

Agenda



Performance Scrutiny Committee - People

Date: Tuesday, 25 January 2022

Time: 10.00 am

Venue: Virtual Meeting

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

Item	Wards Affected
1	<u>Apologies</u>
2	<u>Declarations of Interest</u>
3	<u>Minutes of Previous Meeting</u> (Pages 3 - 8)
4	<u>2022-23 Budget and Medium Term Financial Projections</u> (Pages 9 - 54)
5	<u>Conclusions of Committee Reports</u> Following the completion of the Committee reports, the Committee will be asked to formalise its conclusions, recommendations and comments on previous items for actioning.
6	<u>Scrutiny Adviser Reports</u> (Pages 55 - 60) <ul style="list-style-type: none">a) Forward Work Programme Update (Appendix 1)b) Actions Arising (Appendix 2)c) Information Reports (Appendix 3) Watch the meeting live – click here

Contact: Connor Hall, Scrutiny Adviser
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Date of Issue: Tuesday, 18 January 2022

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Minutes



Performance Scrutiny Committee - People

Date: 30 November 2021

Time: 10.00 am

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

In Attendance: Karyn Keane (Assistant Head of Education - Engagement & Learning), Sarah Morgan (Chief Education Officer), Katy Rees (Assistant Head of Education - Inclusion), Deborah Weston (Service Development Manager), Connor Hall (Scrutiny Adviser), Samantha Schanzer and Louise A Thomas (Governance Officer)

Apologies: Andrew Powles (Deputy Chief Education Officer)

1 Apologies

Andrew Powles, Deputy Chief Education Officer

2 Declarations of Interest

None.

3 Minutes of Previous Meeting

The minutes of the previous meeting were accepted as a true and accurate record.

4 Education Mid-Year Reviews

The Head of Education introduced the report and reported that the Education Service continued to develop and progress, even given the backdrop of response of the service to the COVID-19 pandemic.

The report showed that out of the actions detailed, 76 were currently on track to be completed by the end of the financial year and measured as 'green', with a minimal number of 4 as 'red'. Since the publishing of the report, further progressions had been made and the Service was in an even better position.

Members asked the following:

-Why was there a projected underspend of 5%?

The Head of Education explained that this figure equated to £1 million and was primarily linked to Out of County placements. Against the backdrop of the pandemic, it had been difficult to identify children that needed this provision. Newport City Council had also tried to

keep children with complex needs closer to home for their education which also reduced costs. Going forward there was a likelihood there would be greater need for support for those children so the underspend was unlikely to be an ongoing trend.

- How frequently was the risk map reviewed?

The Head of Education commented that senior leadership team meetings were held on a weekly basis and a regular topic was the escalation of risks, but the risk map was discussed specifically twice a year. Whilst some identified risks such as ALN support and demand were forecast, others had lessened, for example GEMS spend as there were skills and expertise within schools to continue this support. The risks around the 21st Century schools continued due to ongoing price increases and although Newport City Council had enough surplus spaces within our schools, these were not within every community, meaning Newport City Council could not necessarily offer places within a 2-mile radius which would remain a cost risk for the time being.

- What measures were being taken to support Additional Learning Needs (ALN) children?

The Head of Education responded that at the start of lockdown the Service worked with all schools to complete risk assessments for vulnerable pupils to ensure they were tracked and supported. ALN support was assessed on a gradient depending on the needs of the child. When additional needs were identified, Newport City Council were able to provide a range of support, sometimes at school level ranging from extra time or additional work or it could be provided at a local learning resource base. Newport City Council could consider out of town provision and had provision mapping set up in all of our schools which ensured that all children in mainstream education had a universal entitlement to support their needs. The Local Authority could see the whole of the provision across all of its schools and see with confidence that pupils were supported at school level and within various specialist provisions across the city.

- How were Safe Routes to School being monitored, and what was being done to encourage active travel to school?

The exercise that was referred to in the Service Plan which impacted school admissions and the home to school transport policy sat within the Education Service. However, Safe routes to School actually sat within City Services' remit. Meetings held with City Services established that Safe Routes to School was long term piece of work.

Education Service still wanted to push the initiative forward because it recognised the importance for children as young citizens to be able to see the importance of walking to school whenever possible. Being mindful of the pressures on schools over the last 2 years, monitoring of modes of transport had not been requested but for future consideration schools could complete their own surveys on how their children got to school, and that could be a helpful benchmark for trying to promote walking to school. Also, an Active Travel Survey had been sent to all schools earlier that term and the results could be reported back at a future meeting.

- What were the procedures and provisions for ALN children in the transition from Primary to secondary school?

The Head of Inclusion stated that the introduction of the new ALN Transformation Act would ensure greater levels of competence in the identification of children with additional learning needs. Introduced in every school was a key electronic system which was a tool that allowed monitoring and all information gathered on any pupil could be transferred to the next school at the press of a button. All young people in any one school should have a one page profile and if there were any further needs identified these should be included. This information could be easily transferred between schools.

The Head of Inclusion explained that whilst there would inevitably be variation in the provision across schools, they tried to ensure continuity of support across the schools. 2 teacher advisors worked across transition and provided quality assurance based work to make sure there was consistency across all schools and close any gaps in the quality of provision.

-The Chair asked for an explanation behind the red indicator against the ALN transformation.

The Cabinet Member for Education explained that implementation delays were due to Welsh Government being behind in issuing guidance to Local Authorities due to COVID issues taking priority. The Cabinet Member however, attended monthly meetings with Welsh Government and the Welsh Local Government Association where this was on the agenda and discussed in relation to its implementation and issues around costs discussed. There were also frequent email conversations with other Cabinet members across Wales in relation to this and at the same time, Senior officers with the Education Service were having those same conversations with their contacts with Welsh Government. Regardless of political backgrounds across Wales there was one voice in relation to getting this delivered and implemented as soon as possible.

-How confident were Newport City Council with the introduction of the new curriculum?

The Head of Education responded that Newport City Council needed a quality assurance methodology to make sure that Newport City Council were on track to fully provide the new curriculum. In the background, Newport City Council had some basic checks so Newport City Council knew the professional learning was being offered and we'd listened to school development planning sessions to see what plans were in place. Head Teachers were being questioned on a rolling programme over the course of the year. Originally, schools were due to provide their specific evidence of readiness this Autumn term but due to workforce issues within schools it was not felt appropriate at this time and so this readiness survey had been pushed back into the coming Spring term.

-When were schools in deficit expected to return to a balanced budget?

The Head of Education explained that monitoring meetings were being held and it was not known precisely where Newport City Council were in terms of deficit recovery but this information would be available for the end of year service plan review. The aim was for all schools to be in a balanced or surplus position within 3 years but that any potential changes were tracked and factored into recovery in a timely manner and therefore flexibility was also important.

- What education was provided to children learning from home during the pandemic?

The Head of Education explained that during school closures the Service worked with schools in the provision of blended working. Focus was on professional learning and upskilling teachers to provide digital learning and best practice was shared among schools. Together with EAS, a website was set up across the whole region so that all schools could access and maximise the opportunities. Head Teachers held themselves to account to do their best to respond to children's demands and listen to parents and pupils via surveys.

- How did the Council monitor children who were permanently home educated?

The Head of Education and Learning explained that the numbers of children who were home educated had grown. Prior to the epidemic, the LA had limited resources to manage effective home education and the numbers had since increased, for a number of reasons, and this placed added pressures in monitoring.

When notified by a parent that they intended to provide homeschooling, an Education Welfare Officer made contact with the family within 10 days to ensure that the parent understood the ramifications of that choice. The EWO would subsequently make at least one

annual visit. A small grant this year had funded additional staffing and resources and Newport City Council had been able to appoint a Family Liaison Officer specifically to work with electively home educated children. Also 2 additional days for an Educational welfare Officer post which allowed a small increase in the frequency of engagement with families including organised group activities for families where they indicated the need for emotional support together with information in the expressive arts curriculum such as music and drama together with science activities and career advice. In response, there had been a series of well-being and science days, Dragon's team events and a careers event for the older learners to discuss their 16+ destination aspirations.

- How many children were home educated? And what were the numbers of exclusions within NCC's education system?

It was difficult to know the exact numbers of home educations due to the amount of churn in the numbers of young people. There appeared to be young people who were home educated for a shorter period of time and then returned to school as well as young people who were in school and then moved out. There were 185 children who were known to be home educated on the 30th of September but those were not necessarily the same 185 children who were recorded in the census that took place in January of this year.

Following COVID, increased changes of behaviour in young people had been noted. The return to the formal school setting and its necessary restrictions proved difficult for some young people to manage. This necessitated a combination of support, bespoke conversations and additional teacher advisor support. There was a challenging time ahead with the effects of lack of socialisation and lack of boundaries at home yet to be tackled. Excluded pupils attended the pupil referral unit where they received specialist support such as anger management classes, mindfulness lessons etc. As a corporate parent Newport City Council still had to ensure robust learning to ensure these pupils had the best possible academic outcomes.

-In response to 'red' measures queried by the Chair, the Head of Education responded that the reviews of calming rooms would be completed by 31st March 2022. The reason for the delay was the requirement for Health & Safety back up to ensure they were used correctly. There had been a backlog of some training but this had been commissioned out to some areas to alleviate the health and safety team of this task.

-In response to the red indicator on developing a strategy for the transition of vulnerable groups, the Head of Education explained that Newport City Council worked in collaboration with non-maintained settings such as private nurseries. We were unable to make demands to attend specific professional learning and collaboration sessions, particularly as they had been affected themselves with staffing issues during the pandemic. The nurseries would of course still have their duty of care and statutory courses such as Safeguarding to attend and so they would prioritise accordingly. This target would probably therefore be delayed into the next Service Plan.

The Chair thanked the Officers and Cabinet Member for attending and answering the questions posed by the Scrutiny Committee.

The Cabinet Member for Education added her thanks and praise for all education officers and teaching staff across Newport for their hard work and focus on the delivery of targets. Despite the exceptionally difficult circumstances, Education Services had displayed true leadership and had been supportive and shown an empathetic approach to schools at this time.

5 Conclusions of Committee Reports

The Committee wished to make the following comments:

Comments and Recommendations

- Safe walking routes to school (page 24): It was noted that Education had taken this as far as they could, and that the responsibility for furthering this would now lie with City Services. The Members would like the initiative to be added to City Services' Service Plan going forward so that it can be further scrutinised.
- The Members wanted further information sent on the number of children excluded from schools.
- The Members shared their concerns for the number of children being excluded.
- The Members were concerned that any issues with regards to ALN and vulnerable children tended to be in red/amber measures. They noted that this may be something they would like added to the Forward Work Programme in future.
- The Members expressed concern with regards to the estimated completion date of the calming room audits, and would like to be updated on progress in future.
- The Committee thanked officers for their hard work within Education.

6 Scrutiny Adviser Reports

The Scrutiny Adviser shared with Committee the Forward Work Programme with the caveat that some changes may have to be made, as well as updates on the actions from the previous meeting.

