties agreed between WEPCo and the relevant Participants or third parties;
 - 5.4.3 a mark-up of the Project Specific Project Agreement with Project Co's proposals;
 - 5.4.4 detailed design work (to RIBA Stage 4) and submission of relevant building warrant applications;
 - 5.4.5 requirements for planning approvals and all associated costs;
 - 5.4.6 an explanation as to why the Stage 2 Submission meets the Approval Criteria (as set out below);

- 5.4.7 a timetable setting out the stages and timescales for the period between achieving Stage 2 Approval and the execution of the Project Agreement in relation to that New Project;
 - 5.4.8 commitment letters from any proposed tenants or sub-tenants of the Facilities;
 - 5.4.9 details of the competency assessments undertaken and the results of the same, in respect of the potential 'Principal' Contractor for purposes of the CDM Regulations;
 - 5.4.10 the Corporate Structure of the Project Service Provider;
 - 5.4.11 a draft Project Co Shareholders' Agreement relating to any New Project which is a MIM Project;
 - 5.4.12 fully developed sub-contracts for each of the Contractor and (in the case of MIM Projects) the Service Provider and any relevant [Key Sub-Contractors]¹;
 - 5.4.13 details of the proposed security package; and
 - 5.4.14 commitment letters from the senior funders confirming acceptance of the documents submitted by WEPCo (in the case of MIM Projects).
- 5.5 The Approval Criteria consists of the criteria against which any New Project is judged in determining whether it achieves Stage 2 Approval. The criteria are set out in Paragraphs 5.5.1 to 5.5.10 in more detail, but include (and are not limited to) a requirement that the cost of the New Project is within the Affordability Cap; that it has been demonstrated that the New Project provides value for money; and that the New Project meets the Specific Requirements.
- 5.6 After the above has been complied with, WEPCo shall then submit its Stage 2 Submission to the Participants, copied to SPB (Paragraph 5.6). It is then expected that the SPB will provide a forum for discussion of such Stage 2 Submission. If, acting reasonably, the Participant finds that any material aspects of the Stage 2 Submission are unsatisfactory to them, the Participant shall notify WEPCo of the same and offer reasonable assistance to WEPCo to address such deficiencies.
- 5.7 Within sixty (60) Business Days of the later of submission to the Participant of a Stage 2 Submission and the date on which WEPCo provides them with all reasonable further information that has been requested and provided, the Participant shall give written notice of whether they reject or approve the Stage 2 Submission (as per Paragraph 5.7). If approved, this becomes a Stage 2 Approved Project.
- 5.8 Alternatively, the Participant may give notice that they reject the New Project on the grounds set out in Paragraph 5.7.2. One of the grounds is that there has been a change to the Affordability Cap since the New Project Request which has rendered the New Project not Affordable. If WEPCo has not been notified of the Participant decision then they shall be deemed to have rejected the New Project (Paragraph 5.8). In certain limited circumstances, where the Participant has rejected the New Proposal, WEPCo may be entitled to recover its Incurred Project Development Fee and procure the New Project outside the terms of the SPA (Paragraph 5.10).
- 5.9 Where a New Project has been rejected by the Relevant Participant on the grounds that it did not meet the Approval Criteria (Paragraph 5.7.2(b)), WEPCo shall be entitled, should it wish to do so, to refer the matter for consideration under the Dispute Resolution Procedure within ten (10) Business Days after receiving notice of the Rejection by the Participant (Paragraph 5.11).
- 5.10 Where a New Project becomes an Approved Project, WEPCo shall (pursuant to Paragraph 5.14) carry out further work to develop appropriate Project Agreements to implement the Approved Project on the terms of the Stage 2 Submission. The Participant shall (as set out in Paragraph 5.15) notify WEPCo

¹ Where applicable.

in writing as soon as they become aware of any matter which may adversely affect the viability of any New Project.²

- 5.11 The Participant shall then provide all reasonable assistance to WEPCo in relation to the procurement by WEPCo of all relevant Consents and the entering into of the relevant Project Agreement (Paragraph 5.16) and WEPCo shall (pursuant to Paragraph 5.18) novate all of its past, present and future rights, obligations and liabilities under a Project BIM Agreement to the Project Service Provider on or prior to the date of execution of the Project Agreement for the Approved Project.

6 CHANGES TO THE RELEVANT PARTICIPANT REQUIREMENTS

- 6.1 If there are any material variations to the Specific Requirements, Affordability Cap or Approval Criteria, in relation to a New Project by the Relevant Participant after a Stage 1 Submission has been submitted, then (pursuant to the provisions of Paragraph 6.1), WEPCo and the Relevant Participant shall negotiate in good faith as to the implications on the Stage 1 Submission and/or Stage 2 Submission (as appropriate) and shall seek to agree the changes to accommodate such variations.
- 6.2 The Participant may, (pursuant to Paragraph 6.2) at any time, give notice in writing to WEPCo that they propose to cancel a New Project without completing the Stage 1 Submission and Stage 2 Submission process (Paragraphs 3 to 5). This is known as a Cancellation Notice.
- 6.3 Where the Participant issues a Cancellation Notice to WEPCo, the Participant shall (pursuant to Paragraph 6.2) pay WEPCo the Incurred Project Development Fee in respect of the cancelled New Project. The relevant date for calculation being the date of the Cancellation Notice.
- 6.4 It is important to note that, unless the period of ten (10) years after the Commencement Date has expired then, to the extent the New Project in question is a Qualifying Project, the Participant shall not be entitled to procure the Required Facilities and/or the provision of the Project Services outside the terms of this Agreement without recommencing this New Project Approval Process.

7 SUSPENSION OF EXCLUSIVITY

- 7.1 Where the Participant exercises any right to suspend exclusivity in accordance with Clause 9.7, Clause 23.3 or 23.10.1 of the SPA, while WEPCo is preparing a Stage 1 Submission or a Stage 2 Submission in respect of any New Project, then (pursuant to Paragraph 7) the Participant may notify WEPCo at any time while such suspension subsists to cease work on producing the relevant Stage 1 Submission or Stage 2 Submission.
- 7.2 In such circumstances, WEPCo shall then cease work and the Participant shall pay WEPCo the Incurred Project Development Fee in respect of the relevant New Project with the relevant date for calculation being the date of the notice from the Participant.

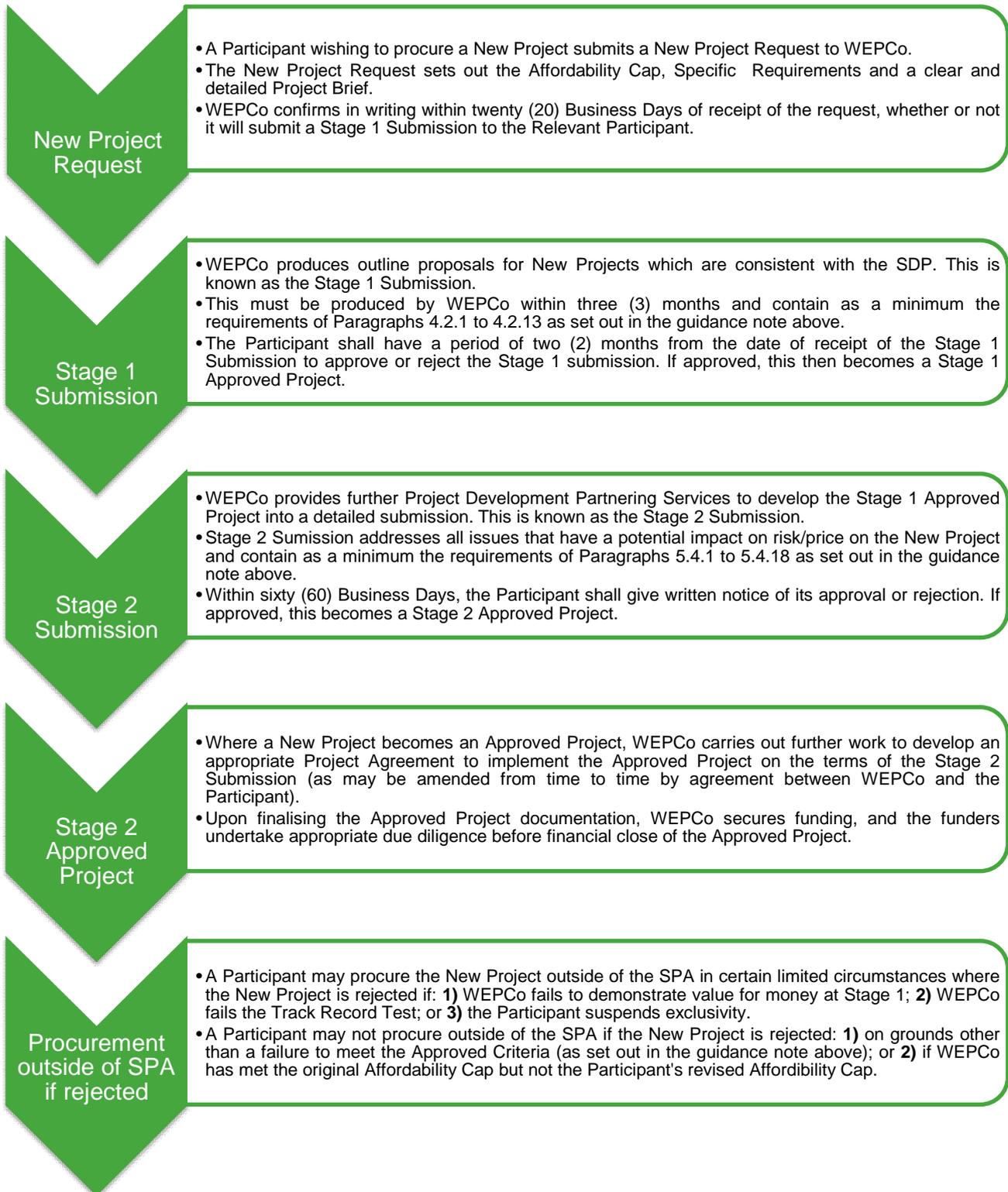
8 SURVEYS

- 8.1 Where WEPCo recommends that surveys, studies and/or investigations (other than desktop studies) are required for the purposes of a Stage 1 Submission, WEPCo will procure such surveys, studies and/or investigations on the terms and at prices agreed with the Participant.
- 8.2 The cost of the surveys, studies and/or investigations will be payable by the Participant to WEPCo within twenty five (25) Business Days of receipt of a valid invoice. This cost will not form part of the Project Development Fee unless the Participant and WEPCo agree to the contrary.

