

Agenda



Governance and Audit Committee

Date: Thursday, 28 July 2022

Time: 5.00 pm

Venue: Council Chambers / Hybrid

To: Councillors R Mogford, J Jordan, S Cocks, Harris and Horton

Item	Wards Affected
1	<u>Apologies for Absence</u>
2	<u>Declarations of Interest</u>
3	<u>Minutes of the Last Meeting: 26 May 2022</u> (Pages 3 - 16)
4	<u>Corporate Risk Register Quarter 4</u> (Pages 17 - 62)
5	<u>Regulatory Reports 21/22 Update</u> (Pages 63 - 72)
6	<u>Statement of Accounts 2021/2022</u> (Pages 73 - 228)
7	<u>Internal Audit Annual Plan 2022/23</u> (Pages 229 - 244)
8	<u>SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 3, October to December 2021)</u> (Pages 245 - 262)
9	<u>Work Programme</u> (Pages 263 - 266)
10	<u>Actions Agreed</u>
11	<u>Date of Next Meeting</u> 29 September 2022 at 5pm- Hybrid Meeting

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Date of Issue: Thursday, 21 July 2022

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Draft Minutes

Governance and Audit Committee

Date: 26 May 2022

Time: 5:00pm

Venue: Council Chambers-Hybrid Meeting

Present: Mr G. Chapman (Chair) Mr D. Reed (Deputy Chair) and Dr N. Barry.

Councillors R. Mogford, J. Harris, G. Horton, S. Cocks

In attendance: Gareth Price (Head of Law and Standards), Andrew Wathan (Chief Internal Auditor), Dona Palmer (Audit Manager), Gareth Lucey (Audit Wales), Jan Furtek (Acting Audit Manager), Paul Flint (Performance & Risk Business Partner), Tracy McKim (Head of People, Policy and Transformation), Janice Dent (Policy, Partnership & Involvement Manager), Robert Green (Assistant Head of Finance), Rhys Cornwall (Strategic Director – Transformation & Corporate Centre), Mark Howcroft (Assistant Head of Finance), Meirion Rushworth (Head of Finance)

Samantha Schanzer (Scrutiny Officer), Pamela Tasker (Governance Support Officer) Neil Barnett (Scrutiny Officer), Leanne Rowlands, Democratic & Electoral Services Manager

1. Appointment of Chairperson

The Governance and Audit Committee elected Mr Gareth Chapman as the new Chair of Governance and Audit Committee.

The Governance and Audit Committee elected Mr Don Reed as Deputy Vice Chair of Governance and Audit Committee.

2. Apologies for Absence

Councillor Jason Jordan

3. Declarations of Interest

None

4. Minutes of the Last Meeting 27 January 2022

Agreed:

The Minutes of the last meeting 27 January 2022 were moved as a true record.

5. Audit Committee - Changes to Title and Terms of Reference

The Head of Law and Standards explained that this was a report for information purposes for the Committee to be aware of. It sets out the legislative changes in terms of the title and Constitution of this Committee and the revised Terms of Reference. This included additional powers to look into the effectiveness of the Councils complaints procedures and a role in the Corporate Self-Assessment process.

6. Annual Corporate Self-Assessment

This report was presented to the Committee by the Strategic Director- Transformation & Corporate Centre.

This report was to provide the Council's Governance and Audit Committee with an overview of the Council's approach to completing its annual Corporate Self-Assessment as per the Local Government & Elections (Wales) Act 2021s

The Strategic Director stated that part of the role of the Committee was to measure the self-assessment process and ensure that there were appropriate measures in place.

Main Points:

- The Local Government and Elections (Wales) Act 2021 required local authorities in Wales to undertake a Self-Assessment of its governance and performance.
- The Annual Self-Assessment report was submitted to the Governance and Audit Committee, and then within the organisation, to the Auditor General and other regulatory bodies such as Estyn and CIW.
- A process was undertaken to ascertain the best approach of undertaking a Self-Assessment and this looked at 3 broad options: the first option was to take a stand-alone self-assessment; the second option was to integrate into the Annual Governance Statement and the third option was to integrate into the Corporate Wellbeing Report. The decision taken went through Cabinet for option 3 and the Committee would receive a self-assessment provision as part of the annual report into performance.

Questions:

Dr Barry stated that it was the right approach, but her question was the 'How' and the committee needed this assurance and the 'How' was missing.

The Strategic Director commented that this was a new process for the team as the new Corporate Plan was being developed where new service plans would also come from that. It would address the transformational journey for the organisation and the ongoing delivery of services. The first report was about the assessment of previous activities and Newport had a strong record of self-assessment in Education where previous Estyn inspections were noted to have been very good. This showed a good understanding of the organisation.

Agreed:

The Governance and Audit Committee noted and endorsed the report.

7. Corporate Risk Register (Quarter 3)

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

The report was presented to the Committee by the Head of People, Policy and Transformation.