The meeting terminated at 11.50 am

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Scrutiny Report

Performance Scrutiny Committee – People

Part 1

Date: 25th January 2022

Subject 2022-23 Budget and Medium Term Financial Projections

Author Scrutiny Adviser

The following people have been invited to attend for this item:

Role / Areas of responsibility	Lead Officer
Budget Overview and Process	Robert Green, Assistant Head of Finance
Service Specific Proposals:	
Children’s Services, Adult and Community Services	Sally Jenkins, Strategic Director of Social Services
Education Services	Sarah Morgan, Head of Education

Section A – Committee Guidance and Recommendations

<p>1 Recommendations to the Committee</p> <p>The Committee is asked to:</p> <ul style="list-style-type: none"> (i) Consider the budget proposals relevant to the People Service Areas (ii) Determine if it wishes to make recommendations or comments to the Cabinet on the Proposals within the People Service Areas; (iii) Determine if it wishes to make any comments on the budget process or the public engagement (to be forwarded to the Overview and Scrutiny Management Committee for consideration).
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2 Context

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

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

Cabinet agrees budget proposals as a basis for consultation	14 January 2022
Consultation period	14 January 2022 to 11 February 2022
Cabinet considers feedback from consultation and agrees final budget proposals and recommends resulting overall budget and council tax required to full Council	18 February 2022
Council approves the 2022/23 overall budget and resulting council tax level required	1 March 2022

Structure of Scrutiny of the Budget Proposals

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

Committee	Date	Role
Performance Scrutiny Committee - Place and Corporate	24 January 2022	Savings proposals within the Place and Corporate Service Areas
Performance Scrutiny Committee - People	25 January 2022	Savings proposal within the People Service Areas
Overview and Scrutiny Management Committee	4 February 2022	<ul style="list-style-type: none"> • Coordination of comments from all Scrutiny Committees • Comments on the budget process • Comments on public engagement

2.3 Recommendations from the Committee meetings on 24 and 25 January will be reported to the Overview and Scrutiny Management Committee (OSMC) at its meeting on 4 February 2022 to confirm the list of comments that will be submitted from Scrutiny to the Cabinet. The Chair of this Committee will be invited to attend the meeting of the OSMC where the Committee's recommendations are discussed.

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

2.5 At its meeting on 14 January 2022, the Cabinet agreed draft proposals for consultation. The full Cabinet Report and Appendices are available on the website ([Link](#)).

Appendix 1	Budget investments
Appendix 2	Budget savings previously approved
Appendix 3	Demand models for social care
Appendix 4	Fees & charges for consultation
Appendix 5	Financial resilience 'snapshot'
Appendix 6	Medium term financial projections
Appendix 7	Projected earmarked reserves
Appendix 8	Corporate risk register summary - Quarter 2

3 Information Submitted to the Committee

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

Appendix A – Cabinet Report 2022/23 Budget and Medium Term Financial Projections (MTFP)

Appendix 1 – Budget savings proposals (summary table).

Appendix 4 – Fees & charges for consultation

Completed Fairness and Equalities Impact Assessments for the 2022-2023 Budget Proposals can be viewed via this [Link](#) to the Council's webpage.

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

4. Suggested Areas of Focus

4.1 Role of the Committee

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

- **Assess and make comment** on the proposals relevant to the People Service Areas in terms of:
 - How **reliable** the savings forecasts are;
 - How **achievable** the proposals are;
 - Have **risks** / impact on service users been appropriately mitigated;
 - Is there sufficient and consistent information within the Business cases to enable Cabinet to make an informed decision;
 - How does it fit into the **longer term strategic planning** and vision of the Council;
 - Has the **FEIA** been completed and used to develop the proposal;
 - The extent to which the **Wellbeing of Future Generations Act** has been considered.
- **Conclusions:**
 - Feedback the Committee's assessments of the proposals and highlight what the Cabinet need to be mindful of when taking the decision on the proposals.
 - Feedback to Overview and Scrutiny Management Committee on the budget process and public engagement.

Suggested lines of Enquiry

- 4.2 Councillors have a fundamental democratic right to commission financial information and provide challenge to executives and officers about finances. Scrutiny councillors are not expected to be financial experts, but they have a key role in ensuring **accountability** and **value for money** are demonstrated to the public.

4.3 The following has been adapted from Section 3.1-3.4: Source: Grant Thornton – Local Government Financial Resilience Review 2012 (“Towards a tipping point?”) to provide examples of the questioning and lines of enquiry that the Committee may wish to consider:

Individual Proposals	<ul style="list-style-type: none"> • How reliable are the proposed savings? • Is there sufficient evidence within the business cases to have confidence that the proposals are achievable? • Is it clear how this proposal will be delivered and how the savings will be achieved? • Timing of the implementation – will this achieve a full year’s savings? Will anything delay implementation (such as the consultation process for any redundancies)
Links to Strategic Planning	How does the proposal contribute to the achieving corporate priorities?
	How do these proposals fit into an overall budget strategy / what is the long-term approach to budget at the Council?
Assessing Impact	<p>What is the anticipated impact of the budget proposal on:</p> <ul style="list-style-type: none"> ○ Services ○ Performance (including performance indicators and standards) ○ Clients / services users
	If there is a risk identified, has this been appropriately mitigated? Is this clear within the business case, and is it achievable?
	How will we measure the success / impact of this proposal?
Fairness and Equalities Impact Assessments	Have these been completed?
	Have any impact identified within the FEIA been considered within the business case?

Wellbeing of Future Generation (Wales) Act

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

5 Ways of Working	Types of Questions to consider:
<p>Long-term</p> <p>The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs.</p>	What consideration have you given to the long term trends that could affect your proposal or; how could your proposal impact these trends?
	How will the needs of your service users potentially change in the future?
<p>Prevention</p> <p>Prevent problems occurring or getting worse.</p>	What is the objective (or the desired outcome) of this proposal?
	How are you addressing these issues to prevent a future problem?
	How have the decisions, so far, come about? What alternatives were considered?
<p>Integration</p> <p>Considering how public bodies' wellbeing objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies.</p>	Are there any other organisations providing similar / complementary services?
	Have you consulted with the health board, third sector, emergency services, businesses and anyone else you think might be impacted?
	What practical steps will you take to integrate your project with existing plans and strategies of other public organisations to help us all contribute fully to the seven national well-being goals?
<p>Collaboration</p> <p>Acting in collaboration with any other person (or different parts of the organisation itself).</p>	Who have you been working with? Why? Who have you collaborated with in finding out more about this problem and potential solutions?
	How are you co-working with other sectors?
	How are you using the knowledge / information / good practice of others to inform / influence the Council's work?
<p>Involvement</p> <p>The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.</p>	How have you involved the people who are being impacted by this decision?
	How have you taken into account the diverse communities in your decision making?
	How have you used different / alternative methods to reach people and involve them?
	How will you communicate the outcome of your decision?

Section B – Supporting Information

5 Links to Council Policies and Priorities

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

6. Background Papers

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

Report Completed: 10 January 2022

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APPENDIX A

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Report

Cabinet

Part 1

Date: 14 January 2022

Subject 2022/23 Budget and Medium Term Financial Plan (MTFP)

Purpose To highlight key issues affecting the development of the Council's 2022/23 budget and Medium Term Financial Plan (MTFP) and present the draft proposals for the 2022/23 budget. Cabinet are asked to agree the proposals in order to commence the budget consultation process for this year. Consultation results will be reported back to Cabinet in February 2022, when Cabinet will agree a final budget and recommend the corresponding council tax level to full Council.

Author Head of Finance

Ward All

Summary This report presents the draft budget proposals for 2022/23 and the key priorities for investment which the better-than-expected settlement provides, namely:

- School's funding
- Early Intervention and Prevention activities / services
- City Centre

The Council received details of its draft 'Revenue Support Grant' (RSG) on 21 December and therefore was only able to work through final details of the draft budget after this time. The result of that is a slightly later start to budget consultation but the remaining budget-setting timetable has been adjusted to maximise the time available for consultation and residents, service users and stakeholders, such as the independent Fairness Commission, will have four full weeks to take part in the consultation.

Details of the budget are shown within this report and in contrast to previous years there are no new savings proposals for consultation at this stage. The report, along with the appendices, set out the draft budget pressures / investments and increase in local council tax, which are the key elements of the proposed budget to ensure it is sustainable and able to maintain and develop key services for the city and its residents.

A 'balance in hand' is still shown and is unavoidable due to the late settlement, further work is on-going to identify appropriate budget choices within the key priorities shown above, to include and dovetail the use of the current year's underspends in those areas and other investments for the city and manage the risk to the Council's finances from on-going pandemic impacts.

Section:

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

Appendix:

Appendix 1	Budget investments
Appendix 2	Budget savings previously approved
Appendix 3	Demand models for social care
Appendix 4	Fees & charges for consultation
Appendix 5	Financial resilience 'snapshot'
Appendix 6	Medium term financial projections
Appendix 7	Projected earmarked reserves
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Proposal

1. Cabinet agrees the following draft proposals for public consultation:

- i) A council tax increase of 3.7%, a weekly increase of £0.59 - £0.79 for properties in Band A to C, the most common bands in Newport, as set out in paragraphs 3.21.
- ii) Proposed fees and charges in appendix 4.
- iii) The budget investments shown in appendix 1.
- iv) The budget investment provision in schools of up to £8,003k, noting this will fully fund the planning assumption on teacher's pay @ 4% from September 2022 plus the cost of new/ expanding school provision as noted in paragraph 3.11 – 3.18.

Specifically on the teacher's pay, given the uncertainty surrounding teachers' pay from September 2022 provision of up to 4% is proposed and will be held centrally until confirmation of the pay award is received. Cabinet agrees to confirm and finalise this when there is certainty with the intention of retaining the objective described above in fully funding the September pay increase, within the funding provision available.

2. Cabinet notes:

- v) The position on developing a balanced budget for 2022/23 and considering the late announcement of the 2022/23 RSG funding, acknowledge that the position will be subject to ongoing review and updates between now and the February Cabinet when the final budget is agreed.
- vi) The medium term financial projections, assumptions contained within and that projections contain investment required to finalise the implementation the Corporate Plan promises.
- vii) The need to prioritise the development of a 'strategic change programme' to develop a long-term sustainable financial footing for services.
- viii) Further work is required to specifically review and manage the financial impacts of some key risks in 2022/23, such as Covid related costs and income losses.

Action by Chief Executive / Senior Leadership Team/ Heads of Service

Timetable Immediate:

Decisions subject to consultation include investments set out in Appendix 1, fees and charges, and schools funding position. These, along with the proposed council tax increase will form the basis of the consultation process.