² The provisions of Paragraph 5.15 shall not apply to any Relevant Participant which is a Local Planning Authority exercising its functions as such.

APPENDIX A

APPROVAL PROCESS FOR NEW PROJECTS





Report

Cabinet

Part 1

Date: 7 July 2021

Subject Newport City Council Covid-19 Response and Recovery Update

Purpose To present to Cabinet an update on the Council's progress being made towards recovering services and supporting Newport's communities as part of its Strategic Recovery Aims.

Author Chief Executive
Head of People and Business Change

Ward All

Summary The Covid-19 health emergency has been ongoing for over a year since Newport received its first reports in February 2020. This crisis has impacted all communities and businesses across Newport as the City has continued to adapt and respond to the necessary restrictions to minimise the spread of the virus. Newport Council's response has been to ensure continuity of services with our strategic partners, support vulnerable residents across communities, support businesses and ensure the safety of staff. This report provides an overview of what action the Council has taken to date and the progress against the Strategic Recovery Aims.

Since the last Cabinet Report in June, restrictions have been easing with the Council and its partners continuing to monitor the Covid-19 cases in the City through the Council's Emergency Response and Recovery Team (Covid Gold), Newport Incident Management Team (IMT) and liaison with multi agency partners including Welsh Government (WG), Public Health Wales and ABUHB.

Proposal Cabinet is asked to consider the contents of the report and note the progress being made to date, the risks that are still faced by the Council.

Action by Corporate Management Team

Timetable Immediate

Signed

Background

Since the last Cabinet Report on 16th June 2021, Newport Council and its partners have continued to monitor the Covid-19 cases in the City through its role at the multi-agency Gwent Incident Management Team the Council's Emergency Response and Recovery Group (Covid Gold) and liaison with Welsh Government (WG), Public Health Wales and ABUHB partners.

Wales Covid-19 Update

In June, the case rate slightly increased from 15 cases to 20 cases per 100,000 across Wales. This was primarily due to an increase in the number of delta (Indian) variant cases, which is now the prevalent variant in new cases across Wales and the wider UK. In Newport the case rate remains around 16 cases per 100,000 and the City continues to see small clusters. However, the work of the Newport IMT, Test, Trace and Protect, Aneurin Bevan University Health Board and Public Health Wales are able to identify cases and support residents to self-isolate.

The latest figures relating to Covid-19 cases and vaccination rollout can be accessed through the [Public Health Wales Dashboards](#) Over 2.2 million people in Wales have received their first dose of the vaccine whilst over 1.4 million will have received their second dose. The Council, alongside Newport Live have been supporting the NHS with volunteers and facilities to help with the rollout of the vaccine. It is important that everyone including the City's young people, and black and ethnic minority communities receive their vaccine and to also continue to follow the restrictions in place. Further information about the vaccine programme can be obtained from [Public Health Wales](#) (PHW) and also includes Accessible information [here](#).

Welsh Government Roadmap

The Welsh Government (WG) continue to take a cautious approach in easing restrictions considering scientific data of the case rate, hospitalisations and emergence of any new variants. In June, the WG announced a phased approach towards easing into alert level 1 restrictions which included from 7th June 2021:

- The size of extended households can be increased to up to three households, and a further household with a single adult or single adult with caring responsibilities will also be able to join;
- Up to 30 people can meet outdoors, including in private gardens, outdoor hospitality and public places;
- Larger outdoor organised gatherings and events, such as concerts, football matches and sporting activities, like organised running groups can go ahead for up to 4,000 people standing and 10,000 people seated.

Due to the emergence of the Delta variant across Wales, the expected further easing of restrictions has been paused. This pause will cover the next Welsh Government review cycle and the coronavirus regulations will be reviewed again by the 15th July.

Newport Council's services have continued to operate adhering to the restrictions in place. Many areas of the Council's buildings remained closed but front line services have remained operational. Residents and businesses can access the necessary information from the Council's [website](#) or contact the Council's contact centre.

Newport City Council Update

As the restrictions have been eased by WG, the Council has also been reopening Council services and buildings in accordance with WG and PHW guidelines. The majority of Council staff continue to work to work from home and in June the Council's Overview and Management Scrutiny Committee were provided with an update on its preparations to new ways of working as the Council emerges from the pandemic.

In June 2020, this Cabinet agreed its Strategic Recovery Aims that have enabled the Council to recover its services and support the City's communities and economy to recover in addition to its commitment in delivering against its Wellbeing Objectives set in the Corporate Plan 2017-22. As part of the Council's Performance Framework, service areas aligned their Service Plans 2020/21 to the four Strategic Recovery Aims as well as providing monthly updates to Cabinet on their ongoing response to the Covid crisis.

Summarised below and in Appendix 1 of this report, is a summary (by exception) of Council work to 1st July 2021:

Strategic Recovery Aim	Summary of Council's activities to 1st July 2021
Strategic Recovery Aim 1 – Supporting Education & Employment	<ul style="list-style-type: none"> • For the period until 11th June 2021, 12 primary schools have reported pupils testing positive for Covid and 11 schools have required contact groups to isolate. 7 secondary schools have reported pupils testing positive for covid and required contact groups to self-isolate. One special school has reported a positive case and required a contact group to isolate. • Free Breakfast Clubs are now operating across 24 schools. The position in other schools is being regularly reviewed by respective Headteachers and Governing Bodies with a view to fully reinstating all provision as soon as possible. • UK CRF applications submitted to UK Government to evaluate and we will know results in July. • We are continuing to supply LENOVO Tab M8 Tablets and WIFI packs to families experiencing digital poverty. These are available to Flying Start; Families First and Health Visitors for families they are working with across Newport.
Strategic Recovery Aim 2 – Supporting the Environment and the Economy	<ul style="list-style-type: none"> • Funding has been confirmed for the relocation of the Information Station to the Central Museum and Library building. • A submission for Levelling-Up Funding for the Northern Gateway has been submitted to UK Government.
Strategic Recovery Aim 3 – Supporting the Health & Wellbeing of Citizens	<ul style="list-style-type: none"> • The Council also received fantastic news that it will have £9.4m to deliver Active Travel schemes in Newport in 2021/22. • Museum and Art Gallery have re-opened on an appointment basis.
Strategic Recovery Aim 4 – Supporting Citizens post Covid-19	<ul style="list-style-type: none"> • Newport Live's Positive Futures team have started face to face diversionary youth engagement sessions on Corporation Road Chem Park MUGA, Alway MUGA, and in June will begin at Pill Millennium Centre, Ringland, and Duffryn Centre working with community safety partners. • WG hardship funding is being utilised to provide resource to manage additional pressures on temporary accommodation provision. WG phase 2 capital project is progressing with expected completion of schemes by the end of 2021. • The Rough Sleeper strategy and policy review to commence in June 21, in consultation with partners via strategy group meetings.

Financial Summary

The Council's financial (revenue and capital) update is reported separately as part of the Council's budget management. The Covid-19 impact is reported to Cabinet and as highlighted in previous finance reports, the Council's financial position continues to be closely monitored in light of significant reductions in income and increase in costs to deliver services during the crisis.

Risks

Through the Council's Risk Management process, the Covid-19 risk is reported every quarter to the Council's Cabinet and Audit Committee. Below is the latest update taken from the Quarter 4 2020/21 risk report update.

Risk	Impact of Risk if it occurs* (1-5)	Probability of risk occurring (1-5)	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?
Covid 19 Pandemic Risk (Corporate Risk)	5	4	Mitigation measures outlined in the report.	Corporate Management Team

Links to Council Policies and Priorities

Corporate Plan 2017-22
Strategic Recovery Aims

Options Available and considered

1. To consider and note the contents of the report and for Cabinet / Cabinet Members to receive updates from officers as part of their portfolio.
2. To request further information or reject the contents of the report

Preferred Option and Why

1. To consider and note the contents of the report and for Cabinet / Cabinet Members to receive updates from officers as part of their portfolio briefings.

Comments of Chief Financial Officer

Welsh Government have been supporting local authorities through the pandemic with a Hardship Fund intended to reimburse for all Covid related spend over and above existing budgets and within a set criteria. The fund also includes loss of income compensation; again, within a set criteria. The fund ran for the entire 20/21 financial year and is currently confirmed to run up to the end of September in the current financial year. It is continually developing and evolving to support specific initiatives as and when required.