Main Points:

- The Corporate Risk Register would be reported quarterly to the Committee, and the Council's risk policy required that. This would be a summary of any changes. The role of Governance and Audit Committee was to be assured of the processes of risk management not the detail or score of any one risk. It was confirmed that the Committee would also be able to be provided with a presentation on risk in a future committee.
- Page 35 of the report stated that 18 of the 47 risks were recorded in the Council's Corporate Risk Register and considered to have a significant impact on the achievement of the Council's objectives and statutory obligations.
- Overall, there are 10 Severe risks (risk scores 15 to 25); 5 Major risks (risk scores 7 to 14); 2 Moderate risks (risk scores 4 to 6); and one low risk (1-3) that are outlined in the report.
- The risks were discussed through with senior managers and signed off and reviewed by the Executive Board. Cabinet then takes a view on whether those scores were correct.

Questions:

The Chair stated that training would be essential and very beneficial especially for new Members and new lay members.

The Chair asked whether risks were reported by exception. If a score was higher than 15 to 25 and these were managed at green, were red risks reported only or those going into the red risk?

The Head of People, Policy and Transformation confirmed that yes at a higher level those risks would always be reviewed and updated, those risks with a change of direction in travel would also be reported. Service area risks also followed the same process.

Agreed:

The Governance and Audit Committee noted and endorsed the report.

8. Treasury Management Year End Report 2021/2022 (Pages 51 - 68)

This report is to inform Governance & Audit Committee of treasury activities undertaken for the financial year 2021/22 and confirms, (other than interest rate volatility exposure), that all treasury and prudential indicators have been adhered to.

The report was presented to the Committee by the Head of Finance.

Main Points:

- Governance and Audit Committee comments would be included in the report submitted to Council. The report was Treasury Management and the management of our cash resources and investments of the Council's surplus cash. This report was submitted to this Committee and to the Council twice a year, a midway report and final report on the 31st March. This report was concerned with the position as at 31st March 2022.
- The Council was now in a different place due to the last 2 years as we had borrowed less than what we had expected, and we were investing more due to significant underspending and also there was not a delivery on the Capital Programme due to the pandemic. This meant there was a slow down on borrowing.
- The Assistant Head of Finance stated that the final position was that the Council continued to be a short-term investor and short-term borrower to maximise our internal borrowing wherever possible.
- The need to borrow had not gone away so we may need to undertake a significant amount of external borrowing to fund our Capital Programme aspirations which were significant.
- 2020/21 and 2021/22 were not normal years due to the amount of government grant funding made available and that funding was provided up front and the cash was held on behalf of Welsh Government until it was utilised.
- There was also a slippage in the Capital Programme where net borrowing decreased by £44.5m from £128.3m as at 31 March 2021 to £83.8m as at 31 March 2022.
- £33.5m was due to an increase in investments held which was a reflection of the grant money received.
- The Treasury Activities and Indicators shown at Appendix B were a reflection of an unexpected position in terms of the level of investments held and there was no need for concern and these indications were set at a point in time.

Questions:

Dr Barry stated that they understood the report clearly but asked about the future of the Capital Programme and were there any risks to service delivery going forward.

The Head of Finance confirmed that over the next 5 years the Council had a large commitment to borrowing and actual borrowing was following slowly. As the reserves diminished our commitment to borrowing would be higher. A new indicator this year that the Council agreed to, was a limit on the commitment to borrow, as we needed to stabilise our position, with a requirement to be prudent. The Head of Finance confirmed that there was £115m of Capital Projects in the pipeline to be delivered.

The Assistant Head of Finance stated that the Council was in the final year of the Capital Programme and work was ongoing on the new Five-Year Programme and a view would be taken on what was affordable. Looking at a model of different scenarios of what and what was not affordable in new expenditure each year would need to be revisited. The next update would be presented to Committee for consideration.

Councillor Mogford asked for clarification that the term government meant Welsh Government and the Assistant Head of Finance confirmed that it was Welsh Government being referred to and that grants were also received from other aspects of UK Government, but this aspect referred to Welsh Government.

The Chair referred to interest rate rises and whether this affected borrowing in future. The Head of Finance confirmed that there were ongoing discussions on interest rates, so the strategy allowed the Council to borrow in need of that cash. The advice was that rates were

going up slowly but would fall back. The Loan book was a fixed term loan with the WLB and the advice was a little amount of variable short-term loans recycled tended to be cheaper.

Agreed:

The Governance and Audit Committee noted and endorsed the report.

9. Audit Wales Annual Audit Summary 2021

This report was presented to the Committee by the Financial Audit Manager- Audit Wales.

Audit Wales has a statutory responsibility to provide an Annual Audit Letter to Newport City Council summarising the results of Audit Wales financial audit work and also a separate responsibility in their performance audit work to provide an annual improvement report.

Since the legislation had changed these two documents have been combined together into this report and this was a summary of financial audit and performance audit over the past year.

Page 75 of the pack sets out a brief summary of work undertaken with financial accounts audit and page 76 sets out the performance audit work with local work carried out as well as national and local government studies and liaison work with Estyn and Care Inspectorate Wales.

The recommendation was for Committee Members to note and endorse the report.

Questions:

Councillor Cocks commented on the population statistics and the 34% increase in the over 65's and was this rise in the demographic already accounted for in Council Planning as previous documents suggested that social services were under a lot of pressure.

The Strategic Director stated that Newport was one of the few local authorities that had created real data analytics capacity from the Newport Intelligence Hub which brought together a lot of data and gave a forward projection as the team looked at population projections when financial planning. There was a growing child population and a growing over 65's population and there were a lot of challenges taken into account, and so an increased budget associated with those figures may not happen although they were taken into consideration.