This report was prepared after consultation with:

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

Signed

1 Background

- 1.1 The medium-term financial plan (MTFP) included within the Council's 2021/22 budget report identified a potential budget gap of £2.5 million (m) in 2022/23 and almost £9m over the period 2022/23 to 2024/25. This report provides an update to these, in particular on the key planning assumptions made over the medium term, the 2022/23 and medium-term budget proposals and associated timetable. It highlights considerations directly associated with the coronavirus pandemic; the respective financial planning implications that will need to be kept under close review as well as an assessment of the Council's financial resilience given the continued challenges the Council faces in these unprecedented times.
- 1.2 The external considerations impacting on the Council are a key factor in the overall approach to financial planning within the organisation. From an economic context, the pandemic has had a significant impact both globally and at a UK level.
- 1.3 The Covid 19 pandemic and associated public health measures have had significant financial implications on the Council, both in terms of additional costs and loss of income. In 2021/22, the Welsh Government (WG) continued with the Covid 19 Hardship Fund to support local authorities in managing additional costs, or lost income, due to the pandemic. In addition to this, hypothecated grants were available to fund specific WG policies such as the provision of free school meals during school holidays and support to business. The Hardship Fund mentioned above will end in March 2022 and this creates a potential financial risk to the Council's budget in 2022/23 as some residual impacts, on both additional costs and income losses will still likely exist and could well be permanent in some respects.
- 1.4 The budget preparations continue to present a distinct set of challenges building on the unprecedented circumstances of the last few years. These preparations have been shaped and impacted by the ongoing response to the COVID 19 pandemic, the repercussions of the UK's exit from the European Union (EU), tackling inequality and the urgent need to continue to respond to the climate and nature emergency.
- 1.5 The demands that face the Council, not only in the context of the pandemic, have a key impact on financial planning. Despite the challenges over the last two years the Council continues to provide over 800 services, for over 158,000 people, living in over 69,000 households. Newport's population continues to grow and increasing demand and pressure for services means that the Council continues to face financial challenges in both the short and longer term, namely:
- increasing inflationary costs e.g., contracts and pay;
 - costs of funding the Council's increasing levels of planned debt, linked to its substantial capital programme in its commitment to improving the city and its infrastructure plus the reduction in its 'internal borrowing' capacity which is currently 'dampening down' the real cost of borrowing.
 - increasing demand for services and therefore costs. These stem from demographic and societal changes and are most acute in the larger budget areas of social services and education.
 - local government funding in Newport sees the 'Revenue Support Grant (RSG)' funding over 75% of its net budget. Funding is therefore controlled largely outside of the Council's influence, resulting in a disconnect from its own spending pressures, requirement, and priorities.
 - a historically low relative council tax level.
- 1.6 In addition, the Council has demonstrated its ability and willingness to invest in services over the longer term, linked to priorities as set out in the Corporate Plan to fulfil its ambition of 'Improving People's Lives'. The Council's Corporate Plan, which ends this March, sets out 20 clear promises and, in some cases, require financial investments, which are included in the 2022/23 budget and the MTFP as appropriate.
- 1.7 The Council has made savings of over £30m over the last 5 years and in order to achieve this has supported people to live independently, rationalised the Council's estate, invested in

prevention and early intervention and seen a significant reduction in the number of staff, supported by digitalisation and automation of processes.

- 1.8 The Council's Corporate Risk register monitors the risks that may prevent the Council from achieving its Corporate Plan or delivering services to its communities and service users within Newport. Key risks include the Council infrastructure, stability of key suppliers and organisational capacity – the details of these are included within Appendix 8.

2 Setting the budget

2.1 This section outlines the key contextual areas and events, which influence the Council's medium term financial planning and within that, next year's budget. This year has brought some new and significant challenges over and above previous years, the future year impact of which is currently unknown but could well be significant. The key contextual areas which have shaped the thinking and the preparation of the draft proposals include:

- the economic challenge, in the context of major cost and demand pressures and the extent to which the pandemic has done lasting damage to the economy.
- the UK national context coming out of the annual spending review and what that meant for WG funding for 2022/23.
- the local, Newport City Council, context given the draft RSG funding which was confirmed on the 21 December, and which included a multi-year funding settlement which now brings a reasonable level of certainty, helping to improve long term planning.
- the Council Corporate Plan, which drives priorities. These factors are explained in more detail below.

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

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

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

2.4 In putting together the budget proposals each year we review:

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

2.5 Although additional new savings are not identified in this draft budget to balance the overall budget in 2022/23, Cabinet will keep this under consideration and also keep the medium-term position in mind, and in February will approve the new medium-term investments/savings over the life of the MTFP, to be added to those already approved / in progress.

Economic Context

2.6 The outlook for the Welsh budget has been transformed over recent months, with a substantial amount of additional funding available for day-to-day spending on public services next year than previously expected. However, many areas of the budget face major cost and demand pressures, during a challenging economic period.

- 2.7 The Chancellor presented his recent Autumn Budget against an improved economic backdrop. The Office for Budget responsibility (OBR) revised down its judgement on the extent to which the pandemic has done lasting damage to the economic output from 3% to 2%. In addition, unemployment is now expected to peak at 5.2% in the near term, down from 6.5% peak forecast in March 2021. Government borrowing has also been revised down relative to the March 2021 forecast owing to stronger tax receipts, reflecting the upward revision to nominal GDP.
- 2.8 The Chancellor took advantage of this increased 'headroom' against the fiscal targets to further increase departmental spending. When combined with the tax rises announced in March and September 2021, the overall spending envelope has increased significantly compared to the indicative plans set out at the beginning of the fiscal year.
- 2.9 Although the budgetary position of the WG was not known until 21 December it has been evident that the economic outlook has drastically improved. Core day-to-day spending (excluding Covid-19 spending) is set to grow by 8.6% in real terms next year and will be 9% above 2010/11 levels. For the first time since 2017, WG also benefitted from a multi-year funding settlement, which should aid long-term planning and implementation of the policies included in the Co-operation Agreement. Further detail on the Co-operation Agreement can be found in paragraph 3.2 of the report.
- 2.10 Despite this improved budgetary position, the outlook for household finances remains challenging. A combination of inflationary pressures and cuts to working age benefits is set to squeeze households' purchasing power over the coming months. This, in turn, could result in increased demand, and therefore costs, for some Council services.

National Context

- 2.11 The UK government's Autumn Budget and Spending Review 2021 set WG block grant funding for the next three years. The outlook, based on UK government spending plans from March 2021 painted a bleak picture ahead of the Senedd election in May, however, increased departmental spending has transformed the outlook for the Welsh budget.
- 2.12 The key headlines, for local government, as set out within the spending review include:
- The new Health and Social Care Levy, along with an increase to the rates of dividend tax, will raise around £13 billion per year for spending on health and social care across the UK enabling significant further funding for the NHS.
 - A number of significant investments which resulted in 'consequential funding' for the WG, including
 - An additional £4.7 billion by 2024-25 for the core schools' budget in England, over and above the settlement for schools in 2022-23, as well as £2.6 billion of capital funding for new school places for children with special educational needs and disabilities, and £1.8 billion of additional money for education recovery;
 - £639 million resource funding per annum by 2024-25 as part of the government's commitment to end rough sleeping in England, an 85% cash increase compared to 2019-20.
 - From 1st April 2022, the National Living Wage will increase by 6.6% to £9.50 an hour. Young people and apprentices will also see pay increases as the National Minimum Wage rates will also increase next April.
 - Allocation of the first round of the UK-wide Levelling Up Fund with £1.7 billion of investment in local areas.
 - Accelerated funding for the Cardiff City Region Deal to fast-track support, including for advanced manufacturing capability in the region.
 - Welsh Government's main expenditure group real terms funding increased by 9.51%.
- 2.13 The Welsh Government budget was published on the 21 December 2021 with the Minister for Finance stating that priorities continue to be health and local government services. The significantly increased settlement will enable local authorities to continue to deliver the services their communities want and need as well as supporting national and local ambitions for the

future, including responding to the climate and nature emergency and contributing to the Net Zero Wales plan.

Local Context

2.14 In contrast to recent years, a multi-year settlement from the UK government has enabled a similar multi-year LG settlement, at an all-Wales level, the first time since 2017. This will aid long term planning. The settlement dates are as follows:

21 December 2021	Provisional local government settlement for 2022/23 published
1 March 2022	Final local government settlement for 2022/23 published

2.15 The outcome of the draft announcement has been pivotal to agreement of the Council's 2022/23 draft budget as this accounts for the largest part of councils' funding. The 10.2% uplift it brought is welcomed and has enabled the Council to support a growing population, support major cost and demand pressures that the Council continues to face during a challenging economic period and assist in reducing the budget gap over the medium term. This funding is provided through a non-hypothecated grant – the Aggregated External Finance (more commonly referred to as the "Revenue Support Grant"- RSG). In addition to this, other grants provide funding for specific purposes. The scale of the budget challenge is very sensitive to changes, both current and future, to RSG funding as shown in Table 5 and the multi-year settlement therefore reduces the uncertainty the previous annual settlements brought about.

2.16 In Newport, the RSG funding makes up 76% of its net budget, with council tax at 24%. As the RSG makes up such a large proportion of the Council's budget, what happens to this grant is crucial, as any reductions cannot be easily offset by an increase to council tax. For example, it would take in the region of 3.2% increase in council tax to offset a 1% reduction in the RSG. This is known as the gearing effect.

2.17 The headlines of the draft settlement received on 21 December confirms:

- local government core revenue funding for 2022/23 will be set at £5.1 billion meaning that, after adjusting for transfers, overall core funding for local government in 2022-23 will increase by 9.4% on a like-for-like basis compared to the current year;
- as part of the multi-year settlement announced this year, indicative funding increases of 3.5% and 2.4% in 2023/24 and 2024/25 respectively;
- a number of 'cost pressures/ investments were funded through the increases highlighted above:
 - funding to enable authorities to meet the additional costs of introducing the Real Living Wage for care workers as set out by the Deputy Minister for Social Services;
 - funding for teachers' pay deal;
 - funding to cover the increased National Insurance Contributions for employers from April 2022
 - continued funding to support local government to waive fees for child burials;
 - continued funding to maintain full entitlements under Council Tax Reduction Scheme (CTRS) for 2022/23;
 - continued funding to freeze the NDR multiplier for 2022/23;
 - funding for the creation and ongoing development of corporate joint committees to allow authorities to work together on specific functions such as transport, economic development, and planning, specifically for the core operation costs of these committees;
 - funding to recognise the need to build the capacity of electoral services to deal with Welsh electoral reform, as needed within councils;
 - funding for continued residual impacts of increased costs and reduced income from the Covid pandemic, in recognition of no Hardship Fund beyond this current year.

2.18 Overall, the draft RSG was positive compared to previously modelled assumptions, and confirmed that the Council would receive £265,612k for 2022/23. After allowing for new specific grant transfers into the RSG, this is a cash increase of £24.6m (+10.2%) from current funding, compared to a Welsh average of +9.3%. There remain several uncertainties around specific

grants; however, these should be confirmed between this report and the final settlement from WG in early March 2022.

- 2.19 The multi-year settlement figures have been used for the current update of the Council's MTFP and we have also, in addition, made an allowance for the Council receiving a greater share of RSG funding as its population and in particular, younger age groups increase relative to most other areas across Wales.
- 2.20 The Council's final RSG settlement will be announced on 1 March 2022. Apart from late transfers of specific grants into/ out of the final settlement, which are 'neutral' in their impact, the main changes would usually come from Council's confirmation of their individual 'tax bases' – i.e., the number of Band D equivalent properties. The late draft settlement has meant that any adjustments required to allow for the 'equalisation' process for council tax base has already been included, which usefully takes away that uncertainty in the final settlement. At this point, therefore, we will be assuming that the final grant settlement will not change from the draft other than for 'cost neutral' issues.
- 2.21 The Head of Finance (HoF) has set the tax-base for 2022/23 and it will increase by 0.6%, which is similar to the all-Wales average over the last two years. This council tax base is net of a decrease of 1.6% in collection rates reflecting the historical and current increasingly challenging task of collecting council tax income. This practice is consistent with all councils across Wales and Newport's budgeted collection rates is one of the highest in Wales. The net increase in available funding from the increased tax base (at current Council Tax levels) is £452k and is reflected in the MTFP for 2022/23.
- 2.22 The impact on funding resulting from Council Tax 'equalisation' is a key feature of the Local Government grant settlement process and provides some challenges to those councils, like Newport, who have significant cost pressures resulting from housing and population growth. The impact on the RSG funding for Newport Council this year is a reduction of £94k from this, which is relatively modest compared to some previous years.