In essence, Covid related, eligible expenditure is predominantly funded by the Welsh Government but the eligibility criteria is under ongoing review. The revenue outturn for 20/21 confirmed a positive overall position for the Council and included the impact of the financial assistance provided from the Hardship Fund as well as the normal and routine budget issues that affect the Council.

Comments of Monitoring Officer

There are no specific legal issues arising from the Report, which provides an update on the actions taken to deliver the Council's Covid-19 Response and Strategic Recovery Aims and progress since the previous report. Any legal issues will be picked up at the appropriate time as part of the operational delivery of the individual actions, within service areas. Since the last report, the TTP team and Environmental Health officers have continued to deal with community and workplace clusters of cases and increased contact tracing and testing has been carried out to manage and contain these cases. The restrictions and the roll-out of increased testing and vaccinations have continued to have a positive impact on positivity rates nationally. With the move to alert level 3 and the phased relaxation of the restrictions, enforcement staff have continued to provide advice and assistance to facilitate the re-opening of non-essential retail and hospitality.

Increased inspections have also been undertaken to ensure that businesses continue to comply with the revised Regulations and guidance and that proper safety measures are in place. In addition, the officer Safety Advisory Group is facilitating the delivery of a number of trial events in conjunction with Public Health and Welsh Government.

Comments of Head of People and Business Change

Newport Council has continued to build on the strong collaborative work through 2020/21. The Strategic Recovery Aims alongside the Council's Corporate Plan has enabled the Council to focus on its core delivery requirements whilst ensuring we comply with the Welsh Government and Public Health Wales legislation. The role of Civil Contingencies, emergency planning, and the Council's Test, Trace and Protect has been vital to ensure the risk to the City's communities are minimised and that the Council continues to deliver its services to residents and businesses.

The Council's supporting services and our partners are building on the advancements made to ensure we are able to operate safely and maintain the necessary social distance guidelines. The progress detailed in this report highlights the continuous work that is being made and build up resilience in the long term.

The HR implications are as outlined in the report as we continue to support the workforce through provision of equipment and a range of wellbeing measures.

Comments of Cabinet Member

The Leader of the Council is briefed on all aspects of the Council's strategic recovery.

Local issues

Members to be aware of the impacts that Covid is having on our Local Communities and business.

Scrutiny Committees

Not Applicable

Equalities Impact Assessment

The findings outlined in the Council's Covid-19 Community Impact Assessment have informed the development of the Strategic Recovery Aims as well as future strategic and operational decision making.

Children and Families (Wales) Measure

Not applicable.

Wellbeing of Future Generations (Wales) Act 2015

The areas covered in this report demonstrate the progress being made against the Strategic Recovery Aims which also support the Council's Corporate Plan 2017-22.

In consideration of the sustainable development principle, 5 ways of working:

Long Term – The progress reported against the Strategic Aims support the long term aims of the Council to improve people's lives.

Preventative – The preventative work outlined in the report support the Council's approach to minimising future Covid 19 outbreaks and as necessary provide targeted support to those that need it. Re-establishing services in line with necessary legislation and regulation enables the Council to operate in the new normal.

Integration – The Strategic Recovery Aims have been integrated with the Council's Wellbeing Objectives set in the Corporate Plan as well as Service Plans. Recommendations from the Community Impact Assessment will also shape how the Council can improve the delivery of services across communities.

Involvement – Included in this report are actions to involve Newport's communities to provide assurance and shape the way in which services are being delivered by the Council. Their feedback and involvement in the process will enable the Council to consider how services are delivered in the long term.

Collaboration - The actions in the report are being undertaken in collaboration with partners from the Council's Public Services Board but also strategic partners within each service area. The collaborative work enables the Council to share resources and build expertise and knowledge.

Crime and Disorder Act 1998

Not applicable.

Consultation

Senior Leadership Team

Corporate Management Team

Officer leads across the Authority

Background Papers

Cabinet Report (Strategic Recovery Aims) – July 2020

Corporate Plan 2017-22

Strategic Recovery Aims

[Responding to the 'New Normal' Report to Overview and Management Scrutiny Committee](#)

Dated: 30 June 2021

Appendix 1 – Progress of Delivery against Strategic Recovery Aims (to 1st July 2021)

<p>Strategic Recovery Aim 1 – Supporting Education & Employment. Understand, and respond to, the additional challenges, which Covid19 has presented, including loss of employment, impact on business and on the progress, achievement and wellbeing of both mainstream and vulnerable learners.</p>	
<p>Supports Wellbeing Objective 1 – To improve skills, education and employment opportunities.</p>	
Strategic Aim Step	July'21 Update (By Exception)
<p>Support schools and other educational establishments to safely reopen for staff and pupils.</p>	<p>Schools opened for all learners at the start of the summer term. For the period until 11th June 2021, 12 primary schools have reported pupils testing positive for Covid and 11 schools have required contact groups to isolate. 7 secondary schools have reported pupils testing positive for Covid and required contact groups to self-isolate. One special school has reported a positive case and required a contact group to isolate.</p> <p>The supermarket voucher scheme continues to be used to support those pupils eligible for free school meals who are prevented from attending school on a short-term basis after being identified as part of a contact group. The scheme is also being used to support Year 11 and Year 13 students who are no longer required to attend school following the end of their chosen courses of study. In addition, vouchers will be provided to all free school meals eligible pupils to support the forthcoming summer holiday period.</p> <p>Free Breakfast Clubs are now operating across 24 schools. The position in other schools is being regularly reviewed by respective Headteachers and Governing Bodies with a view to fully reinstating all provision as soon as possible.</p> <p>As at 11th June 2021, there have been no requests to the Education Service from schools for priority testing for symptomatic pupils.</p> <p>Also as at 11th June 2021, 126 individuals who work in schools and settings have collected lateral flow tests from central education. These can be used twice a week on a voluntary basis. Following a change in Welsh Government's distribution arrangements, future supplies of tests will need to be ordered by an individual for delivery direct to their home address.</p>
<p>Work to prevent and reduce inequality of progress and outcomes in education for mainstream and vulnerable learners.</p>	<p>Education Welfare Officers continue to work closely with schools. The recorded rates of attendance up to 30th April 2021 are:</p> <ul style="list-style-type: none"> • Primary schools – 92.4% • Secondary schools – 89.3% • Special schools – 87.0%
<p>Support schools to enhance and develop digital skills; digital teaching and learning platforms;</p>	<p>6757 digital devices (including Chrome books, laptops, PCs, iPads and Macbooks) have been provided for schools from the WG Hwb EdTech funding.</p>

<p>Strategic Recovery Aim 1 – Supporting Education & Employment. Understand, and respond to, the additional challenges, which Covid19 has presented, including loss of employment, impact on business and on the progress, achievement and wellbeing of both mainstream and vulnerable learners.</p> <p>Supports Wellbeing Objective 1 – To improve skills, education and employment opportunities.</p>	
Strategic Aim Step	July'21 Update (By Exception)
and enhanced support for digitally excluded learners	To support pupils who need access to connectivity, the carrier charges on 504 MiFi devices will continue to be funded using the Hwb EdTech grant up to 31 st July 2021. In addition, 149 parents who have existing contracts with BT Mobile, EE, Lyca Mobile, SMARTY, Tesco Mobile, Three, Virgin Mobile or Vodafone and do not have a home broadband connection have applied for mobile data uplifts via the school and local authority.
Support and enable people that are digitally excluded to access community IT programmes, Council services and other public services.	People and Business Change have commenced the development of the new Digital Strategy that will consider the impacts of Covid-19 on communities, staff and services provided.
Support people who have been affected by unemployment to access new opportunities through training and re-employment required for post Covid 19 businesses.	<p>Celtic Manor have reported 255 vacancies at present. The Council's skills will be working the Celtic Manor linking job opportunities with the Youth Academy and other employment groups. Potential participants will be invited to attend an open day and undertake a placement. Opportunities will be marketed via social media and a partner Employment Officer will work alongside the Celtic Manor to ensure there is a supply of good participants and will arrange Food safety level 2, Customer Service level 2 etc courses over a 4 week period.</p> <p>The Council has considered and submitted applications to the UK Government to access UK Community Renewal Funding. As the Council is not a priority area it is not guaranteed that funding will be allocated and the Council will know the results in July.</p>
Ensure our diverse communities are appropriately supported through tailored interventions specific to their needs, including consideration of language, culture and points of access.	<p>We are continuing to supply LENOVO Tab M8 Tablets and WIFI packs to families experiencing digital poverty. These are available to Flying Start; Families First and Health Visitors for families they are working with across Newport.</p> <p>We have secured additional funding with Save the Children UK to provide Emergency Response Grants in Bettws for Parents and Children at Home to ensure continuity of children's early learning and minimise inequalities in the home learning environment since the start of the Pandemic. This can provide with supermarket vouchers and/or essential household items they need (not white goods) to minimise further financial pressure on families who are already vulnerable. Eligible families will receive an Early Learning Pack and other resources up to the value of £340. The additional funding will allow us to distribute a further 110 grants to the value of £37,400.</p> <p>Outdoor parenting groups have restarted across the hubs as part of the Flying Start offer. The groups are following the Incredible Year Baby and Incredible Years Toddler lesson plans and also Forest Schools.</p>

Strategic Recovery Aim 1 – Supporting Education & Employment.