Agreed:

The Governance and Audit Committee noted and endorsed the report.

10. Audit Wales Annual Audit Plan 2022 (Pages 89 - 104)

This report was presented to the Committee by the Financial Audit Manager- Audit Wales.

This was a standard document presented to the Committee each year. On page 89 the cover of the report referred to Newport City Council and Newport City Council Group, the Council presented group accounts which incorporated Newport Transport.

Main Points:

- On page 92 onwards the report was in 2 main sections- one looking at audit work the other looked at performance audit work.
- The work was driven by risk on a sample basis and materiality where the accounts were materially true and fair. On Page 94 the table set out audit risks from planning work. The risks here were raised by any of the 22 Local Authorities- e.g., covid 19, high inflation, and related parties which was always an area of risk.
- The second section on page 97 onwards looked at performance audit throughout the year to gain assurance that the Council was using resources economically and efficiently. Audit Wales then consulted on the Work Plan with key officers and Cabinet, other inspectorates, a public consultation as well within the Audit Wales team. The proposed programme of work was on page 98 with a couple of areas still to be prepared. Local work was kept open for the time being to see how to take this forward.
- Page 99 onwards set out the fee with a proposed slight increase of audits fee with fees remaining stable since 2016 but increased cost pressures as well as technical developments was reflected here. If there were any changes to the proposal, Members would be kept informed.
- Page 101 had contact details of the Audit Wales Team.
- The Engagement Director was now Matthew Edwards who replaced Anthony Veale and there was a new Audit Manager for Performance Timothy Buckle.
- The Audit timetable was summarized on page 102. The performance audit programme was discussed with officers. The financial audit work was more prescriptive which was a timetable of between July to Oct 2022. The statutory timetable of auditing was July of each financial year but given Covid 19 Welsh Government had issued flexibility and set out an expectation that for the 2021-22 accounting year, it expected all Council accounts to be certified by the end of November 2022.

Agreed:

The Governance and Audit Committee noted and endorsed the report.

11. Internal Audit- Progress against Audit Plan 2021/22 Quarter 3 (Pages 105-116)

The report was presented to the Committee by the Chief Internal Auditor.

This report was carried over from the previous meeting. This was a regular report to this Committee to give assurance to Members on the adequacy of the internal control environment operated within the Council by providing the audit opinions on work undertaken at the end of Q3.

Main Points:

- The Audit Team reported opinions issued from the audit work undertaken on a regular basis. Members were also informed on the performance of the team and that the team were progressing against the plan as expected.
- The appendices showed that the Quarter 3 report was on a quarter-by-quarter basis and a year-by-year comparison where the annual year report was on an annual basis.

- Appendix A showed that 42% of the original audit plan has been achieved so far which is below the target of 50% mainly due to lack of resources in the team.
- The promptness of issuing draft reports averaged at 6 days, well within the target time of 10 days.
- The promptness of report finalisation averaged at 3 days which was within the target time of 5 days.
- In terms of assurances at the end of the 3rd Quarter this was shown in Appendix B where there were 6 x Good Opinions issued, 11 x Reasonable, 1 x Unsatisfactory. There were no Unsound audit opinions. In addition, 5 grant claim audits were undertaken during the year: all resulting with an Unqualified opinion.
- Non opinion work where financial advice was provided to the organisation and financial regulations training was also delivered. The Annual Governance Statement was covered within this non opinion work.
- The definitions of Opinions were in the report as well as a definition as to what Qualified and Unqualified meant.

Questions:

Dr Barry referred to paragraph 16 where it stated 13 out of the 14 audit reviews in draft, 21 were finalised and wondered why the others had not been finalised.

The Chief Internal Auditor stated that there was a process undertaken to issue draft reports and explained that there was no exact cut off at the year end. As of the 31st March 2021 it was hoped that most of those reports in draft would be finalised by the first Quarter. There were one or two reports that took longer, and negotiations were held with Service Managers who could provide additional info to finalise reports. An update would be provided at the next Committee.

The Chair referred to Appendix A where only 42% of the Audit plan was completed due to sickness and asked whether the team was able to catch up or would they be pushed into the next financial year.

The Chief Internal Auditor confirmed that the team would try to catch up as there was a rigorous planning process at the start of the financial year and all uncompleted jobs would be considered and they would be risk assessed with a discussion with the corporate management team to see which jobs would be prioritised going forward.

The Chair commented on Appendix B page 114 on City Services- Housing Benefits which had an Unsatisfactory Opinion. The Chair wanted an explanation on what the process was and whether recommendations came out of the report and how soon was the service area reinspected.

The Chief Internal Auditor confirmed that an audit report was issued based on strengths and weaknesses and if more strengths were found then there was a more favourable audit opinion. The team worked with service managers to identify and put together an action plan formed with management actions which created ownership in the service area. The team oversee the actions and if the team felt the actions did not address the issues, then audit comments were put in the action plan and a reasonable timescale was given depending on the weakness identified. This could be easily achievable or more difficult, so managers were given a reasonable timescale. The Audit team would then return to audit the Unsatisfactory Audit Opinion within a 12-month period to make sure the actions were implemented. If there was no improvement and there was a second consecutive Unfavourable Opinion, then this would be brought to the Committee and the advice would be to call in the Head of Service so improvements can be assured to Committee.