Implementing the Corporate Plan

- 2.23 The Council's business and financial planning is underpinned by the Council's Corporate Plan 2017-22 that sets out a clear set of aspirations and plans under our mission of 'Improving People's Lives'. This has provided a focus for decisions around spending and directing activity across the Council.
- 2.24 The current medium term financial projections included in Appendix 6 and the detailed budget investments in Appendix 1 includes funding for the key outstanding priorities and promises set out in the plan, as needed.
- 2.25 The Council has yet to develop a 'strategic change programme', which outlines the key areas and initiatives that will guide services and the Council in the future to deliver sustainable services. Such a programme's financial impact would be reflected in the Council's MTFP, contribute towards delivering a balanced / sustainable medium term financial position, and is recognised as a priority throughout the organisation.

3 Financial planning assumptions

- 3.1 Whilst the above section highlights the context for this and other councils' medium term financial plans, a number of important assumptions are required in order to aid successful medium term financial planning. This section deals with the key areas affecting the MTFP and the budget for next year. These are:
- the impact of increasing costs and demand on the Council's budget;
 - the impact of increased costs in the Council's school budgets, and in particular from new/ growing schools;

- Council tax funding which makes up 24% of the Council's core funding and is the only element of funding controlled by the Council;
- Income inflation assumes a 4% uplift on major sources of income where the Council has control. Service areas are, however, able to deviate from this base assumption in light of demand as long as the change can be managed within the overall service area budget.

Increasing costs and demand

3.2 Financial pressures and demands on our services have increased over a number of years and this increase is projected to continue. The main issues include:

- inflationary cost increases – of the Council's £315m net revenue budget, over three quarters of expenditure relates to pay and contracts subject to inflationary increases year on year. Cabinet will be aware of the significant pricing increases on most goods and services at this time and the rising inflation figures. Given that the NJC pay offer for the current year has not yet been agreed, ballots for strikes have been completed and the original request for the increase this year from unions; in line with many other councils, we have reconsidered our inflation increases for pay and revised upwards to 4% for both teachers and NJC for 2022/23, dropping back to 2% in later years of the Council's financial plan. This is a provision only within the Council's budgets for pay increases and will be included within service budgets once the actual award has been confirmed, up to the budget provision available.
- the planned 6.6% increase to the National Living Wage from April 2022 has also increased staff costs in many of the Council's contracts – particularly for social care providers. Future years investment in this area will need to be reviewed in the context of contractual increases over the medium term;
- employer national insurance rates will increase by 1.25% from April 2022 to fund social care costs and to help the NHS clear backlogs;
- significant increases in demand-led services – specifically social care;
- cost of new and growing schools, linked to the continued growth of the city;
- the Co-operation Agreement between the WG and Paid Cymru contains significant additional spending commitments. These include free school meals for all primary school pupils, expansion of early years childcare to all two-year-olds, and the ambition for a National Care Service free at the point of need. Under our planning assumptions on funding, the medium term financial plan assumes additional grant funding for these.

3.3 Unavoidable pay and inflationary cost increases, excluding schools, equate to £6,659k in 2022/23 and £16,097k over the three-year period to 2024/25, based on current planning assumptions highlighted above.

3.4 In addition to these cost increases, the Council continues to see an increase in demand-led service pressures and the Cabinet are considering investments in a number of key areas.

Demand Led issues

As regards demand led issues, although the 2020/21 and 2021/22 financial years have seen underspends in a number of these areas, those years are not a true representation of the underlying challenge, due to the pandemic and the reimbursement of additional costs that is received from the WG Hardship Fund. The risk, therefore, of significant overspends emerging has not necessarily gone away and such areas remain critical in terms of their potential impact upon the overall monitoring position going forward.

Although the financial impact of the pandemic is currently neutralised within the monitoring position by the support from WG, certain service and demand-led pressures continue to present a challenge, including, in particular:

- Specific challenges within Children services;
- Undelivered budget savings.

Detailed demand models for social care have been included within Appendix 3 and form the basis of the investments proposed for inclusion within the medium-term projections.

Investments and Priorities

As regards investments, the Cabinet are considering and prioritising the following issues and/or services

Schools and early intervention and Prevention services

- School budgets – mindful of the pressure on school budgets, teaching staff, the specific needs of pupils and the role that schools play in early intervention and prevention.
- Education services – investment in roles that focus on supporting challenging pupil behaviours and additional support requirements and advice to schools.
- Social Care - investment in the 'Safeguarding Hub' as a key contributor to early intervention and prevention services and capacity
- Consideration is also being given, in readiness for the final budget as to what other targeted investments could impact on support given to vulnerable families and individuals, in particular as we continue to manage the impact of the pandemic

City Centre

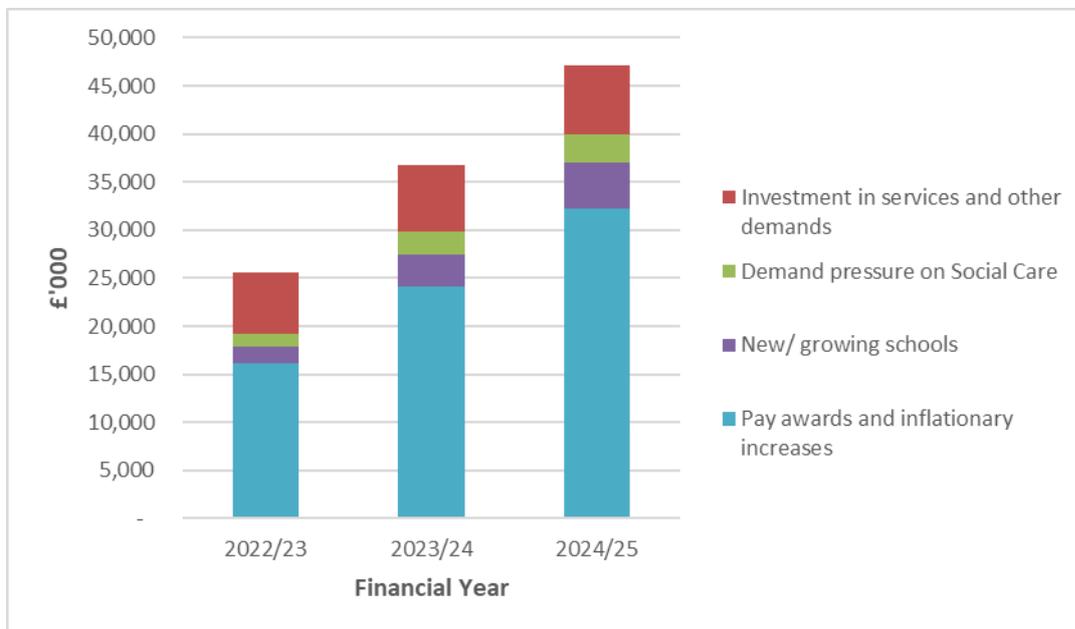
- Consideration is being given to investments which will impact on the city centre and the businesses within it. In particular around the promotion of the city, marketing, inward investment, co-ordination of activities and events, tourism, and the general environment in and around the city centre, such as cleansing.

3.5 For 2022/23 specifically, the Council is currently planning to invest around £9.5m in the draft budget over and above an allowance for pay and pricing inflation. More details on proposed investments are included in Appendix 1 and some of the key items include:

- £2,998k investment in school budgets
- £172k in social care safeguarding hub and £180k in education services to add resources in the Council early intervention and preventions services
- £1,597k increase in employer's national insurance contribution
- £1,355k for increasing demand in social care demand for both children and adult services
- £883k free school meals update funding requirement – not linked to the Co-operation Agreement
- £733k provision to support WG directive to ensure that no rough sleepers in Newport. We are awaiting details of a specific grant to cover this pressure – an update will be provided in the final budget.

Further final detailed investments will be agreed at the final budget in the Cabinet's February meeting and will take into account feedback from consultation, in particular on the key investments/priority areas outlined in paragraph 3.4 above. In addition, as well as the on-going investment in the revenue budget which the final budget will confirm, the Cabinet will also identify one-off investment in these and other key areas, funded from the current year's underspend and current reserves.

Chart 1: Cumulative pressures up to 2024/25 by source



- 3.6 The financial pressures facing the Council continue to increase significantly over the three-year period. Whilst Newport has received favourable settlements in recent years, rising demand and costs in current services have / are utilising a large part of this.

Capital programme and financing / Cardiff Capital Region City Deal

- 3.7 The capital expenditure undertaken by the Council gives rise to a long-term and fixed commitment to fund the associated revenue costs for the provision of the repayment of that borrowing (Minimum Revenue Provision (MRP)) and interest costs – together called ‘capital financing costs’. The Council’s current capital financing costs make up for almost 6.6% of the net revenue budget, which is high when compared to other Welsh local authorities. 2021/22 included a significant increase to the capital financing budget to frontload the revenue budget requirement for the remainder of the current capital programme. Therefore, the 2022/23 budget does not include any increase in this budget. The Council’s very significant capital programme, in its commitment to improving the city and its infrastructure, requires a significant increase in borrowing with the associated increase in costs reflected in the increase allocated during 2021/22.
- 3.8 The Capital Strategy, which details the capital programme and the long-term impact of capital expenditure, is approved by full Council, alongside the budget report setting the Council Tax level.
- 3.9 Within the capital programme is the Council’s contribution to the Cardiff Capital Region City Deal (CCRCD). The CCRCD is funded by both UK Treasury and its ten constituent councils and for the latter; a total ‘funding envelope’ was agreed over its life.
- 3.10 The Council’s contribution to the City Deal was agreed by full Council in 2017/18. Newport City Council contributes just under 10% of the local authorities’ contribution to its overall funding. Whilst this council, like others, has medium term capital programmes, this is the one individual project within it, which spans over multiple programme periods and the funding commitment for this goes into 2035/36. Funding is made up of two aspects:
- making capital funds available to the CCR. This will incur capital financing costs of MRP and interest for this council as it will need to borrow funds itself to pass it on to the CCRCD.
 - making capital funds available in advance of UK Treasury funding. In this respect, this council’s capital financing costs is just the interest element, as borrowing will be reimbursed when funds are made available by Treasury in line with current agreements.
 - The current Capital Programme reflects total capital expenditure of £25.4m in relation to the City Deal, of which £17.3m relates to the “cost of carry” referred to above. £9.9m in

total is projected to be incurred in 2022/23, with a further £15.5m over the course of the MTFP.