Understand, and respond to, the additional challenges, which Covid19 has presented, including loss of employment, impact on business and on the progress, achievement and wellbeing of both mainstream and vulnerable learners.

Supports Wellbeing Objective 1 – To improve skills, education and employment opportunities.

Strategic Aim Step	July'21 Update (By Exception)
	<p>Newport Live Update - Newport Live's Connect Centre has been vacated and is being used by St Andrews Primary School, with Newport Live's Alternative Education programme now relocated to Rivermead Centre temporarily catering for 30+ full/part-time young people via Bridge Achievement Service and Secondary Schools.</p> <p>Newport Live's Community Sports Development team and Health & Wellbeing Teams are in 20+ Primary Schools providing additional support to teachers with sport and physical activity linked to improving mental wellbeing and supporting increased risks of childhood obesity post covid. alongside digital activities for families, and health and wellbeing workshops being created (e.g. healthy cooking, active @ home)</p> <p>Newport Live's Positive Futures programme are the Wales Strategic Partner for the UK wide Levelling the Playing Fields project (LtPF) and they are working closely with Youth Justice Service, creating local mentors in groups and clubs (e.g. Mo's Boxing in Pillgwenlly) to provide sport and youth engagement with mentoring support to Black and Ethnic Minority children and young people at risk of entering the Criminal Justice System.</p>

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Strategic Recovery Aim 2 – Supporting the Environment and the Economy

Understand and respond to the impact of Covid19 on the city's economic and environmental goals to enable Newport to thrive again.

Supports Wellbeing Objective 2 – To promote economic growth and regeneration whilst protecting the environment.

Strategic Aim Step	July'21 Update (By Exception)
Maintain our focus on regenerating Newport to deliver existing and new investment projects.	Funding has been confirmed for the relocation of the Information Station to the Central Museum and Library building The ERF Summer Restrictions and Cultural Freelancer grant packages have been launched A submission for Levelling-Up Funding for the Northern Gateway has been submitted to UK Government
Enable and support the construction industry to re-establish the supply of new and affordable housing.	Work has begun of the preparation of a new Programme Development Plan for the Social Housing Grant Programme. As well as supporting ongoing schemes it is proposed to introduce several new schemes, increasing the supply of affordable housing in the city.
Enable and support businesses to re-establish normal operations whilst maintaining	Regulatory Services are continuing to will be supporting businesses reopening as restrictions are eased over the next few months.

<p>Strategic Recovery Aim 2 – Supporting the Environment and the Economy Understand and respond to the impact of Covid19 on the city’s economic and environmental goals to enable Newport to thrive again.</p>	
<p>Supports Wellbeing Objective 2 – To promote economic growth and regeneration whilst protecting the environment.</p>	
Strategic Aim Step	July'21 Update (By Exception)
the health and safety of their workers and customers.	
Enable and support businesses to prepare for future trade arrangements resulting from Brexit negotiations.	June Cabinet Report presented with an update on the Council’s response to new trading and immigration rules. The Community Cohesion team will be increasing its work in the last month of the EUSS to promote and encourage as many people to apply before the deadline of 30 th June 2021.
Protect and improve the environment, including air quality and decarbonisation of the city for its residents, businesses and visitors.	ReFit tender will be launched. Planning application submitted for NCC solar farm development. As part of our wider role as a council in shaping Newport and Wales’ transition to a low-carbon society we are developing a Local Area Energy Plan for Newport which will be a significant opportunity for the public and private sector to work with communities to support the decarbonisation of Newport’s power, heat and transport needs for the future. The first stakeholder workshop took place in May and a second is planned for June.
Continuing support and safe delivery of the Council’s City services including waste, cleansing and highways.	Studies are ongoing to integrate further electric vehicle charging and renewable energy to support zero emission transportation.
<p>Strategic Recovery Aim 3 – Supporting the Health & Wellbeing of Citizens Promote and protect the health and wellbeing of people, safeguarding the most vulnerable, and building strong, resilient communities</p>	
<p>Supports Wellbeing Objective 3 – To enable people to be healthy, independent and resilient</p>	
Strategic Aim Step	July'21 Update (By Exception)
Support people to remain living independently in their homes and communities.	<p>One care home in Newport has confirmed that they are closing resulting in the loss of 30 beds. The vacancy rate in Newport is sufficient to ensure all residents have appropriate alternative options but this is a challenging situation to be worked through with residents and their families. Multi-agency planning meetings are in place.</p> <p>We have good access to domiciliary care and agencies are coping well. The Reablement teams are able to support people with a discharge from hospital and Home First continues to operate from the hospital sites ensuring that people who don’t need admission are able to return home.</p>
Fully restore Children and Adult Services, supporting partners that have been impacted by Covid 19 and ensuring service	<p>There is evidence that some citizens are more confident to resume day services now that the vaccinations have been widely rolled out and testing is available.</p> <p>Providers are considering how to modify service arrangements to accommodate demand in a Covid safe environment. Plans are being shared with NCC and discussions are ongoing.</p>

2021

Strategic Recovery Aim 3 – Supporting the Health & Wellbeing of Citizens

Promote and protect the health and wellbeing of people, safeguarding the most vulnerable, and building strong, resilient communities

Supports Wellbeing Objective 3 – To enable people to be healthy, independent and resilient

Strategic Aim Step	July'21 Update (By Exception)
users and staff are supported and protected.	We continue to provide AMHP Mental Health service but the demand has increased significantly and we are also working with housing to continue to accommodate people who were previously homeless many of whom require specialist intervention from GDAS.
Assess the impact and the long-term sustainability of the social care sector in Newport informing future service requirements.	<p>2021/22 fee negotiations are nearly concluded. The terms of the hardship fund are confirmed until the end of June when a change of criteria is expected to apply to the fund for the last 3 months.</p> <p>We are starting to step back up the accommodation options for people coming through transitions who will need specialist accommodation because of the nature of their disabilities.</p>
Safeguard and support children and young people to remain safely with their families.	Welsh Government Integrated Care Fund has awarded capital funding for Project Perthyn which is aimed at bringing children back into the City where they can receive better standards of care and be closer to their families. The funding will be used towards the development of a third home in the City which can be used by other Councils in Gwent for children with complex needs.
<p>Improve opportunities for Active Travel and work towards improved air quality.</p> <p>219</p>	<p>In collaboration with Network Rail further development has been made with the installation of a new accessible walkway from Devon Place to Queensway. Network Rail have announced that this winter they will close the line that will enable the necessary works to take place. The new footbridge will provide a safer route for pedestrians and improve access for disabled people in the city.</p> <p>The Council also received fantastic news that it will have £9.4m to deliver Active Travel schemes in Newport in 2021/22.</p>
Regulate businesses and support consumers / residents to protect and improve their health.	Regulatory Services are continuing to will be supporting businesses reopening as restrictions are eased over the next few months.
Work with key partners to safely re-open cultural and leisure facilities including the promotion of the city's parks, open spaces and coastal paths.	<p>Newport Live re-opened Leisure Facilities on the 3rd May and have seen high demand, enquiries, and attendance by residents. New activities are being created to encourage physical activity in our parks and open spaces in May Half Term, ongoing then through the year for children, young, people, and adults to raise physical activity levels and improve mental wellbeing as part of Sport Wales recovery funding and the Covid recovery process under the #happierhealthiernewport banner of Newport Live's work. The Riverfront theatre is opening in June.</p> <p>Museum and Art Gallery have re-opened on an appointment basis. The Transporter Bridge has remained closed this year due to the restoration project starting. The Friends of the Ship are yet to reopen the Ship centre on a free flow basis but are beginning to plan to welcome pre booked visits.</p>
Sustain a safe, healthy and productive workforce.	Actions following the audit of the current risk assessment for the Civic Centre will be undertaken and completed by the end of the period.

Strategic Recovery Aim 3 – Supporting the Health & Wellbeing of Citizens	
Promote and protect the health and wellbeing of people, safeguarding the most vulnerable, and building strong, resilient communities	
Supports Wellbeing Objective 3 – To enable people to be healthy, independent and resilient	
Strategic Aim Step	July'21 Update (By Exception)
	Our approach to managing attendance whilst supporting the workforce to be safe and healthy is under review with a new approach designed and being discussed with trade unions prior to any formal adoption. This is timely as coincides with a spike of referrals to the H&S service for stress assessments related to Covid concerns.

Strategic Recovery Aim 4 – Supporting Citizens post Covid-19	
Provide people with the resources and support that they need to move out of the crisis, considering in particular the impact that Covid 19 has had on our minority and marginalised communities.	
Supports Wellbeing Objective 4 – To build cohesive and sustainable communities	
Strategic Aim Step	July'21 Update (By Exception)
Work together with our partners to reduce poverty, address homelessness and support our most vulnerable people as a priority.	WG hardship funding is being utilised to provide resource to manage additional pressures on temporary accommodation provision. WG phase 2 capital project is progressing with expected completion of schemes by the end of 2021. The Rough Sleeper strategy and policy review to commence in June 21, in consultation with partners via strategy group meetings.
Assess and address the inequalities that Covid 19 has highlighted or contributed to within our communities.	The Policy, Partnership and Involvement team will be conducting a survey with the Citizens Panel and the wider public through the bus wifi on the impacts of the second lockdown measures, the Council's (including partners) response and communication with Newport's communities. Inequalities highlighted by COVID-19 are included in the focus of work ongoing to embed the Socio-economic Duty in council decision-making processes. This will ensure longer term planning and policy aims to reduce inequalities that have arisen as a result of both socio-economic disadvantage and for minority/marginalised communities, and encourage more effective engagement with those groups who are affected by council decisions.
Identify, develop and seek to sustain any positive developments emerging during the crisis.	The Policy, Partnership and Involvement team will be conducting a survey with the Citizens Panel and the wider public through the bus wifi on the impacts of the second lockdown measures, the Council's (including partners) response and communication with Newport's communities.
Developing opportunities for people to access suitable and affordable housing	Work has begun on the new Programme Development Plan for the Social Housing Grant (SHG) Programme. An increase in the amount of SHG allocated to Newport for the 2021/22 financial year means that additional accommodation can be provided to allow people to move on from temporary and supported accommodation. The local authority and its partners are working together to meet these priorities.