Councillor Cocks commented that 12 months was a long time for the recipients of Housing Benefit and could actions be implemented on a prompter scale.

The Chief Internal Auditor stated that it would be favourable if actions were taken immediately but sometimes the service area needed extra resources or new systems to improve the control environment. It was explained that the draft report was discussed with the Service Manager and then the finalised report was sent to the Head of Service to be made aware of the agreed action plan and actions were prioritised as Red, Amber, or Green. The Red risks were flagged to the Head of Service. The reporting back did take time as resources were needed to follow up on actions.

The Chair asked was it possible to recommend that a review be completed on Housing Benefits after 3 months or 6 months as if there was a delay in benefit payments this had a huge impact on residents and taking into account increased inflation, could the Governance and Audit Committee request an update after a certain time.

The Chief Internal Auditor confirmed that this review could be requested and assured Members that Housing Benefits review was in two parts- the issuing of the Housing Benefits Monies and the Housing Needs element which was the most concern.

Agreed:

The Governance and Audit Committee noted and endorsed the report.

12. Internal Audit Charter Revised and Updated (Pages 117 - 138)

This report was presented to the Committee by the Chief Internal Auditor.

This report aims to make Members of the Governance and Audit Committee aware of the Council's Internal Audit Charter in order to enable them to make an informed decision to approve The Charter in line with the expectations of the Public Sector Internal Audit Standards (PSIAS). The purpose of this Charter is to define what Internal Audit at Newport City Council is and explain its purpose, authority and responsibility.

The attached report is the updated Internal Audit Charter for the Council's Internal Audit Team. The Charter was last approved by Audit Committee in December 2015, so this revision takes into account the PSIAS update in 2017, inclusion of an Internal Audit Mission, reference to the new Executive Board and Strategic Directors within the Council and reference to the new Governance and Audit Committee.

It was noted that it was good practice to bring the report to the Committee as it sets out how the Internal Audit Team worked, how it developed relationships and how it reported its findings.

Questions:

Dr Barry commented on the Charter on paragraph 2.7 on page 127 in relation to control and profitability and whether value for money should be referred to instead.

The Chief Internal Auditor confirmed that this point would be taken on board and assured that there was an eye on value for money when work was undertaken but generally value for money studies are undertaken by external audit.

Dr Barry commented on paragraph 2.8 on contracted work and the audit team having access to this.

The Chief Internal Auditor asked for clarification as to whether this referred to organisations that the Council dealt with or audit work that was contracted out.

Dr Barry stated that the paragraph mentioned Internal Audit would have unrestricted access to the Governance and Audit Committee as well as others named on the list and Dr Barry questioned as to whether the work that was contracted out should also be on the list.

The Chair confirmed that it was organisations who completed work for the Council.

The Chief Internal Auditor confirmed that yes that would be ideal but appropriate governance arrangements were put in place with those external partners and Internal Audit looked at all services provided by the organisation.

Dr Barry commented that it was not feasible for it to be in the Charter and the Chief Internal Auditor confirmed that it was not, due to the remit of Internal Audit.

Dr Barry commented on paragraph 2.10 line 4 on strategic management and whether this referred to the strategic management team. The Chief Internal Auditor confirmed that this would be looked at.

Agreed:

The Governance and Audit Committee noted and endorsed the report.

13. Annual Governance Statement (draft statement) (Pages 139-176)

This report was presented to the Committee by the Chief Internal Auditor.

This report was to inform and give Members an opportunity to contribute to the Council's Annual Governance Statement, which will accompany the Annual Statement of Accounts for 2021/22.

It sets out the Council's compliance with its own Code of Corporate Governance approved by Cabinet.

There were no issues found with governance arrangements across the organisation for 2021/22.

Questions:

Councillor Cocks commented on page 144 on the Equalities Impact Assessment, and why it was not required as it related to audit as stipulated at point 27 on page 144. Councillor Cocks stated that the document had many issues and massive equality issues. The document talked about effective public engagement and bringing stakeholders on board.

Councillor Cocks made reference to the Charter on page 149 which talked about the responsibility within the framework to look at systems of culture and values and on page 150 it referred to stakeholder involvement and developing capabilities of Leadership and that there were massive issues relating to the Equalities Act and that equality played no part in the charter.

The Chief Internal Auditor confirmed that the information was gathered from all aspects of the organisation e.g., Committee reports, Council reports, Scrutiny reports etc. This was an overview of this situation. The Chief Internal Auditor stated that if this was a concern regarding the standard template in terms of the reporting process and if it was required then this could be looked at.

The Chair stated that the comments could be taken on board for next year's Annual Governance Statement and whether it needed to be adapted for this year's report.

Dr Barry commented on section 5 with reference to the Fairness Commission and the heading Integrity and whether the Fairness Commission dealt with Equality rather than Integrity and whether this was in the right section.

The Chief Internal Auditor agreed to take this on board and if required it could be changed.

The Head of People, Policy and Transformation confirmed that the Fairness Commission was an independent organisation to the Council, and it was about pillars of fairness that they agreed with the Council and the Fairness Commission could be mentioned in the report and it was suggested that it could be referenced but it also applied to other areas.

Agreed:

The Governance and Audit Committee noted and endorsed the report.