School's funding

- 3.11 The current position provides for a cash increase for the overall school budget. Although this has been developed within the context of significant uncertainty around non-teaching pay from April 2021, the Minister for Education and Welsh language announced in September that the recommendation from the Independent Welsh Pay Review Body would be accepted and that a pay award would be introduced from 1 September 2021 to provide for a 1.75% uplift to all teachers' pay scales and allowances. The Council continues to take a prudent view and make provision within the budget plans for a pay increase from September 2022 and over the life of the MTFP, as outlined in para. 3.2 above.
- 3.12 The draft budget makes provision for schools to receive investment of up to £8,003k in 2022/23, which represents a 7.3% growth in the schools budget. This is based on an assumed level of inflationary pay award increase as noted above plus the additional costs of new/ expanding schools at a level which maintains the current 'funding per pupil' as the table below shows. In this respect, it represents an investment in schools' budget over and above the cost increases predicated in schools. It is proposed to Cabinet in this report that all of the budget increase provision will be added to the 'Individual School Budget' except for the allowance for the 2022 pay award increase, which will be considered by Cabinet when a final figure is known/agreed, up to the value of the budget provision made. In doing so, the intention of fully funding cost increases in the school budget sector remains and reflects what is being proposed to Cabinet within this report
- 3.13 As part of the investment outlined above, £1,197k has been included in relation to the provision of support for pupils with additional learning needs (ALN). This funding will largely go towards the one-to-one support that is delivered for statemented pupils, in turn reducing the requirement for schools to use other funding allocations to meet the cost of delivering this support. Although this funding will be provided for specific ALN provision, it is anticipated that most, if not all, schools will benefit from this. As well as this, in recognition of the ongoing funding challenges faced by schools, £900k is included as a general budget increase to the overall school budget. This will increase the per pupil funding amount and all schools will experience the benefit of this.
- 3.14 The context for this proposed funding is the challenging financial management position within schools. Although an overall overspend against budget is currently forecast, it should be noted that schools carried forward significantly higher balances at the end of 2020/21 financial year, compared with previous years. This higher level of balances is primarily the product of WG grants issued towards the end of the last financial year, which offset spend that schools had already budgeted for. School balances are projected to remain healthy into 2022/23, except for the schools in deficit. It is important to note that, although balances held by schools are healthier than in previous years, this is anticipated to be a temporary position, with schools facing significant challenges in meeting the needs of pupils going forward. In terms of schools in deficit, it is still of paramount importance that these are addressed, and officers continue to work closely with schools to ensure that deficit recovery plans are in place and that action is taken to reduce spend. Officers continue to work closely with schools to ensure that deficit recovery plans are in place and that action is taken to reduce spend.
- 3.15 However, it is not sufficient to deal with the extent of accumulated deficits in schools at this time, therefore schools will need to continue to find robust solutions to ensure they manage within the available budget and repay these accumulated deficits. This resolution is critical as current spending levels in schools may not be sustainable and has the potential to cause a significant and adverse impact on the Council's overall finances if it continues as in previous years.
- 3.16 Assessed budget pressures in school budgets over the life of the MTFP amount to £17.5m, based on current assumptions on teachers' pay and new/ expanding schools' costs. These will, like other MTFP assumptions, need to be reviewed regularly and any actual proposed funding increases confirmed through the budget process.

Table 1: School budget pressures 2022/23 to 2024/25

	2022/2023 £'000	2023/2024 £'000	2024/2025 £'000
Teaching staff - pay award - 2.75% Sept 2021, 4% in 2022 and 2% thereafter	3,248	1,605	1,709
Non Teaching school staff - pay award - 2% per annum	662	679	695
Contract & Income Inflation	189	197	204
New and growing Schools	1,045	1,082	1,397
Secondary School Transitions	706	479	25
Other School investment	2,153	762	625
	8,003	4,804	4,655

- 3.17 Final allocations of specific grant are yet to be determined across the Education Achievement Service (EAS) region. Officers will assess these allocations once confirmation has been received.
- 3.18 Whilst it is recognised that schools have experienced significant financial challenge, school funding in overall terms is better than other parts of the Council and has increased by 20% over the last 5 years. This includes specific grants and is shown in the table below. As well as the increases in revenue funding over recent years, there has also been a significant investment in capital resources, with the total Education capital programme (between 2018/19 and 2024/25) standing at £111.7m.

Table 2: School budgets by sector – 2016/17 to 2021/22

Year	Nursery	Primary	Secondary	Special	Total
2016/17	494	54,627	48,619	4,040	107,780
2017/18	512	54,959	47,505	4,247	107,223
2018/19	562	57,396	47,497	4,773	110,228
2019/20	496	58,492	49,619	5,091	113,698
2020/21	484	64,118	54,851	5,144	124,597
2021/22	529	66,145	56,953	5,594	129,220

Increase in funding over 5 year period (incl specific grants)	20.5%
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Increase in funding (excl specific grants & delegations)	20.6%
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Council Tax

- 3.19 It is well documented that Newport's council tax is low compared to others in Wales, generating 24% of our income. This council's current year budget is well below its 'standard spending assessment', a relative spending needs assessment between all Welsh councils, by £11.1m, which is almost entirely due to our low level of council tax funding.
- 3.20 A revised planning assumption of 3.7% increase in council tax is contained within the MTFP in 2022/23. A 4% planning assumption for council tax increase remains thereafter. This is subject to consultation and a final recommendation to Council on the council tax level and will be confirmed in the Cabinet's February 2022 meeting.
- 3.21 For contextual purposes, the table below shows the weekly increases in council tax based on a 3.7% increase. Given the low starting point on Newport council's tax, it will still be lower than most (if not all) of the neighbouring authorities, even if they have a lower level of increase.

Newport City Council's proposed tax increase would maintain its position as one of the lowest in Wales.

Table 3: Scenarios illustrating weekly council tax increases

Band	A	B	C	D	E	F	G	H	I
Annual increase based on 3.7% increase	£30.64	£35.75	£40.85	£45.96	£56.18	£66.39	£76.60	£91.92	£91.92
Weekly increase based on 3.7% increase	£0.59	£0.69	£0.79	£0.88	£1.08	£1.28	£1.47	£1.77	£1.77

3.22 Given that over half of Newport's chargeable properties are banded A – C most households would see an increase of between £0.59 and £0.79 per week based on a 3.7% increase.

Summary of key budget assumptions

At this point, the following assumptions are included.

Table 4: Summary of key assumptions

MTFP Summary	2022/2023 £'000	2023/2024 £'000	2024/2025 £'000
RSG increase +10.31% in 22/23, +3.5% and +2.4% in line with WG multi-year settlement figures included within RSG	(24,816)	(10,046)	(7,348)
Council tax increase +3.7% in 2022/23 and 4% thereafter	(2,729)	(2,508)	(2,609)
Budget pressures/ investments (appendix 1)	25,651	11,096	10,353
Previously agreed budget savings (appendix 2)	(812)	0	0

Resulting budget position and sensitivity of assumptions

3.23 Given the favourable settlement in 2022/23 and the indicative uplift proposed as part of the multi-year settlement period in 2023/24 and 2024/25, the budget position in the current draft MTFP (Appendix 6) is reasonably manageable, certainly compared to previous years.

3.24 Clearly, the resulting gap over the medium term is based on assumptions, listed above, over the life of the MTFP and we can expect further demand-led pressures to be flagged up by services over and beyond what is currently shown, which will therefore worsen the current position shown. The new Corporate Plan for the Council's new administration after the May 2022 local elections may also include specific areas of investment which have a financial impact. These, therefore, require careful management over this period.

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

- The progress of the pandemic, the ongoing impact on lives and on public services (magnified by the emergence of the new Omicron variant) continues to be highly uncertain;
- economic challenges, in the context of major cost and demand pressures and the extent to which the pandemic and the UK's exit from the European Union has done lasting damage to the economy;

- increasing demand within service areas over and above provision already made within the MTFP;
- increasing costs of funding the Council's levels of planned debt, linked to its substantial capital programme and the reduction in its 'internal borrowing' capacity;
- ongoing financial issues on school budgets;
- Brexit.

Sensitivity analysis

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

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

Table 5: Sensitivity analysis – key projections

RSG Sensitivity	£'000
RSG growth +/- 1%	2,408
Council Tax Sensitivity	
	£'000
Council tax change +/- 1%	635
Pay Sensitivity	
	£'000
Pay inflation - NJC staff +/- 1%	1,012
Pay inflation - Teachers and soulbury +/- 1%	664
Contract Inflation Sensitivity	
	£'000
Contract inflation - +/- 1%	1,217

4 Budget savings

4.1 The identification of new savings is not required to balance the budget for 2022/23. The budget for 2022/23 does include previously agreed savings of £812k, the detail of which can be found within Appendix 2.

4.2 The savings already agreed in the February 2021 MTFP are either in progress of implementation or due to be implemented in 2022/23. No further details are shown for these savings, as they have already been approved.

5 Budget process and consultation

5.1 This report presents the draft proposals for the 2022/23 budget. The report asks Cabinet to note:

- the position on developing a balanced budget for 2022/23, acknowledging that the position will be subject to ongoing review and updates.

5.2 The report also asks Cabinet to agree a series of proposals for public consultation. This includes:

- proposed budget investments in Appendix 1;
- proposed fees and charges in Appendix 4;
- the position regarding the proposed school funding for 2022/23 in Section 3.

Budget engagement

5.3 Over the course of the year leading up to this draft budget, the impact of Covid-19 has proved challenging in terms of public engagement. There has been an increased emphasis on electronic engagement methods and the focus of public engagement has understandably shifted towards supporting the recovery from Covid-19. For instance, through the major participatory budget programme currently underway (the Covid Recovery Fund) which will empower citizens to make funding decisions through a democratic process. Face to face public engagement, as would have previously informed the draft budget has been impacted as have other forms of engagement, for instance, the reduced numbers of responses received through bus Wi-Fi surveys. Despite this an engagement exercise was completed to establish citizens' views on the prioritisation of council services over the medium term. Almost 1,000 responses were received, and the results indicated that the public place significant emphasis on: schools and education, children's services, city services, adult services, and homelessness support. The proposed investments set out in this report are consistent with these findings and the public will now be invited to give their views on the draft budget and medium-term financial plan during the consultation period. In contrast with previous years there are no new savings proposals, and this is reflected in the consultation, which will instead focus on the investments and proposed increase to Council Tax.

5.4 Below is this year's timetable for consulting on and approving the 2022/23 budget:

Table 6: Budget consultation timetable 2022/23

Cabinet agrees budget proposals as a basis for consultation	14 January 2022
Consultation period	14 January 2022 to 11 February 2022
Cabinet considers feedback from consultation and agrees final budget proposals and recommends resulting overall budget and council tax required to full Council	18 February 2022
Council approves the 2022/23 overall budget and resulting council tax level required	1 March 2022

6 Risk, financial resilience, and performance

6.1 A key driver in our budget strategy and MTFP framework is the need to manage the Council's general and financial risks, its financial resilience and performance. This next section looks at these issues and identifies how they are dealt with, whilst considering how they influence the Council's 2022/23 budget and medium-term projections.