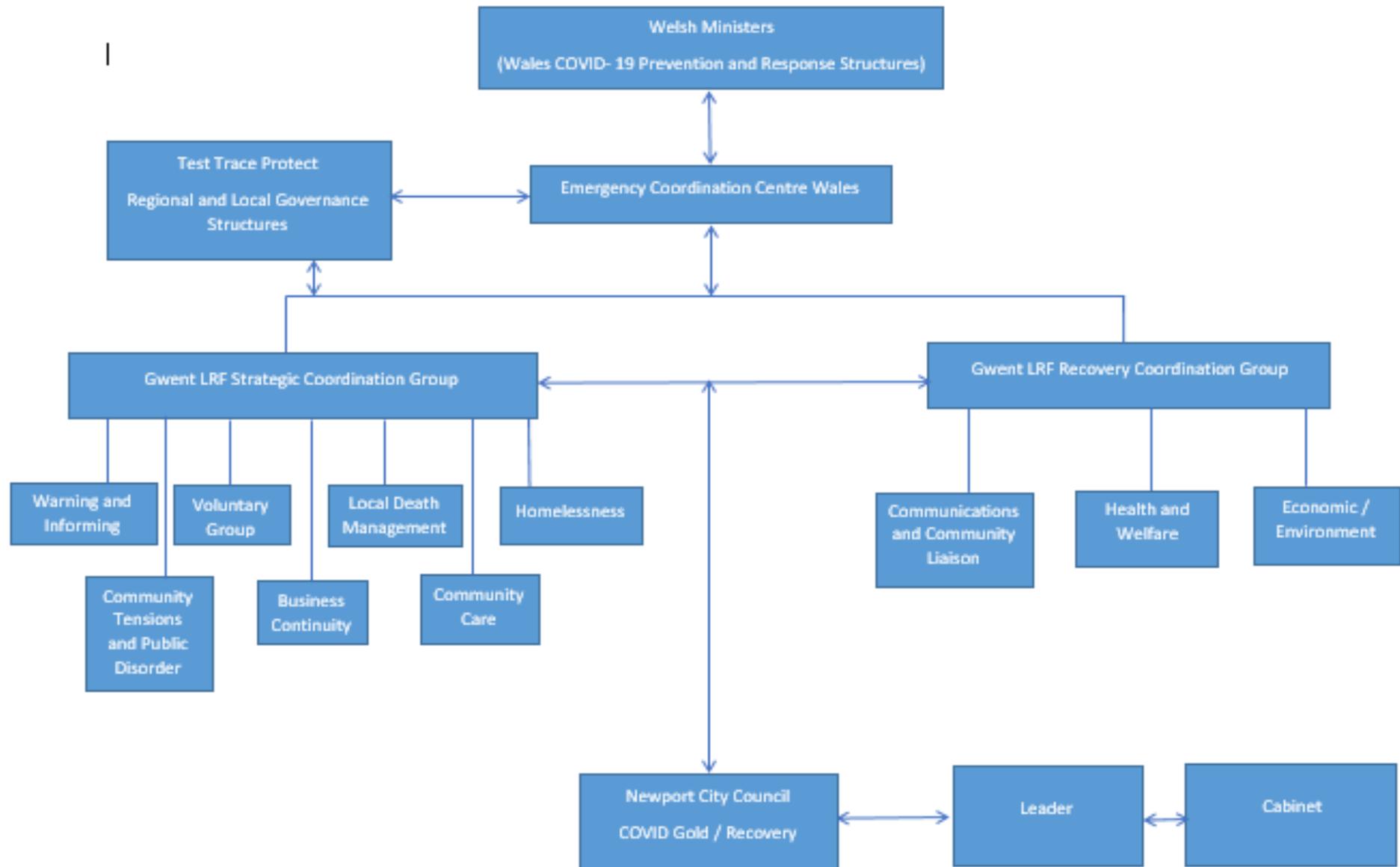
Strategic Recovery Aim 4 – Supporting Citizens post Covid-19

Provide people with the resources and support that they need to move out of the crisis, considering in particular the impact that Covid 19 has had on our minority and marginalised communities.

Supports Wellbeing Objective 4 – To build cohesive and sustainable communities

Strategic Aim Step	July'21 Update (By Exception)
Deliver a community cohesion programme that effectively responds to community tensions and creates a shared sense of identity across the city.	Welsh Government have confirmed funding for continuation of community cohesion work until March 31st 2022. Recent activity includes a virtual Ramadan learning project for schools and the development of the 'Faces of Welshness' project, focussed on celebrating difference and recognising commonality across diverse communities in Newport.
Prevent and address instances of antisocial behaviour (ASB) impacting upon the residents and the business community of Newport	<p>Referrals continue to be received for young people being involved with ASB, but the number of referrals continue to be low. Police officers are trying to identify young people involved but continues to prove challenging. The direct work with young people will hope to commence as soon as restrictions lift.</p> <p>A number of partners are making contact with young people offering remote support. The ASB group is due to meet and areas to be discussed include - Post Covid support, Data sharing, Planning for new financial year. Partners met to discuss how we could improve the voice of the community. Further work is needed to establish the best fit to managing this. The data sharing group has met and progress is being made.</p> <p>Newport Live's Positive Futures team have started face to face diversionary youth engagement sessions on Corporation Road Chem Park MUGA, Alway MUGA, and in June will begin at Pill Millennium Centre, Ringland, and Duffryn Centre working with community safety partners.</p> <p>Positive Futures is providing 1:1 mentoring and wellbeing support to referred children and young people from Primary Schools, Police, Social Workers, and Family Support Workers at risk of involvement in criminal behaviour. The team are also working with identified groups of Year 6 children at an Early Intervention level from Primary Schools (Alway, Maindee, Maesglas, and Pillgwenlly), top 10% at risk identified by School and Partners such as Youth Justice Service; providing issue-based workshops, activities, and mentoring support.</p>
Re-establish Community Regeneration facilities and services where it is safe to do so for staff and its service users.	Essential council services have been operating during lockdown through appointment-based services at Council Managed Community Centres. Advice on responsibilities and duties has been provided to voluntary managed centres has been published on the NCC website.
Develop opportunities for community involvement participation and engagement.	Newport Council launched an invitation for Community Groups, Education establishments and other private / not for profit organisations to submit applications for the UK Community Renewal Fund. This has generated significant interest from local and regional groups. The Council will be assessing the applications and submitting a shortlist of applicants to the UK Government to evaluate and hopefully award funding to those groups.

Appendix 2 – Covid 19 Prevention and Response Structure





Report

Cabinet

Part 1

Date: 7 July 2021

Subject Post Brexit Update for Newport

Purpose To present an update to Cabinet on post Brexit arrangements and their impact on Newport Council services, and Newport's communities and economy.

Author Chief Executive
Head of People and Business Change

Ward All

Summary Since the last report to Cabinet on 16th June 2021, the UK / EU trade arrangement has been in place for over 6 months. There are ongoing issues between the UK Government and EU around the implementation of the new arrangements and there remain many uncertainties on the medium to long term impacts for the economy in Newport and Wales.

The deadline for EU citizens to apply for EU Settled Status has now passed (30th June). The Council and its partners in the run up to the deadline have been promoting, encouraging and supporting residents to apply before the deadline.

In March, the UK Government announced two subsidy schemes (Levelling up Fund and Community Renewal Fund) that will replace EU Structural Funding many areas in South East Wales including Newport benefited from. Applications have been submitted to UK Government and are outlined in the report.

Proposal Cabinet is asked to consider the contents of the report and note the Council's Brexit response.

Action by Corporate Management Team

Timetable Immediate

This report was prepared after consultation with:

- Heads of Service and officer Brexit 'Task and Finish' group

Signed

Background

The UK officially left the European Union and the Single Market on 31st December 2020. The UK and EU have agreed a trade arrangement that will prevent tariffs being imposed on EU and UK goods. But the new regulations now require businesses that trade with the EU to complete a number of forms and documents in order to continue to meet the new arrangements. Over the last couple of months, there has been increasing tensions between the UK and EU over the Northern Ireland arrangements and whilst it is not directly impacting Wales, the uncertainty could impact on trade routes between Ireland and Welsh ports. There have also been reports in the labour market of certain sectors such as the hospitality and HGV driver sectors being unable to replace and find new staff. EU citizens leaving the UK and/or moving into different sectors have been sighted as some of the factors for this shortage.