14.Draft Internal Audit Annual Plan 2022-2023 (Pages 177-198)

This report was presented to the Committee by the Chief Internal Auditor and was to inform Members of the Council's Governance and Audit Committee of the Internal Audit Section's Draft Operational Audit Plan for 2022/23.

Main Points:

- The report sets out the work of the Internal Audit Team to provide assurance of an adequacy in terms of the control environment, governance and risk.
- The plan contained a long list of what could potentially be audited which was prioritised and risk assessed to a more workable list. This was then taken to CMT to see whether there were any areas senior management wanted to focus on and prioritise.
- A few factors were considered such as when was the area last audited, which issues had been picked up and whether these issues were corporate or wider and whether there were any topical issues from internal audit received UK wide. Any significant changes to the systems or personnel were also considered. A list of jobs to be undertaken was then provided.
- Any jobs not undertaken in the previous financial year were then re-risk assessed to see if they fell into the following years audit work.
- The list of jobs then needed to be balanced with the team resources and within the team there were 7.5 full time equivalent staff which was currently running at 5.5 due to vacancies and long-term sickness.
- The total net days available was 1400 days less non-productive days leaves the team with 998 available days to undertake the audit work.
- Each service area is covered in the year as set out in the Appendix, audit work discussions with Heads of Service was also taken into account.
- Special investigation time was also taken into account which is outside of the audit plan.
- The Chief Internal Auditor stated that the .5 equivalent referred to him as he explained that he was also the Chief Internal Auditor for Monmouthshire Council.
- The team need to demonstrate that they are independent in their work and there was a paragraph on how this was demonstrated.

- Definitions of the Audit Opinions used were set out, where opinions ranged from good through to unsound.
- In 2022- 2023 there were 62 audit opinion jobs, 22 non opinion jobs and 5 grant claims.
- The team itself was composed of mainly professional staff who were either qualified or part qualified.
- Training was provided across the organisation and training was also coordinated for other audit teams across South Wales where the team looked to bring in specialist knowledge.
- In terms of the plan this was set out in Appendix 1 where there was a summary of where the audit days would be spent and was based on the old Service Structure: once the new structure was confirmed the Audit Plan would be amended accordingly and brought back to the Committee.
- At the moment the team was over planned and under resourced by 149 days, so the plan needed to be refined.
- The Draft Internal Audit Plan was set out in Appendix 2 which gave Members an idea of the work to be covered. The right-hand column contained the number of days for the jobs to be covered in 2022/2023.

Questions:

Mr Reed commented on the special investigations and asked whether the number of days allocated were typical or did it vary.

The Chief Internal Auditor confirmed it was the allocation used in previous years, but it did vary but it was slightly less than the last 2 or 3 years.

Dr Barry commented that on paragraph 32 it stated that following discussions with the Head of Service it was clear that there were not enough resources and that this was a risk to the Authority and how was it assessed.

The Chief Internal Auditor confirmed that in the past the team have brought in additional audit resource by liaising with external internal audit companies and for the last 2 years the team have engaged with an Audit company and for this particular year have bought in additional days to supplement the plan.

Dr Barry asked were additional resources to be brought in for this year which was sufficient for all the at-risk areas.

The Chief Internal Auditor confirmed that it did need further refinement, but they would be brought in for this year.

The Chair asked that if the Authority was bringing in resources was this value for money in reality or would it be easier to employ a member of staff internally. If there was a gap in service provision was there an opportunity to bring other funding in internally.

The Chief Internal Auditor confirmed that the post had been advertised several times but was not successful in recruiting and in terms of any additional internal funding this was not considered but conversations were ongoing with Finance about the plan and the resources available.

The Head of Finance stated that external help was bought in to fill in existing vacancies rather than additional work so the funding for those was already in the budgets. It did cost more to bring in external resources instead of recruitment, but it was a struggle to recruit.

There was a funded level of resource for the Internal Audit function and therefore the plan needed to be fitted to the available resources. It was noted by the Head of Finance that the Chief Internal Auditor gave an independent assessment each year of the state of the control environment which gave him sufficient coverage to give a view. This was the minimum that was needed which was achieved.

The Chair stated that if there was a view by this Governance and Audit Committee that there was not sufficient resource put in and it was a risk to the Council would this be taken back to the Chief Executive and senior officers.

The Head of Finance agreed and stated that if there were monitoring reports received from the Chief Internal Auditor showing a lot of unsound and unsatisfactory audits and alarm bells were ringing then this should be flagged up but there would need to be a strong reason for that.

The Chair commented on the Housing Benefits issue which was not flagged in this report on page 195 with no days allocated to it and the Chair asked whether any days could be allocated to that.

The Chief Internal Auditor stated that there had been a change in the audit plan due to the service area restructure and that Housing Benefits was on page 189 and there were 12 days allocated for this. Housing Benefits now came under Finance where previously it had been under City Services.

The Chair asked about functions here in the organisation that have never been audited and noted the 21st Century School Capital Programme which had never been audited and the School Organisation Programme had not been audited. The Chair commented that he felt they should be perhaps audited together.

The Chair also noted that some areas have come into being in 2004/2005 which had never been audited such as funding areas in social services such as Supported Living Provider Payments and wondered about the rationale of this, were there any issues in those areas.