Risk

- 6.2 The Council maintains a corporate risk register, which is regularly reviewed by the corporate management team and Cabinet, as well as the Governance & Audit Committee from a procedural/ risk management framework viewpoint. The Council's budget strategy and MTFP framework needs to reflect risks and incorporate appropriate financial mitigation, where required.
- 6.3 The quarter 2 corporate risk register reported to December Cabinet identified 18 risks that are considered to have a significant impact on the Council's objectives and legal obligations. 11 of these risks are severe and linked to the issues set out within the economic context of this report. In some cases, it is increasingly difficult for the Council to effectively prepare and quantify the financial impact of some of these risks until outcomes are known. There are several risks identified in the risk register that to fully mitigate would be unaffordable. In these cases, the risk is identified, and the Council needs to consider and assess how best to mitigate and continue lobbying WG to provide more funding in these areas, as these risks are not unique to Newport. These areas do, however, continue to be monitored closely to ensure that where information is available these risks are considered and where appropriate factored into the Council's financial planning.
- 6.4 Two current risks with significant uncertainty are the Covid-19 pandemic and the stability of social services providers:

Covid-19 Pandemic Outbreak / Stability of Social Services providers

- 6.5 During 2021/22, external support from WG in the form of the Hardship Fund has seen loss of income and additional costs relating directly to the pandemic being reimbursed. To date in the current financial year, we have claimed £11m in additional expenditure and lost income and forecast the total for the year to be in the region of £17m. The Council has been notified that the Hardship Fund will not continue into 2022/23 to support the ongoing pressures and subsequent recovery of income.
- 6.6 Whilst a large proportion of the above relates to specific WG policy initiatives such as free school meals and certain support payments to social care providers; and will cease as those initiatives are stopped, there will remain some potentially significant ongoing risks to the Council's budget:
- 6.7 As noted above, a number of WG led initiatives have supported key sectors; one of these being social care. Since the start of the pandemic, the Hardship Fund has supported social care uplifts and additional payments to ensure their sustainability over this period. Although the Hardship Fund will not be available in 2022/23, the social care sector continues to face unprecedented demand which impacts greatly on the risk and capacity within the sector.

This end of the 'Hardship Fund' after this current year is a concern and should be considered carefully in the context of next year's budget – two issues in particular:

- any specific costs related to local decisions to continue, in some form, those existing (or new) policy initiatives either Newport specific or regional to support our communities or key suppliers as the impact of the pandemic continues.
- unavoidable impacts outside of the Council's direct control such as:
 - cover for continued staff absences resulting in unbudgeted overtime/agency costs
 - reduced income from areas such as car parking as the local economy and 'normal patterns of activity' take time to recover. In some cases, we can expect some of these patterns to be potentially permanent.

There are currently no budget pressures factored into the MTFP for the above Covid risks and a comprehensive review of this and other risks need to be undertaken to assess how best to mitigate, as best as possible.

6.8 Appendix 8 sets out the current risks included within the register. The Council has at its disposal, the following options to manage:

- existing revenue contingency budget;
- existing revenue budgets not yet committed and could, in whole or part, be set aside to manage revenue budget risks in the short term;
- existing uncommitted reserves;
- specific reserves earmarked for budget risks;
- an emerging underspend in the current year which could, in part at least, be utilised to manage one-off risks;
- investment in revenue budgets to mitigate risks on an on-going basis.

6.9 The HoF is required to independently assess and report on the adequacy of the budget (and Council Tax level as an integral part of this) and reserves in the context of the financial issues and risks facing the Council. The assessment of the risks mentioned here and how we plan and utilise the above options are key to this.

Financial Resilience

6.10 A robust view is taken in managing budget risks and protecting the financial health of the Council. In that respect, the Council's financial resilience is a key consideration and Appendix 5 shows the current 'snapshot' of the key data and information showing an overview of the health of the Council currently. Key headlines include:

- *Earmarked Reserves*: The Council maintains a good level of earmarked reserves. By their very nature, the vast majority are earmarked for specific purposes and many committed/in drawdown and use. In that respect, and as regularly pointed out, they provide a good level of financial mitigation in the last resort but use of them means that the original purpose would be affected and/or would result in a budget pressure to build those reserves up again.
- *Revenue Contingency budget – General Reserves*: The contingency base budget and other specific risk reserves held by the Council are taken into consideration when assessing the level of the general reserve and help to mitigate the risk to the Council. The general reserve is increasingly becoming too low, as the Council's net budget increases each year but can be maintained at that level at this point due to the overall level of reserves which, in the last resort, provide more than adequate financial mitigation, albeit with resulting impacts as noted above.
- *School budgets- Reserves*: The decline in school reserves over the last few years is a concern and although current projections look much healthier than in previous years, this is likely to be a temporary improvement due to significant one-off grants being awarded at the end of last financial year. The forecast overspend this year will see reserve balances reduce to £7,105k at the end of this financial year, though this could change in the last quarter as so often is the case with new grants received. Work with specific schools to review their deficit recovery plans continue to improve matters but unless schools continue to manage within their available budget in future this has the potential to impact on the financial resilience of the overall Council in due course.
- *Current budget savings-managing the revenue budget – demands on the revenue budget*: The Council has identified and continues to monitor budget reductions of £3.4m in 2021/22 and whilst understandable delays in delivery is evident, HoS have confirmed they can and will be implemented. This is alongside delivering outturns within and under budget over recent years, despite the delivery of £30m savings over the last 5 years. This needs to be viewed within the context of continued significant demands which are faced by service areas,

namely children’s social care and schools, which have been highlighted throughout the year as part of the budget monitoring process. Whilst the historical pattern of increased demand in our ‘people services’ have been significantly affected over the last 2 years, the underlying trend is still evident and could increase post-pandemic. Increasingly, we are seeing issues emerge in our ‘place services’, resulting from historical under-investment in our infrastructure, resource levels and the growing importance of community-based services during these recent times.

The Council is developing a strategic transformation/change programme and has its ‘invest to save’ reserve to fund the one-off cost of change. The programme is integral to developing ongoing financial sustainability whilst also ensuring key services can be delivered.

- *On-going and new risks:* These are discussed and noted in the risk section above in the main. There are specific risks coming out of the Covid pandemic which will continue beyond this financial year and WG have been clear in saying that councils will need to manage the financial impacts of those from that point. These require an assessment and mitigation. In addition, there are other non-Covid risks, some which are mitigated in current earmarked reserves, and which also require the normal review and assessment. Inadequate provisions will impact on the Council’s plans and finances. The available options to manage are listed above in the risk section and these should be prioritised in the first place when considering budget issues going into 2022/23.

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

7 Report review and statutory comments

7.1 Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Planning parameters around inflation are incorrect	M	M	<ol style="list-style-type: none"> 1 Use of contingency, where required 2 Use of reserves, where appropriate 	Head of Finance SLT
Planning parameters around Welsh Government revenue grant are incorrect over medium term	H	L	<ol style="list-style-type: none"> 1. Use of contingency, where required 2. Keep the assumptions under constant review 3. Use of conservative assumptions 	Head of Finance
Increasing budget pressures over medium term	M	M	<ol style="list-style-type: none"> 1. Manage demand, where possible 2. Keep MTFP under constant review 3. SLT review of all budget pressures within MTFP 	SLT

* Taking account of proposed mitigation measures

7.2 Links to Council Policies and Priorities

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

7.3 Options Available and considered

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

7.4 Preferred Option and Why

To consult on the new medium-term package of investments to ensure a sustainable offering deliverable over the medium term.

7.5 Comments of Chief Financial Officer

The financial implications are contained, in detail, within the body of the report.

Due to the late notification of the settlement and some key issues and work on-going in identifying budget choices, the budget contained here still includes a 'balance in hand'. Cabinet will need to produce a balanced budget when they confirm their final budget. Given there are no budget savings which impact on services and further investments will be approved then, then this should not cause any issues. The broad areas for investment priorities of schools, city centre and early intervention and prevention are noted in this report and should usefully serve as key consultation areas as well as the detailed proposals already included in the draft budget.

A 3.7% Council Tax is proposed for consultation. Given that Newport is relatively under-funded due to this, the relative deprivation/need of the population within the city, the risk posed by the on-going financial impacts of the pandemic with no WG Hardship Fund to mitigate and demand on services both generally and in relation to the pandemic, the Cabinet is asked to take a prudent view on an increase in Council Tax, following consultation.

As the report notes, there is no detailed plan to manage the on-going financial impact and risks of the Pandemic at this stage and this must be addressed by the Cabinet in the final budget. This is a key issue as there is no WG Hardship Fund at the end of this financial year with a near certainty of there being adverse impacts, certainly for next year and potentially permanently, to some extent. The range of options available to do this are noted in the report and this will be a key issue for the HoF's assessment of the robustness of the budget to full Council when they consider the Council Tax rise in early March.

7.6 Comments of Monitoring Officer

There are no specific legal issues arising from the Report at this stage. Cabinet is being asked to approve the draft budget and investment proposals and council tax rate set out in the Report in order to recommend to Council a balanced budget for 22/23. Cabinet are also asked to agree to the draft budget proposals being submitted for public consultation, insofar as they relate to investment proposals, fees and charges and the schools funding position. There are no new savings proposals for 22/23 which will need to be subject to consultation. Cabinet will then take the final decisions on those investments, fees and charges and schools funding proposals in the light of the responses to the public consultation, prior to making a recommendation to Council regarding the council tax rate and budget for 22/23. The implementation of all the individual budget proposals are executive matters, but there will need to be an assessment of the relative fairness and equality impact of the proposed investments, fees and charges and schools funding to ensure that the Council has due regard to its public sector equality and socio-economic duties under the Equality Act. As there are no new savings being proposed, then there is no requirement to consult about and assess the impact of the budget proposals in relation to the reduction of any services. However, the proposed new investments, fees and charges and schools funding should be considered in relation to their fairness, impact on the socially disadvantaged and meeting the Council's well-being objectives. The setting of the overall base

budget and council tax rate for 22/32 is a matter for full Council as these are non-executive reserved matters under the Constitution.

7.7 Comments of Head of People and Business Change

The report outlines the proposals for Cabinet consideration in order to set a balanced budget for 2022/23 and also looking forward, with consideration of the medium term financial plan.

As explained in the report there are no new savings proposals for 2022/23 which would, otherwise, be subject to consultation and Fairness and Equality Impact Assessment. However, the proposed investments and fees and charges, including Council Tax will be subject to public consultation and will also be assessed in relation to their fairness, their impact on protected equalities groups, the socially disadvantaged and meeting the Council's well-being objectives. This assessment will be informed by the results of the consultation process and will be included with the final budget report to Cabinet.

Public consultation on the proposals seeking Cabinet agreement will commence on 14th January 2022 and will run until 11th February 2022. Alongside the traditional paper-based consultation process and on-line questionnaires, a bus Wi-Fi survey will be used, although the ongoing public health situation will exclude face-to-face consultation activity. As in previous years, the Fairness Commission will be asked to provide a consultation response which will be included in the final Cabinet report in February.

7.8 Comments of Cabinet Member

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

7.9 Scrutiny Committees

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

7.10 Equalities Impact Assessment and the Equalities Act 2010

As there are no new savings proposals in the 2022/23 draft budget and medium term financial year there are no individual fairness and equality impact assessments at this stage. However, an over-arching assessment of the impact of the budget will be undertaken, to be informed by the budget consultation and included with the final report to Cabinet. Given that the Administration has been able to avoid making cost savings the overall impact of the budget is expected to be positive in terms of equalities and the socio-economic duty.

7.11 Children and Families (Wales) Measure

Given that the Administration has been able to avoid making cost savings the overall impact of the budget is expected to be positive and all proposals for investment will form part of the wider budget consultation.

7.12 Wellbeing of Future Generations (Wales) Act 2015

Long term - The medium term approach that is in place for financial planning within the Council is intended to bridge the gap between longer-term strategic aspirations and sustainable development concerns with the more immediate pressures of setting a balanced budget each year.

Prevention – Taken as a whole the proposed investments are geared towards sustaining preventative type services and focussing on some of the most vulnerable groups which should have the greatest impact over the longer term and will help to prevent negative outcomes getting worse.