Despite these issues, the UK Government has continued to set up trade agreements with Norway, Iceland and Australia as some of the examples. Whilst this does not fully absorb the losses from leaving the EU Single Market, it does provide some assurances over future arrangements. In addition to this there has been an increase in the global demand for certain products and materials such as micro-processors, construction materials e.g. cement, bricks, timber and steel being in short supply. This is having an impact on prices which are increasing due to these supply issues. It is still uncertain if these price increase will remain in place in the medium to long term if they return back to pre-pandemic prices. For the Council this could impact on the delivery and cost of major capital projects and other technology related projects. The Council's finance and project teams will be monitoring these closely over the next year.

UK Government Levelling UP and Community Renewal Funds

As reported in June's Cabinet meeting, EU structural funding will be phased out over the next couple of years. In its place the UK Government will introduce a UK Shared Prosperity Fund in 2022. There are still many unknowns as to whether this new Prosperity Fund will replicate, improve or provide more funding into South East Wales and Newport than its EU predecessor and the Council will have to await further information to be provided by the UK Government on the Fund.

In the meantime, for 2021/22, the UK Government announced the Levelling Up Fund and the UK Community Renewal Fund (pre-cursor to the UK Shared Prosperity Fund). For both schemes, the Council had until the 18th June to submit their applications to the funding. Below is a summary of what the Council submitted:

1. [Levelling Up Fund](#)

As part of the £4.8 billion Levelling Up Fund, Newport Council was able to apply for up to £20 million of capital funding into regeneration and cultural investment schemes and up to £50 million for transport investments. In support of the Council's City Centre Master Plan which was adopted in 2019, the Council submitted an application on the improvements to the public realm around the train station extending to the High Street, Bridge Street and parts of Upper Dock Street. This includes greening these areas and encouraging new development that will boost confidence in Newport as a place to live, work and visit.

As this is a competitive process, it is not guaranteed that Newport Council will be successful in obtaining the funding and will have to await the final decision from UK Government.

2. [UK Community Renewal Fund \(precursor to the UK Shared Prosperity Fund\)](#)

The UK Community Renewal Fund (UK CRF) enables local authorities across the UK to bid up to £3 million on a range of projects that will support Investment in Skills, Investment for local businesses, Investment in communities and place and supporting people into employment. The UK Government announced that 100 priority areas most in need based upon their productivity, household income, unemployment, skills and population density. Newport was not identified as one of these priority areas but were able to submit applications by the 18th June 2021.

Eleven applications were received in total focusing on areas of skills, employment, training, research and development and communities / place. Following an assessment of the applications by representatives of Newport Public Service Board, eight were submitted to the UK Government. As this is also a competitive process, it is not guaranteed that these applications will be successful and receive funding for the year.

It is anticipated that Newport Council will be notified later in July the outcome of both funds. If successful Newport Council alongside its partners will support the delivery of these projects in 2021/22.

EU Settled Status / Post Brexit Rights for EU Citizens

The deadline of 30th June for EU/EAA citizens to apply for EU Settled Status has now passed. The council remains consistent in its messaging that EU/EAA citizens are encouraged and welcomed to stay in Newport. In the run up to the deadline from April to June, Newport Council alongside its partners, regularly communicated information, guidance and links to residents on where to apply to the scheme. Messages from the Leader and Council were published through its social media, website and other media outlets. A multilingual leaflet drop in early June ensured that every household in Newport received a reminder of the scheme's deadline and encouragement to apply, and a Gwent-wide radio campaign which has run for around a year, came to an end at the end of the month. The council continues to co-ordinate a weekly partnership drop in session which will now move to focussing on ensuring late applications are made, and that people are aware of their rights and entitlements.

Home Office data indicates that the number of EUSS applications made in Newport exceeds the estimated number of EU citizens in the area, however these estimates are accepted as unreliable so it remains unclear how many residents still need to apply. Although late applications may be accepted if deemed legitimate by the Home Office, these are likely to be more complex cases, and the council expects to see an increase in people presenting for support due to hardship as a result of insecure migration status.

Prior to the deadline the Council and partners has noted an increase in the number of people seeking support as a result of having no recourse to public funds due to insecure migration status. This is now likely to increase after the deadline placing more pressure on services and other sectors to provide support. In response the Council has established a multi-disciplinary Hardship Group to both discuss complex cases and work towards the development of a corporate policy to ensure a consistent, effective approach to these emerging issues.

A summary of the Council's ongoing work is outlined below:

Communication – As highlighted above, the Council's Communications team has been promoting and encouraging people to apply to EUSS before the deadline. This included a video message from the Leader of the Council, social media communications, and a multi-lingual leaflet drop across all households in Newport. Since the deadline has passed, the Communications team will continue to support Council services to share vital information, advice and guidance to EU citizens in the area.

Finance and Procurement – As referred to in the summary above, the Council's Finance and Procurement team are continuing to monitor the wider economic impacts in the supply and costs of certain materials and goods for major programmes and projects. It remains uncertain whether these price increases will be sustained over the course of the year or if they will fall once demand and supply re-balances itself.

Since the new trade arrangements have been in place the Council has not experienced any significant issues in the supply of chain which has impacted on either the delivery of services. However, as highlighted above the recent wider economic and supply issues will be carefully monitored.

Both Finance and Procurement are in regular contact with Audit Wales, Welsh Government and other local authorities / public sector bodies. This sharing of information and data is enabling the Council to

regularly assess and plan to manage any emerging risks and issues that may impact on the delivery of services.

Regulatory Services and Environmental Health – The Council’s Regulatory Services have not identified any significant issues for imports and export compliance since the new rules have been in place.

Social Services Commissioning and Education – Social Services and Education have not seen any significant issues with supply chains. Service users / pupils identified as requiring EUSS have been supported and directed to all necessary partners / services to assist them in the process.

Community Cohesion / EUSS – The Connected Communities Team continue to lead on work relating to EUSS and wider EU citizens rights and entitlements, working closely with a range of voluntary sector partners. With the passing of the deadline, the focus of work will be on raising awareness of the rights of EU citizens living in the UK, both within communities and across service providers and professionals. The Team also work closely with Gwent Police and Welsh Government to monitor any emerging tensions including potential rises in hate crime.

Newport Council has received additional Food Poverty funding for 2021/22 of approximately £120k to provide revenue and capital funding. The Council’s Regeneration team are being consulted to identify potential avenues and activities for the funding to contribute towards addressing food poverty and also bolster existing support and assistance offered around wider issues, including financial, housing, employment and wellbeing advice.

The full list of areas being monitored by the Task & Finish group are included in Appendix 1 of this report. The areas covered above and in Appendix 1 are being undertaken within existing resources.

Financial Summary

As part of the Council’s financial monitoring, the Council’s Finance team are monitoring any impacts on budgets due to Covid-19 and Brexit.

Risks

The Council’s Brexit risk is recorded on the Council’s Corporate Risk Register which is presented to Cabinet and Audit Committee every quarter. The Quarter four risk score is detailed below:

Risk	Impact of Risk if it occurs* (1-5)	Probability of risk occurring (1-5)	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?
Brexit	4	2	See Report.	Corporate Management Team and Brexit Task & Finish Group

Links to Council Policies and Priorities

- Corporate Plan
- Strategic Recovery Aims
- Risk Management Strategy

Options Available and considered

1. To consider and note the contents of the report and for Cabinet / Cabinet Members to receive updates from officers as part of their portfolio.
2. To request further information or reject the contents of the report

Preferred Option and Why

1. To consider and note the contents of the report and for Cabinet / Cabinet Members to receive updates from officers as part of their portfolio.

Comments of Chief Financial Officer

The financial impact of Brexit is still uncertain, however, there are indications that there could be an impact on prices and supply of goods that may further impact on both capital and revenue budgets. Budget / Service managers, with finance team colleagues, will continue to monitor these on a regular basis and any issues arising will be highlighted through the regular monitoring and budget setting processes.

Any negative financial impact arising from Brexit, whether it be through price increases or funding reductions could present a significant challenge to the Council. There are no specific reserves or contingencies currently that deal exclusively with Brexit but:

- £828k was allocated in the 2021/22 revenue budget for increased adult social care costs in relation to market stability, Covid recovery and Brexit;
- As part of the considerations of uses for the projected 2020/21 revenue budget underspend and further one-off funding that the 2021/22 new budget will also generate, it is proposed that more funds are put in to a 'general risk' reserve and that would contribute towards this risk, amongst others. Details are included within the 2020/21 revenue budget outturn report.

Officers will continue to explore the possibilities of accessing the various grants that are being made available to public bodies in supporting the potential impact of the new arrangements.

Comments of Monitoring Officer

There are no specific legal issues arising from the Report, which provides an update for Cabinet regarding the Council's Brexit preparations. The specific risks associated with the withdrawal have now been mitigated by the belated trade deal, subject to ratification by the member states. However, despite the agreement regarding no tariffs and quotas on imported and exported goods, there is still remaining uncertainty regarding the impact on other areas, such as services and data security. Any legal implications for existing contracts for supplies, services and care provision, data security matters and any regulatory enforcement issues, particularly in relation to port health, will be addressed once the details of the trade agreement are clarified and implemented in national legislation. Despite the non-imposition of tariffs and quotas, additional port health checks will be required in terms of certifying compliance with new Regulations. Environmental Health officers have now been trained to undertake import and export food health certificate checks, and this will have significant resource implications once the port activity increases. Local business advice and support is also being provided in relation to Brexit compliance. The UK Shared Prosperity Fund and the implementation of the Internal Markets legislation will have implications in terms of public sector contracts and procurement and also equivalent state-aid, fair competition requirements.