The Chief Internal Auditor stated what jobs to be audited came through the Risk Assessment process and if there were no issues and no concerns raised corporately then it went through the cycle and therefore there were some areas that were not audited.

Agreed:

The Governance and Audit Committee noted and endorsed the report.

15. Internal Audit Annual Report 2021-2022 (Pages 199 - 216)

This report was presented to the Committee by the Chief Internal Auditor.

This report looked back at 2021- 2022, and it was an overall opinion to give assurances that services in the Council operated well and this was collated from the audit work completed and it mentioned the performance of the team and progress against the plan.

Main Points:

- The key point was the overall opinion on page 201 based on the opinions issued during the year the internal controls in operation were of a Reasonable level of assurance.
- The opinions given to individual audit reviews were shown at Appendix B.

- There were no Unsound Opinions issued in 2021/2022.
- Where there were Unsatisfactory Opinions, these would be followed up in a 12-month period and reported back to Committee.
- In relation to the two Unsatisfactory Opinions which were Mobile Telephony and Housing Benefits, more information on why these opinions were Unsatisfactory would be brought to Committee during the year.
- There were additional resources brought in last year where 3 jobs were undertaken on the teams behalf to achieve the plan.
- Where there was an action plan agreed and the managers have agreed to implement actions, the team check these actions and 82% of agreed management actions were implemented.
- In terms of the performance of the team overall 71% of the plan was achieved against a target of 82% mainly due to lack of resources and long-term sickness.
- Appendix A sets out the definition of Opinions.
- Appendix B lists the jobs undertaken and the corresponding Opinion.
- Appendix C listed the jobs not undertaken but were in the plan.
- Appendix D was non opinion audit work.
- Appendix E set out the performance of the team, 11 training sessions were held and draft reports were sent out in 5 days and considering the reduced resources the Team did very well to achieve 71% of the plan.

Questions:

The Chair referred to Telephony which was picked up in Quarter 4 and asked whether this issue was dealt with urgently.

The Strategic Director confirmed that the Telephony audit issues referred to the breakdowns in control in issuing of mobile phones and the service area had accepted Internal Audits findings which have been rectified.

The Chief Internal Auditor confirmed that a more detailed report would be brought to Committee every 6 months.

The Chair noted the teams hard work and commitment of the staff in both the Finance and Audit teams.

Agreed:

The Governance and Audit Committee noted and endorsed the report.

16. Work Programme

The purpose of a forward work programme is to help ensure Members achieve organisation and focus on the undertaking of enquiries through the Governance & Audit Committee function. This report presents the current work programme to the Committee for information and details the items due to be considered at the Committee's next two meetings.

The Head of Law and Standards stated that the time of the Committee could be revisited if needed.

Councillor Mogford had raised the issue of the timings of the meeting and flagged up that it needed to be assured that everyone could attend.

The Head of Finance confirmed that the Statement of Accounts was 2021/22 and not 2021 which needed to be corrected.

17. Actions Agreed

Date Agreed	Action	Person Responsible
26 May 2022	For the Governance and Audit Committee to receive a presentation on Risk in a future committee.	Head of People, Policy and Transformation

Date of next meeting

28 July 2022 at 5pm



Report

Governance and Audit Committee

Part 1

Date: July 2022

Item No:

Subject Quarter 4 2021/22 Corporate Risk Register Update

Purpose To present an update of the Corporate Risk Register for the end of quarter 4 (1st January to 31st March 2022).

Author Head of People, Policy and Transformation

Ward All

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

At the end of quarter four, there were 16 risks recorded in the Corporate Risk Register that are considered to have a significant impact on the achievement of the Council's objectives and legal obligations. At the end of quarter 4 there were no corporate risks closed and 2 risks (In-year Financial Management / Safeguarding Risk) de-escalated from the Corporate Risk Register.

Overall, there are 9 Severe risks (risk scores 15 to 25); 7 Major risks (risk scores 7 to 14); that are outlined in the report.

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

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

Action by Corporate Management Team and Heads of Service

Timetable Immediate

This report was prepared after consultation with:

- Corporate Management Team

Signed

Background

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

In April 2021, the Council's Democratic Services agreed to update the terms of reference of the Governance and Audit Committee to reflect these changes in the Local Government and Elections (Wales) Act. The role and responsibilities of the Governance and Audit Committee remains the same in the review and assessment of the Council's corporate governance and risk management arrangements in place with comments and recommendations of the Committee on risk process considered by Cabinet.

From 2022/23, the Council will be moving from 8 to 11 service areas that will be delivering the new Corporate Plan 2022-27. Additionally, the report will also be updated to reflect the new Cabinet and roles in 2022/23.

Covid-19 / Post EU Transition, Newport City Council Response

The risk scores of Covid-19 and Post EU Transition reflects the Council's response to the Welsh Government restrictions and impact on the delivery of Council services and communities. As part of the Council's Civil Contingencies arrangements, the Council's Gold Command group consisting of Heads of Service and Chief Executive to monitor the situation; and to manage emerging operational / community risks. Both risk scores presented in this report reflects the position at the time (31st March 2022).