Integration – The budget and medium term financial plan has the overall aim of balancing resource allocation across services to support the range of strategic priorities and the delivery of the Council’s change programme whilst ensuring financial sustainability.

Involvement – The budget is informed by insight gained from public engagement work, including previous budget consultations. Pre-budget public engagement on the relative prioritisation of Council services has informed the proposed budget investments. Newport Fairness Commission along with other stakeholders will be engaged as part of the consultation.

Collaboration – Whilst the budget and medium term financial plan is a Council owned document it recognises that services are increasingly delivered in a collaborative public sector landscape with a greater emphasis on regional working e.g. through Corporate Joint Committees, Gwent-wide and South East Wales based partnerships.

7.13 Crime and Disorder Act 1998

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

Dated:

APPENDIX 1

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APPENDIX 1 – Budget Investments

New Budget Investments

Service Group	Activity Short Code	Activity Description	Category	Proposal Title	22/23 (£'000)	23/24 (£'000)	24/25 (£'000)
PEOPLE							
Children & Family Services	SOC35	Education support team	Policy Change	Child Looked After (CLA) Education Support - Statutory duty - new requirement from September 2021 as WG require additional educational support to be provided to CLA. Investment to support 1 co-ordinator, a part time teaching assistant and part time admin posts.	128	0	0
Children & Family Services	SOC36	Direct pay child services	Demand - Social Care	Direct Payments - The number of parents who receive direct payments for the specific needs of their child has now reached 55 and is expected to continue at this level. Five children turn 18 this financial year and this investment is required to fund new care packages in 22/23.	99	0	0
Children & Family Services	SOC20	Leaving care	Demand - Social Care	When I'm ready - Supports the requirement to support care leavers up to the age of 25. Numbers are increasing due to children being encouraged to use the service. 22/23 pressure represents an additional 27 places and future year pressures representing 10 additional places per year.	243	105	105
Children & Family Services	SOC27	SE Wales adoption	Other	South East Wales Adoption Services (SEWAS) - the basis of the contribution to the regional service has been reviewed. Regional Heads of Service agreed that this should follow RSG formula basis, therefore requiring additional investment from Newport each year. Whilst this will be implemented in 22/23 the first year will be funded via a specific reserve.	0	87	0
Children & Family Services	SOC30	NCC Child res	Other	In-House Residential Homes - Given the pressures being faced within social care, staff savings of £69k are unable to be achieved from front line services. Furthermore, this includes £55k investment to support the increase in sickness cover budgets (non-covid sickness) from 2 weeks to 3 weeks.	124	0	0
Children & Family Services	Various	Various	Other	Early intervention and prevention - to create additional capacity within the safeguarding hub to support families in crisis and ultimately reduce the severity of situations increasing	172	0	0

APPENDIX 1 – Budget Investments

Service Group	Activity Short Code	Activity Description	Category	Proposal Title	22/23 (£'000)	23/24 (£'000)	24/25 (£'000)
Adult & Community Services	SOC07	GWICES (Gwent Integrated Community Equipment Service) Pooled Fund	Demand - Social Care	Gwent Integrated Community Equipment Service (GWICES) - Equipment costs due to an 85% increase of urgent referrals and an 18 month back log of non urgent referrals. In addition, world wide materials shortages are leading to price increases.	50	0	0
Adult & Community Services	TBC	TBC	Pricing	Social care contracts - Commitment from the Minister that the Foundation (Real) Living Wage will be paid to all care staff from April 2022 (£2,810k). Furthermore the impact of the increase in National Insurance rates will also be provided to social care providers (£433k).	3,243	0	0
Children & Family Services	TBC	TBC	Other	RSG transfer in - social care workforce grant	254	0	0
Education	EDU1	Schools	Demand - Other	Free School Meals uptake funding requirement for sector increases in eFSM pupils to Nov 2021 inc. transitional protection. The figure shown is the impact of the increased uptake across all school years. This budget pressure / risk will be impacted and need to reflect the WG policy development of universal free school meals for primary age school years - see note	883	0	0
Education	Various	Various	Other	Early intervention and protection - additional resource to provide a proactive approach into assessing and supporting vulnerable pupils	180	0	0
Education (Schools)	EDU1	Schools	Demand - Other	ICT Infrastructure - Pressure for sustainability of ICT infrastructure within schools following EdTech investment	50	0	0
Education (Schools)	EDU1	Schools	Demand - New Schools	Bubble Class - New reception bubble class established September 2021 at High Cross Primary Schools - 30 FTE Class Opened in Sept 2021 to support increased pupil place demand and absorbed by ISB in 2021. Pressure is full year effect of 30 FTE reception places.	81	0	0

APPENDIX 1 – Budget Investments

Service Group	Activity Short Code	Activity Description	Category	Proposal Title	22/23 (£'000)	23/24 (£'000)	24/25 (£'000)
Education (Schools)	EDU1	Schools	Demand - Other	eFSM - increase in entitlement Continued review required to establish the permanent increase in entitlement. Significant uncertainty remains due to the pandemic in terms of the permanency of current update.	0	TBC	TBC
Education (Schools)	EDU1	Schools	Pricing	Teachers pay award - part year affect of the 21/22 pay award for teachers	321	0	0
NEW BUDGET INVESTMENTS TOTAL					9,410	381	155

APPENDIX 1 – Budget Investments

Agreed/ Revised Investments

Service Group	Activity Short Code	Activity Description	Category	Proposal Title	22/23 (£'000)	23/24 (£'000)	24/25 (£'000)
PEOPLE							
Adult & Community Services	SOC10.1-10.3	Community Care Packages	Demand - Social Care	Increased demand on Adult Learning Disability Budgets - Learning disability (LD) children turning 18 and LD clients who were previously looked after by relatives but now are unable to look after them.	963	960	346
Education	EDU6	SEN Recoup OOC	Demand - Other	SEN Out of County (OOC) pupil demand - Demand increasing at 16 pupils per year based on trend data at an average cost for 20/21 pupils and a conversion rate of 75% for pupils moving to out of county provision.	0	0	31
Education	EDU17	New Llanwern Village School	Demand - Other	New Llanwern Village Primary - School to open September 2024. Head Teacher (HT) required in post from May 2024 and School Support Officer (SSO) and Caretaker required in post from June 2024 in advance of official opening to support new school requirements.	0	0	46
Education (Schools)	EDU1	Schools	Demand - New Schools	Secondary School Transitions - In line with pupil projections as reviewed by Planning of School Places group and 2021/22 average pupil funding for secondary school pupils. This equates to an increase of 194 FTE from 21/22 - 22/23 and 132 and 7 24/25 respectively and excludes Welsh medium pupils who are accounted for separately.	706	479	25
Education (Schools)	EDU1	Schools	Demand - New Schools	Ysgol Gyfun Gwent Is Coed: This is the new Welsh Medium Secondary School, which was established from September 2016 as a seedling school with a capacity of 750. The school will continue to grow beyond the current medium term financial planning cycle. The school was established under a seedling model and expanded by 1 year group per academic year, the school had year 7 - 11 pupils in September 2020, growing to accommodate post 16 pupils in the following 2 years. Costs have been revised in line with pupil projections as reviewed by Planning of School Places group and 2021/22 average pupil funding for secondary school pupils, including the Welsh medium AWPUP enhancement factor.	124	105	83

APPENDIX 1 – Budget Investments

Service Group	Activity Short Code	Activity Description	Category	Proposal Title	22/23 (£'000)	23/24 (£'000)	24/25 (£'000)
Education (Schools)	EDU1	Schools	Demand - New Schools	<p>New Llanwern (Village) Primary Schools - This school will be established on the housing development at Llanwern Village, and is being funded as part of S106 agreements. The school will be a 1.5 FE school, with a nursery and 10 place learning resource base (LRB) unit on site. The MTFP assumes that the school will open in September 2024 as a growing school with a small number of pupils in each year group with the intention of these growing each year.</p> <p>Year 1 N = 20 FTE R = 30 Y1-6 = 15 pupils LRB = 10 pupils</p> <p>Y2 N = 20 R-Y6 = 30 LRB = 10</p> <p>Y3 N = 20 R-Y6 = 45 LRB = 10</p>	0	0	519
Education (Schools)	EDU1	Schools	Demand - New Schools	<p>New West Glan Llyn Primary School: This school was established on the housing development at St Modwen's, and was built by the developer as part of S106 agreements. The school is a 2 form entry school, with a nursery and 20 place learning resource base (LRB) unit on site. The school opened in September 2019 as a growing school with a small number of pupils in every year group with these growing each year.</p>	335	89	0
Education (Schools)	EDU1	Schools	Demand - New Schools	<p>New Primary School - Whiteheads: This school will be established on the housing development at the Whiteheads site, and is being built by the developer as part of S106 agreements. The school will allow for the move and expansion of Pillgwenlly Primary school to expand from 2 form entry (FE) to 3FE. Legal approval for the expansion is for January 2023 however due to slippage on the project the opening will likely be deferred to September 2023.</p>	0	177	129

APPENDIX 1 – Budget Investments

Service Group	Activity Short Code	Activity Description	Category	Proposal Title	22/23 (£'000)	23/24 (£'000)	24/25 (£'000)
Education (Schools)	EDU1	Schools	Demand - New Schools	Welsh medium primary school: The school will be a 2 form entry, with a nursery on site. The school opened in September 2021 as a seedling school, with a capacity of 444. The school will open with a nursery and reception class in the first year with a further year group added every year until it reaches capacity. A 10 place learning resource base will open in the school in September 2023 and is anticipated to be full upon opening.	289	180	190
Education (Schools)	EDU1	Schools	Demand - New Schools	Expansion of Tredegar Park Primary - increase admissions to 75 from 60 on a year by year basis starting with reception from September 2021. Delays have meant that this will commence September 2022. In year pressure for 22/23 offset by 21/22 increase in funding therefore nil impact in 22/23.	0	45	38
Education (Schools)	EDU1	Schools	Demand - New Schools	Amalgamation of Kimberley and Fairoak Nursery Schools onto current Fairoak site effective September 2021. £35k one off amalgamation funding in 2021/22 will be removed in 2022/23 financial year. Reduction of communication class from 8FTE to 4 FTE from September 2021 removed and to remain at 8FTE within the new Newport Nursery	-12	0	0
Education (Schools)	EDU1	Schools	Demand - New Schools	Ysgol Bryn Derw Satellite Provision - Funding based on Category 2 Special school place led funding. To open a total of 28 places over the foundation phase - 8 places Y1 then 10 places per year group for reception, year 1 and year 2. Due to move to Kimberley site in Sept 21 but delayed until April 22 therefore full year site funding required in 22/23. Pro rata funding requirement for 22/23 received in 21/22 (£35k)	228	223	93
Education (Schools)	EDU1	Schools	Demand - New Schools	Ysgol Bryn Derw Satellite Provision - Funding based on Category 2 special school place led funding. To open a total of 32 places for Key Stage 2 provision, 8 places per year group for years 3 to 6. Opening to year 3 pupils in September 2023.	0	134	200