Comments of Head of People and Business Change

Since the new trade arrangements have been in place with the EU it has reduce the potential economic and financial risk for many businesses. However, as the report has highlighted it is important that strong and flexible relationships are maintained with our EU counterparts. Whilst much of the issues surrounding the demand and supply of goods / materials remains a global concern, there is no doubt that the impacts of Brexit and the Covid pandemic have influenced the current position. The Council and its partners have remained committed in the last two years to support EU/EAA citizens to apply and obtain their EUSS before the 30th June deadline. Despite all of our efforts we recognise that not all citizens will be successful and it will be important for Council services and our partners to provide whatever support we can. The Council's Brexit Task and Finish officer group is continuing to monitor the people aspects of support required and regular updates will continue to be provided by finance, regulatory and other supporting services.

Comments of Cabinet Member

The Leader of the Council is briefed on all aspects of risk management within the Council and related Brexit issues and work.

Local issues

Members to be aware the impacts that Brexit can have on our Local Communities and business.

Scrutiny Committees

The Council's Audit Committee receives regular risk register updates on the Council's Risk Register which includes the Brexit Risk.

Equalities Impact Assessment

A paper is being prepared for consideration by the Brexit task and finish group which will assess the potential impact on communities post-December, as well as identifying risks associated with the changes to immigration rules.

Children and Families (Wales) Measure

Not applicable.

Wellbeing of Future Generations (Wales) Act 2015

There are potential long term impacts of Brexit Trade Negotiations which could affect the future demand on our services to provide the necessary support, advice and guidance. There may also be opportunities that could arise and the Council will need to make preparations to accordingly. In preparation we have been working collaboratively across the Council and with our partners to make sure that our services to prevent any scenario where services are disrupted and to provide resilience across the City and to our local partners.

We have also been involving our stakeholders and where necessary providing the necessary advice and guidance to those that need our support. Going forward we will continue to monitor and report where necessary any impacts which Brexit could have on the delivery of our services.

Crime and Disorder Act 1998

Not applicable.

Consultation

Corporate Management Team
Brexit Task & Finish Group

Background Papers

Welsh Government website '[Preparing Wales to leave the EU](#)'
Welsh Local Government Association '[Brexit Website](#)'
Newport City Council's '[Brexit Webpage](#)'

Dated: 30 June 2021

Appendix 1 – Summary actions taken through the Task & Finish Group

Theme	Progress of Activity completed by Newport Council to 1 st July 2021
Your Organisation (Communications)	The Council's communication team has been promoting and encouraging people to apply to EUSS before the deadline. This included a video message from the Leader of the Council, social media communications, and a multi-language leaflet drop across all households in Newport. Since the deadline has passed, the Communications team will continue to support Council services to share vital information, advice and guidance to those that have failed to receive Settled Status.
Your Organisation (Finance and Funding)	The Council's Finance and Procurement team are continuing to monitor the wider economic impacts in the supply and costs of certain materials and goods for major programmes and projects. It remains uncertain whether these price increases will be sustained over the course of the year or if they will fall once demand and supply re-balances itself. Grants have been considered and applications submitted /agreed as outlined in the report.
Supplies and Services (including social services and ICT)	<p>Since the new trade arrangements have been in place the Council has not experienced any significant issues in the supply of chain which has impacted on either the delivery of services. However, as highlighted above the recent wider economic and supply issues will be carefully monitored.</p> <p>Both Finance and Procurement are in regular contact with Audit Wales, Welsh Government and other local authorities / public sector bodies. This sharing of information and data is enabling the Council to regularly assess and plan to manage any emerging risks and issues that may impact on the delivery of services.</p>
Supplies and Services (Regulatory Services)	The Council's Regulatory Services have not identified any significant issues for imports and export compliance since the new rules have been in place.
Local Community (Civil Contingencies)	<ul style="list-style-type: none"> • Civil Contingencies and Regulatory Services have not identified any issues with Newport Port. • No issues have been identified since the transition impacting on Civil contingencies in Newport but the team will continue to monitor these.
Local Community (Community Cohesion) <ul style="list-style-type: none"> • EU Settled Status / EU communities • Food Poverty • Homelessness (EU Citizens) • Community cohesion 	<ul style="list-style-type: none"> • Community Cohesion officers continue to engage with EU Citizens and communities to encourage EUSS applications before June 30th • Leader's message was published encouraging the uptake of the EU Settled Status application before 30th June 2021. • Leaflet produced and distributed in June. • Post Brexit rights webinar has been held in March and further engagement work will be undertaken to both encourage EU Citizens to apply to the scheme and raise awareness of their rights post-June. • Food Poverty work continues and are offering and a number of small grants have been awarded to community-led food projects to Newport Food organisations to support households impacted by Covid and Brexit. • Newport Council will be receiving new funding from April 2021 to support more food poverty work and providing housing / debt advice. • The work of Community Cohesion officers is also focusing on post-Brexit rights and access to key services in the City. • Complex migration cases continue to present to the council for support, and this is expected to continue • The council are aware of a growing number of EU and non-EU nationals who are finding themselves with no recourse to public funds as a result of EUSS outcomes, and the hidden demand for support

Theme	Progress of Activity completed by Newport Council to 1 st July 2021
	<p>which is at present masked by extended COVID duties which require LAs to house people with no recourse to public funds (NRPF), as well as the current restrictions on private evictions.</p> <ul style="list-style-type: none"> • Education have confirmed that children that are in NRPF families will have access to free school meals. • As we move into a period where people are more at risk of having an insecure migration status, or judged as living unlawfully in the UK, these risks will be compounded. • Hardship Group has been established to consider complex cases and develop organisational policy in relation to NRPF • EUSS Applications have been made on behalf of all children who are looked after by the authority • All schools were reminded to inform EU families of the need to apply and offered further support from Newfield's Law who have been commissioned by Welsh Government to work within schools



Report

Cabinet

Part 1

Date: 7 July 2021

Subject Cabinet Work Programme

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

Author Governance Team Leader/Cabinet Office Manager

Ward All Wards

Summary The purpose of a work programme is to enable Cabinet to organise and prioritise the reports and decisions that are brought to each meeting. Effective forward planning by Cabinet also impacts positively upon the Council's other Committees, in particular Scrutiny, because work needs to be coordinated on certain reports to ensure proper consultation takes place before a decision is taken.

The current work programme runs to May 2022, but it is a working document. It is important that the work programme is owned and prioritised by Cabinet Members directly, so each month the Cabinet Office Manager brings a report updating Cabinet on any changes, so that the revised programme can be formally approved.

The updated work programme is attached at Appendix 1.

Proposal To agree the updated work programme.

Action by Cabinet Office Manager /Governance Team Leader

Timetable Immediate

This report was prepared after consultation with:

- Chief Officers
- Monitoring Officer
- Head of Finance
- Head of People and Business Change

Background

The purpose of a work programme is to enable Cabinet to organise and prioritise the reports and decisions that are brought to each meeting. Effective forward planning by Cabinet also impacts positively upon the Council's other Committees, in particular Scrutiny, because work needs to be coordinated on certain reports to ensure proper consultation takes place before a decision is taken.

The Wales Audit Office's Corporate Assessment of Newport City Council, published in September 2013, highlighted the need to "strengthen committee work programming arrangements to ensure they are timely, meaningful, informative, transparent, balanced, monitored, and joined up". Since that report was published, these monthly reports have been introduced to provide Cabinet with regular updates on its work programme, and the opportunity to comment upon and shape its priorities as an executive group. The Democratic Services team have also been working to improve the links between this and other work programmes under its management (e.g. Council, Scrutiny, Audit) to ensure the various programmes are properly coordinated.

The current work programme runs to May 2022, but it is a working document. It is important that the work programme is owned and prioritised by Cabinet Members directly, so each month the Cabinet Office Manager brings a report updating Cabinet on any changes, so that the revised programme can be formally approved.

The updated work programme is attached at Appendix 1.

Financial Summary

There is no direct cost to adopting a programme of work.

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
No action taken	M	L	Work programming arrangements are in place to ensure they are timely, meaningful, informative, and transparent, balanced, monitored, and joined up.	Head of Democratic Services
The process is not embraced by report authors and members	M	M	If there is proliferation of unplanned or late items, the opportunity to ensure work programming is timely, meaningful, informative, and transparent, balanced, monitored, and joined up will diminish	Head of Democratic Services

Links to Council Policies and Priorities

These proposals will help the Council provide the best possible service to members and will provide information to the public and elected members.

Options Available and considered

- To adopt the process and adopt or amend the work programme
- To consider any alternative proposals raised by Cabinet members
- To take no action

Preferred Option and Why

To adopt the proposals which should help to ensure work programming arrangements are timely, meaningful, informative, and transparent, balanced, monitored, and joined up.

Comments of Chief Financial Officer

There are no financial implications in adopting a programme of work.

Comments of Monitoring Officer

There are no legal implications in adopting a programme of work.

Staffing Implications: Comments of Head of People and Business Change

There are no specific staffing implications in adopting a programme of work.

Comments of Cabinet Member

The Chair has approved the report for consideration by cabinet.