Risk Management Process

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

There are many different sources of risks, such as civil contingencies, health & safety, service delivery and projects throughout the organisation where risks to the delivery of the Corporate Plan, or services might be identified and included on the Council's risk register. New risks identified to be included on the register have to be assessed and evaluated to determine their risk scores (Inherent / Residual / Target), existing controls that are in place and where further mitigating controls are required to respond and reduce the overall impact of the risk to the Council. To assess risk scores Newport City Council uses a standard 5x5 matrix that is commonly adopted across Welsh and English local authorities. Appendix 1 of this report shows a heat map of the Council's corporate risks using this matrix.



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

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

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

Quarter Four 21/22 risk update

Service areas' have aligned the objectives and actions in the 2021/22 service plans with the Council's Corporate Plan and statutory duties. Service areas also continue to consider any new and/or emerging risks that are impacting on the delivery of their services. The quarter 4 risk updates reflect the Council's structure of eight service areas.

At the end of quarter four (to 31st March 2022), service areas had recorded 44 risks (including Corporate Risks) recorded in their risk registers.

Service Area	Q4 Risks	Risk Scores Increased since Q3	Risk Scores Decreased since Q3	No Change since Q3	New Risks (Since Q3)	Closed Risks (Since Q3)	Escalated Risks ^{*1}	De-escalated Risks ^{*2}
Adult & Community Service	3	0	0	3	0	0	0	0
Children & Young People Service	3	0	0	3	0	0	0	1
City Services	6	0	0	6	0	0	0	0

Education	7	0	3	4	0	0	0	0
Finance	5	0	1	4	0	0	0	1
Law & Regulation	2	0	1	1	0	0	0	0
People & Business Change	13	0	2	11	0	0	0	0
Regeneration, Investment & Housing	5	1	0	4	0	0	0	0
Total	44	1	5	38	0	0	0	2

*1 – Escalated Risks – Risks that have been escalated from Service area risk registers to Corporate Risk Register

*2 – De-escalated Risks – Risks that have been de-escalated from Corporate Risk Register to service area risk register

Closed Service Area Risks

No service area risks were closed at the end of quarter four.:

Corporate Risk Register Update (Quarter 4)

The role of the Council's Executive Board is to determine whether the risk should be included on the Corporate Risk Register for monitoring or if the risk should remain in the service area(s) as a result of sufficient management action being undertaken to manage the overall risk.

At the end of quarter four, the Council's Corporate Risk Register included 16 of the 44 risks that are considered to pose the most risk to the delivery of Council services and achievement of its Corporate Objectives. The 16 Corporate Risks consisted of:

- 9 Severe risks (15 to 25)
- 7 Major Risks (7 to 14)

In comparison to the quarter three Corporate risk register, there were no new and/or escalated risks, and no risks were closed. One risk increased in risk score; three risks had decreased in risk score with the remaining 12 risks remaining the same score. Two risks were de-escalated to service area monitoring and reporting following a review at the Executive Board.

The 16 risks are:

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

Change in direction of risk score (Quarter Four)

Risk	Service Area Cabinet Member	Q3 Risk Score	Q4 Risk Score	Commentary
COVID-19 Pandemic Outbreak	People, Policy and Transformation / Leader of the Council /Cabinet	20	16	At the end of Quarter 4 the risk has reduced following the Welsh Government's (WG) announcement on the easing of restrictions. However, for health, social care sector and the Council buildings, restrictions remained in place and were still impacting services.
Demand for Additional Learning Needs (ALN) and Special Education Needs (SEN) support	Education / Cabinet Member for Education and Skills	16	12	The new ALN funding formula agreed by School's Forum will be implemented in 2022-23 financial year. Cabinet agreed an additional £1.2m to address the discrepancy between the funding for Statemented pupils and their actual costs, this will enable Schools to have the funding to put the correct support in place for Statemented pupils without a detrimental effect to their budgets. Additional Inclusion team members have been appointed including 2 Educational Psychologists, 2 Teacher Advisors, 2 SEN Officers and an Early Years Higher Level Teaching Assistant (HLTA). These staff are crucial in supporting Schools to increase their capacity to meet the needs of all ALN learners and to ensure they are fully cognisant of their responsibilities in line with ALN implementation. Further funding has been approved for 3 Teacher Advisors to specifically target pupils with complex behaviour difficulties and those at risk of criminal exploitation. The funding formula will need to be carefully monitored and reviewed to ensure Schools are able to meet the needs of their learners. Although the Inclusion services are currently at capacity, with the appointment of the additional 3 Teacher Advisor posts capacity will be improved however this needs to carefully be monitored through next year.
Schools Finance / Cost Pressures	Leader of the Council /Cabinet Member for Education and Skills	12	9	The schools currently subject to the Deficit Recovery process are each demonstrating much improved financial positions. Two of these three schools are expected to end the 2021/22 financial year in surplus, and only one school is considered as likely to need to submit an application for a further licence for the 2022/23 financial year. Systems and processes are being developed to support ways in which schools at risk of moving into deficit can be identified at an early stage, with appropriate intervention and mitigating actions then implemented by officers within Finance and Education. <u>May 2022 Update</u> No school has found it necessary to apply for a licenced deficit for the 2022/23 financial year. It is important to note however that this is primarily