APPENDIX 1 – Budget Investments

Service Group	Activity Short Code	Activity Description	Category	Proposal Title	22/23 (£'000)	23/24 (£'000)	24/25 (£'000)
Education (Schools)	EDU1	Schools	Demand - Other	<p>Cost of SEN provision for Teaching Assistant support (matrix funding)</p> <p>This pressure bridges the gap between the current per pupil funding level for SEN support in schools (Matrix Funding) and the actual cost of the teaching assistants that provide this support. As schools already receive core funding for all pupils within their school an appropriate LA contribution rate is to be agreed. The investment reflects circa 83% contribution.</p> <p>Additional funding to support schools in delivering support for pupils with additional learning needs. This pressure will help to bridge the gap between the actual cost of ALN support in schools and the amount of funding specifically allocated towards that.</p>	1,197	0	0
Education (Schools)	EDU1	Schools	Demand - New Schools	<p>Llanwern ASD Base</p> <p>Opening Sept 22 as a 20 place provision</p> <p>Growing as 5 per year from Sept 22</p> <p>22/23 pressure managed from within Education SEN Budget</p>	0	100	99
Education (Schools)	EDU1	Schools	Demand - New Schools	<p>Maesglas Primary Expansion - Maesglas Primary school to increase published admission number (PAN) from 38 to 45 pupils, growing from reception in September 2023.</p>	0	29	46
AGREED/ REVISED BUDGET INVESTMENTS TOTAL					4,899	2,820	2,180
BUDGET INVESTMENT TOTAL					14,309	3,201	2,335

APPENDIX 1 – Budget Investments

Pressures Summarised:

Pressures by Type	22/23 (£'000)	23/24 (£'000)	24/25 (£'000)
New budget pressures	9,410	381	155
Previously agreed/ revised budget pressures	4,899	2,820	2,180
New and previously agreed/ revised pressures	14,309	3,201	2,335
Inflationary pressures (Inc increments)	11,342	7,895	8,019
TOTAL BUDGET PRESSURES	25,651	11,096	10,354

APPENDIX 4

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APPENDIX 4 – Fees and Charges for Consultation

SERVICE AREA: Social Services

Income Source	Current Charge (exc VAT) £	Proposed Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Other Local Authority Charges				
NCC Residential Homes (£ per week)				
Blaen-y-pant - Residential/Dementia Care	710	738	per week	3.9%
Parklands - Residential Care	613	637	per week	3.9%
Spring Gardens - Dementia Care	710	738	per week	3.9%
External Respite Facilities (£ per week)				
Centrica	1,066	1,108	per week	3.9%
Day Services (£ per week)				
Short Breaks outreach - older people/dementia	-	50	per session (half day)	n/a
Day Services/Opportunities – Learning Disability DISCONTINUED	108	-	per day	n/a
Day Services/Opportunities – Mental Health/Older People DISCONTINUED	93	-	per day	n/a
Spring Gardens Day Opportunities	93 per day	55	per session (half day)	
Newport Residents Charges				
NCC Residential Homes (£ per week – short term stays over 8 weeks and permanent admissions).				
Blaen-y-pant - Residential/Dementia Care	710	738	per week	3.9%
Parklands - Residential Care	613	637	per week	3.9%
Spring Gardens - Dementia Care	710	738	per week	3.9%
<i>Applicable to those who have capital in excess of £50k (capital threshold level set by the WG) or sufficient disposable income.</i>				
NCC Residential Homes (£ per week - short term stays up to 8 weeks duration)				
Blaen-y-pant - Residential & Dementia Care				
Parklands - Residential Care				
Spring Gardens - Dementia Care				
External Respite Facilities (£ per week – short term stays up to 8 weeks duration)				
Centrica	Charged under non-residential charging policy and capped at £100 per week			0%
Supported Housing (£ per week)				
Supported Housing for Learning Disability clients				
Day Services (£ per day)				
Day Services/Opportunities – Learning Disability				
Day Services/Opportunities – Mental Health/Older People				
Spring Gardens Day Opportunities				
Children's Residential Establishments - charge to other LA's or Health				
	Variable - dependent on home			
Meal Income (per meal) - discretionary				
All establishments (visitors and staff)	3.60	0.00	per meal	-100.0%
Legal and Administration Charges				
Deferred Payment Administration Charge (DPA)	100	100	each	0.0%
Legal charge	100	200	each	100.0%
Interest Charges	Variable - Could be applied to property sales			
Residential care - provided by external providers				
<i>Applicable to those who have capital in excess of £50k (capital threshold level set by the WG) or sufficient disposable income.</i>				
Residents charge will be dependent on weekly charge from external provider				
Non-residential care - provided by external providers				
Direct payments				
Telecare				
<i>Where services are provided by external providers the charges made are based on actual costs paid to providers (after income assessment has been made)</i>				
Charged under non-residential charging policy and capped at £100 per week				
Pendant Alarm monitoring basic package				
	£4 per alarm per week			
Appointeeships/Deputyships				
	Between £8 and £25 per week - dependent on complexity	Between £8.50 and £26 per week - dependent on complexity		4.0%
Animal welfare/property clearances				
	Dependent on external provider charge			
Protection of property				
	Dependent on company charge			



Scrutiny Report

Performance Scrutiny Committee - People

Date: 25 January 2022

Subject Scrutiny Adviser Report

Author Scrutiny Adviser

The following people have been invited to attend for this item:

Invitee:	Role
Connor Hall (Scrutiny Adviser)	Present the Committee with the Scrutiny Adviser Report for discussion and update the Committee on any changes.

Section A – Committee Guidance and Recommendations

Recommendations to the Committee

The Committee is asked to:

1. Committee’s Work Programme:

Consider the Committee’s Forward Work Programme Update (**Appendix 1**):

- *Are there any amendments to the topics scheduled to be considered at the next Committee meeting?*
- *Are there any additional invitees that the Committee requires to fully consider the topics?*
- *Is there any additional information that the Committee would like to request?*

2 Context

Background

- 2.1 The purpose of a forward work programme is to help ensure Councillors achieve organisation and focus in the undertaking of enquiries through the Overview and Scrutiny function. Effective work programming is essential to ensure that the work of Overview and Scrutiny makes a positive impact upon the Council’s delivery of services.
- 2.2 Further information about the work programming process, including the procedures for referring new business to the programme, can be found in our Scrutiny Handbook on the Council’s Scrutiny webpages (www.newport.gov.uk/scrutiny).
- 2.3 The Centre for Public Scrutiny’s Good Scrutiny Guide recognises the importance of the forward work programme. In order to ‘lead and own the process’, it states that Councillors should have

ownership of their Committee's work programme, and be involved in developing, monitoring and evaluating it. The Good Scrutiny Guide also states that, in order to make an impact, the scrutiny workload should be co-ordinated and integrated into corporate processes, to ensure that it contributes to the delivery of corporate objectives, and that work can be undertaken in a timely and well-planned manner.

Forward Work Programme Update

- 2.4 The Committee's work programme was set in April 2021, including estimated timescales for when the reports will be considered by the Committee. This programme is then managed and implemented by the designated Scrutiny Adviser for this Committee under the direction of the Committee Chairperson.
- 2.5 Attached as **Appendix 1** is the Committee's Forward Work Programme Update. The Committee is asked to consider:
- *Any amendments to the topics scheduled to be considered at the next Committee meeting?*
 - *Are there any additional invitees that the Committee requires to fully consider the topics?*
 - *Is there any additional information that the Committee would like to request?*

The Committee agreed to keep a degree of flexibility within its work programme to enable the Committee to respond to urgent / emerging issues. This item is an opportunity for the Committee members to raise any suggested amendments to the Work Programme.

3 Information Submitted to the Committee

- 3.1 The following information is attached:

Appendix 1: The Committee's Forward Work Programme Update;
Appendix 2; Outcomes from the previous meeting

4. Suggested Areas of Focus

Role of the Committee

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

- **Forward Work Programme Update - Appendix 1**
Consider:
 - Are there any amendments to the topics scheduled to be considered at the next Committee meeting?
 - Are there any additional invitees that the Committee requires to fully consider the topics?
 - Is there any additional information that the Committee would like to request?

Section B – Supporting Information

5 Supporting Information

- 5.1 The Corporate Assessment, and the subsequent [follow up assessment](#) provide background information on the importance of good work programming. Specific reference is made to the need

to align the Cabinet and Scrutiny work programmes to ensure the value of the Scrutiny Function is maximised.

- 5.2 The latest Cabinet work programme was approved by the Cabinet on a monthly basis for the next 12 months and includes the list of reports scheduled for consideration. Effective forward planning by both Cabinet and Scrutiny needs to be coordinated and integrated in relation to certain reports to ensure proper consultation takes place before a decision is taken. A link to the Cabinet work programme is provided [here](#) to the Committee as part of this report, to enable the Committee to ensure that the work programmes continue to reflect key decisions being made by the Cabinet.

6. Links to Council Policies and Priorities

- 6.1 Having proper work programming procedures in place ensures that the work of Overview and Scrutiny makes a positive impact upon the Council’s delivery of services, contributes to the delivery of corporate objectives, and ensures that work can be undertaken in a timely and well-planned manner.
- 6.2 This report relates to the Committee’s Work Programme, Actions from Committee’s and Information Reports that support the achievement of the Scrutiny Committee, in accordance with the Law and Regulation Service Plan, Objectives, Actions and Measures and the Wellbeing objectives:

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			

7 Wellbeing of Future Generation (Wales) Act

- 7.1 The Wellbeing of Future Generations Act 2015 which came into force in April 2016 sets the context for the move towards long term planning of services.

7.2 General questions

- How is this area / policy affected by the new legislation?
- How will this decision / policy / proposal impact upon future generations? What is the long term impact?
- What evidence is provided to demonstrate WFGA has been / is being considered?
- Evidence from Community Profiles / other data?
- Evidence of links to Wellbeing Assessment / Objectives / Plan?

7.3 Wellbeing Goals

- How are the Wellbeing goals reflected in the policy / proposal / action?
 - *A prosperous Wales*
 - *A resilient Wales*
 - *A healthier Wales*
 - *A more equal Wales*
 - *A Wales of cohesive communities*

- *A Wales of vibrant culture and thriving Welsh language*
- *A globally responsible Wales*

7.4 Sustainable Development Principles

- Does the report / proposal demonstrate how as an authority we are working in accordance with the sustainable development principles from the act when planning services?
 - **Long Term**
The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs
 - **Prevention**
How acting to prevent problems occurring or getting worse may help public bodies meet their objectives
 - **Integration**
Considering how the public body's well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies
 - **Collaboration**
Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives
 - **Involvement**
The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.

8 Background Papers

- [The Essentials - Wellbeing of Future Generation Act \(Wales\)](#)
- [Corporate Plan 2017 - 2022](#).

Report Completed: January 2022

Appendix 1) Forward Work Programme

Tuesday, 22 March 2022 at 10am		
Topic	Information Required / Committee's Role	Potential Invitees
Adult Residential Care	<p>Context for the continued development of in house adult's residential care</p> <p>Update from the Service area on the recent developments of Adult's Residential Care</p>	Head of Adult and Community Services

Appendix 2) Action Sheet

**PERFORMANCE SCRUTINY COMMITTEE - PEOPLE
ACTION SHEET – 30/11/2021**

	Agenda Item	Action	Responsibility	Outcome
1	Education Services Mid-Year Review	Send Committee Recommendations on to the relevant departments.	Scrutiny Adviser	Completed – emailed comments and recommendations
2	Minutes	Send Committee minutes to approve within a week of the meeting.	Scrutiny Adviser	Completed – sent minutes for approval and made requested changes.