Local issues

There are no local issues as this report relates to the Council's processes

Scrutiny Committees

Monthly update reports allow the Scrutiny and Cabinet work programmes to be better coordinated. The Scrutiny team and Members are currently developing new ways of working through the new Committees, and continually reviewing the work programmes to focus more on risk, and ensure all scrutiny activity has a defined purpose and constructive outcome.

Equalities Impact Assessment and the Equalities Act 2010

This does not apply to this procedural report.

Children and Families (Wales) Measure

This procedural report does not impact on Children and Young People although certain reports contained in the programme may do and will need appropriate consultation and comment when they are presented to cabinet.

Wellbeing of Future Generations (Wales) Act 2015

This is a procedural report but reports contained within the programme will need to show how consideration has been given to the five things public bodies need to think about to show they have applied the sustainable development principle put into place by the Act.

Crime and Disorder Act 1998

This does not apply to this procedural report

Consultation

As set out above

Background Papers

[Newport City Council Corporate Assessment](#), Wales Audit Office (September 2013)

[Newport City Council – Corporate Assessment Follow Up 2015](#), Wales Audit Office (May 2015)

Dated: 24 June 2021

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Cabinet

Work Programme: June 2021 to May 2022

Meeting	Agenda Items	Lead Officer
Cabinet 02/06/21	<ul style="list-style-type: none"> ▪ School Reorganisation Proposal to Expand Bassaleg School ▪ Corporate Risk Register Update (Q4) ▪ Welsh Language Annual Report ▪ Levelling Up Fund ▪ UK Community Renewals Fund ▪ Covid Update Report ▪ Brexit Update Report ▪ Work Programme 	<ul style="list-style-type: none"> ▪ CEdO ▪ HP&BC ▪ HP&BC ▪ HRIH ▪ HP&BC ▪ CX/HP&BC ▪ CX/HP&BC ▪ GTL
Council 29/06/21	<ul style="list-style-type: none"> ▪ Council Appointments ▪ Management Restructure Report ▪ PSPO 	<ul style="list-style-type: none"> ▪ DSM ▪ CX ▪ HL&R
Cabinet 07/07/21	<ul style="list-style-type: none"> ▪ 2020/21 Treasury Management Year End Report ▪ 2020/21 Revenue Budget Outturn ▪ 2020/21 Capital Outturn and Additions ▪ Responding to the New Normal Report ▪ MIM Strategic Partnership Agreement ▪ Covid Update Report ▪ Brexit Update Report ▪ Work Programme 	<ul style="list-style-type: none"> ▪ HoF ▪ HoF ▪ HoF ▪ HP&BC ▪ CEdO ▪ CX/HP&BC ▪ CX/HP&BC ▪ GTL
Council 20/07/21	<ul style="list-style-type: none"> ▪ Council Appointments ▪ 2020/21 Treasury Management Year End Report 	<ul style="list-style-type: none"> ▪ DSM ▪ HoF
Cabinet 08/09/21	<ul style="list-style-type: none"> ▪ Revenue Budget Monitor ▪ Capital Budget Monitor ▪ Risk Management Strategy ▪ WAO Annual Improvement Report ▪ Corporate Risk Register Update (Quarter 1) ▪ Annual Safeguarding Report ▪ Covid Update Report ▪ Brexit Update Report ▪ PSB Summary of Business ▪ Work Programme 	<ul style="list-style-type: none"> ▪ HoF ▪ HoF ▪ HP&BC ▪ HP&BC ▪ HP&BC ▪ SD People ▪ CX/HP&BC ▪ CX/HP&BC ▪ HP&BC ▪ GTL
Council 28/09/21	<ul style="list-style-type: none"> ▪ Council Appointments ▪ Scrutiny Annual Report ▪ PSB Summary of Business 	<ul style="list-style-type: none"> ▪ DSM ▪ HL&R ▪ HP&BC

Cabinet 13/10/21	<ul style="list-style-type: none"> ▪ Corporate Plan Annual Report ▪ WAO Certificate of Compliance 1 ▪ Replacement LDP Strategy for Growth Options and Feedback on Integrated Sustainability Appraisal. ▪ Strategic Equality Plan Annual Report ▪ Covid Update Report ▪ Brexit Update Report ▪ PSB Summary of Business ▪ Work Programme 	<ul style="list-style-type: none"> ▪ HP&BC ▪ HP&BC ▪ HRIH ▪ HP&BC ▪ CX/HP&BC ▪ CX/HP&BC ▪ HP&BC ▪ GTL
Cabinet 10/11/21	<ul style="list-style-type: none"> ▪ Revenue Budget Monitor ▪ Capital Budget Monitor and Additions ▪ Forecast Numbers of LAC ▪ Annual Report on Compliments, Comments and Complaints Management 2020 ▪ Covid Update Report ▪ Brexit Update Report ▪ PSB Summary Document (for information/awareness) ▪ Work Programme 	<ul style="list-style-type: none"> ▪ HoF ▪ HoF ▪ SD – People ▪ Customer Services Mgr ▪ CX/HP&BC ▪ CX/HP&BC ▪ HP&BC ▪ GTL
Council 23/11/21	<ul style="list-style-type: none"> ▪ Council Appointments ▪ Democratic Services Annual Report ▪ Standards Committee Annual Report ▪ Strategic Equality Plan Annual Report 	<ul style="list-style-type: none"> ▪ DSM ▪ HL&S ▪ HL&S ▪ HP&BC
Cabinet 15/12/21	<ul style="list-style-type: none"> ▪ 2022/23 Revenue Budget and MTFP: Draft Proposals ▪ 2021/22 Treasury Management 6 monthly Report ▪ Corporate Risk Register Update (Quarter 2) ▪ WAO Certificate of Compliance 2 ▪ Director of Social Services Annual Report ▪ WESP – 2021/2025 ▪ Covid Update Report ▪ Brexit Update Report ▪ Work Programme 	<ul style="list-style-type: none"> ▪ HoF ▪ HoF ▪ HP&BC ▪ HP&BC ▪ SD - People ▪ SD – People ▪ CX/HP&BC ▪ CX/HP&BC ▪ GTL
Cabinet 12/01/22	<ul style="list-style-type: none"> ▪ Revenue Budget Monitor ▪ Capital Budget Monitor ▪ Mid-Year Performance Analysis 2020/21 ▪ Verified Key Stage 4 and 5 Pupil Outcomes ▪ Welsh In Education Strategic Plan Approval ▪ Brexit Update ▪ Covid Recovery ▪ PSB Summary Document (for information/awareness) ▪ Work Programme 	<ul style="list-style-type: none"> ▪ HoF ▪ HoF ▪ HP&BC ▪ CEdO ▪ CEdO ▪ CX/HP&BC ▪ CX/HP&BC ▪ For info ▪ GTL
Council 25/01/22	<ul style="list-style-type: none"> ▪ Council Appointments ▪ 2021/22 Treasury Management 6 monthly report ▪ Council Tax Reduction Scheme ▪ Director of Social Services Annual Report ▪ Schedule of Meetings 2022/23 ▪ Mayoral Nomination 2022/23 	<ul style="list-style-type: none"> ▪ DSM ▪ HoF ▪ HCS ▪ SD – People ▪ GTL

Cabinet 09/02/22	<u>Budget:</u> <ul style="list-style-type: none"> ▪ 2022/23 Capital Strategy and Treasury Management Strategy ▪ 2022/23 Revenue Budget and MTFP: Final Proposals ▪ Replacement LDP Feedback on Growth Options and Vision/Objectives ▪ Covid Recovery Update ▪ Brexit Update ▪ Work Programme 	<ul style="list-style-type: none"> ▪ HoF ▪ HoF ▪ HRIH ▪ CX/HP&BC ▪ CX/HP&BC ▪ GTL
Council 22/02/22	<u>Budget:</u> <ul style="list-style-type: none"> ▪ Council Appointments ▪ 2022/23 Council Tax and Budget ▪ 2022/23 Capital Strategy and Treasury Management Strategy ▪ National Non-Domestic Rates: Discretionary Relief: High Street Relief Scheme 2022-23 	<ul style="list-style-type: none"> ▪ DSM ▪ HoF ▪ HoF ▪ HoF
Cabinet 09/03/22	<ul style="list-style-type: none"> ▪ Pay and Reward Statement 2022/23 ▪ EAS Business Plan 2020/21 ▪ Corporate Risk Register Update (Quarter 3) ▪ Covid Recovery Update ▪ Brexit Update ▪ Work Programme 	<ul style="list-style-type: none"> ▪ HP&BC ▪ CEoO ▪ HP&BC ▪ CX/HP&BC ▪ CX/HP&BC ▪ GTL
Cabinet 06/04/22	<ul style="list-style-type: none"> ▪ Annual Corporate Safeguarding Report ▪ Covid Recovery Update ▪ Brexit Update ▪ PSB Summary Document (for information/awareness) ▪ Work Programme 	<ul style="list-style-type: none"> ▪ HC&YPS ▪ CX/HP&BC ▪ CX/HP&BC ▪ For info ▪ GTL
Council 26/04/22	<ul style="list-style-type: none"> ▪ Council Appointments ▪ IRP Annual Report ▪ Pay and Reward Statement 21/22 	<ul style="list-style-type: none"> ▪ DSM ▪ HoL&R ▪ HP&BC
May 2022	Local Elections	
Council 17/05/22	<u>AGM:</u> <ul style="list-style-type: none"> ▪ Council Appointments 	<ul style="list-style-type: none"> ▪ DSM

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