Risk	Service Area Cabinet Member	Q3 Risk Score	Q4 Risk Score	Commentary
				due to the late arrival of WG grants, which artificially inflated the 2021/22 closing positions. This situation remains fragile going forward therefore.
Pressure on Housing and Homelessness Service	Regeneration Investment & Housing / Leader of the Council	16	20	WG Covid-related guidance in relation to housing all those presenting as homeless continues. There are consistently over 400 households in temporary accommodation, with less than 20 being rehoused each month due to the lack of availability of permanent accommodation. In the absence of the Covid-19 Hardship Fund for 2022-23, additional grant funding has been awarded by WG to support the authority to continue to meet the requirement to accommodate a high number of homeless households. However, this funding will not fully meet the additional costs of continuing to provide high levels of temporary accommodation and the associated staffing and property management expenditure. In addition, the introduction of the Renting Homes Act in July '22 and the cost-of-living crisis are likely to increase the number of those presenting to the authority as homeless as it is anticipated that private landlords will exit the market and accommodation will become increasingly unaffordable. The pressures on temporary and move-on accommodation are likely to be exacerbated by the demand for housing for Ukrainian evacuees.

De-Escalated Risks (Quarter Four)

Below is a summary of Corporate risks that have been de-escalated from the Corporate Risk Register to the service area risk registers. The responsible service areas will continue to monitor and report against these risks.

Risk	Service Area Cabinet Member	Q3 Risk Score	Q4 Risk Score	Commentary
Safeguarding Risk	Children Services (Lead) / Cabinet Member for Social Services	4	4	Safeguarding of adults, children and carers has been on the Council's Corporate Risk Register since 2014. Safeguarding will inherently be a risk for Newport City Council due to its statutory roles and responsibilities. In the last two financial years, safeguarding has remained one of the Council's lowest scoring corporate risks scoring 6 between June 2020 to June 2021 and since September 2021 has achieved its target risk score of 4. In September 2021, a Cabinet Report was presented on the progress the Council has made to embed safeguarding across all council services, functions and duties. The report highlights the progress that the Council has made towards improving its safeguarding practices and ensuring staff complete the mandatory training on safeguarding including Violence Against Women, Domestic

Risk	Service Area Cabinet Member	Q3 Risk Score	Q4 Risk Score	Commentary
				Abuse and Sexual Violence (VAWDASV). The report also highlights the further improvements that need to be made by the Council considering new Deprivation of Liberty Safeguards, ongoing mandatory training for officers, Members, and volunteers. The main recommendations from this Cabinet Report will be incorporated into the Council's Well-being and Self-Assessment Report 2020/21 and Action Plan.
In Year Financial Management	Finance Service / Leader of the Council / Cabinet	2	2	The In-year Financial Management risk has been on the Council's Corporate Risk Register since 2017. The risk relates to the in-year management of budgets. This risk has a Target Risk Score of 6 and since September 2020 the risk score has been below this target but mainly due to the temporary impact of Covid and additional WG funding. Previously, significant budget challenges were in place in some areas of the Council. At this point for 2022/23, Newport Council continues to have robust monthly forecasting and reporting mechanisms and whilst there are potential risks to financial management this year, the base budget has mitigation in place for these and other unforeseen budget pressures with the Council base budget and specific reserves allocations. The Council's Accountancy team and Section 151 officer are well positioned to escalate to the Council's senior Leadership team, when necessary, any financial risks and issues for decision.

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

Financial Summary

There are no direct costs associated with this report.

Risks

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

*Taking account of proposed mitigation measures

Links to Council Policies and Priorities

Corporate Plan 2017-22
Strategic Recovery Aims

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

Options Available and considered

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

Preferred Option and Why

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

Comments of Chief Financial Officer

There are no direct financial implications arising from this report. The corporate risk register forms an important part of the governance and budget setting arrangements for the council and the risk register is used to guide the internal audit plan.

It is noted that overall, the corporate risk register remains largely unchanged since the third quarter with no new or escalated risks and none closed but two de-escalated back to the service areas and one has decreased in score with 15 remaining the same. The register will continue to be monitored closely and any increasing risk scores that may lead to financial pressures without mitigation will be reflected in established ongoing revenue and capital monitoring and MTFP arrangements.

Comments of Monitoring Officer

There are no specific legal issues arising from the report. As part of the Council's risk management strategy, the corporate risk register identifies those high-level risks that could impact upon the Council's ability to deliver its corporate plan objectives and essential public services. The identification of corporate risks within the risk register and monitoring the effectiveness of the mitigation measures are matters for Cabinet. However, Governance & Audit Committee are responsible for reviewing and assessing the Council's risk management, internal control and corporate governance arrangements. The report confirms that there have been no significant changes in the risk profile during the final quarter of the last financial year, with no additional risks being added to the corporate risk register and 2 risks being de-escalated back to the service areas. For the most part, the individual risk scores have also remained the same, with only 1 of the 16 remaining risk scores being decreased.

Comments of Head of People, Policy and Transformation

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

Comments of Cabinet Member

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

This quarter four Corporate Risk Register has been reported to the [Council's Cabinet](#) on 15th June 2022.

Local issues

None.

Scrutiny Committees

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

Equalities Impact Assessment

Not applicable.

Children and Families (Wales) Measure

Not applicable.

Wellbeing of Future Generations (Wales) Act 2015

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

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

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

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

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

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

Crime and Disorder Act 1998

Not applicable.

Consultation

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

Background Papers

Risk Management Policy 2020-22

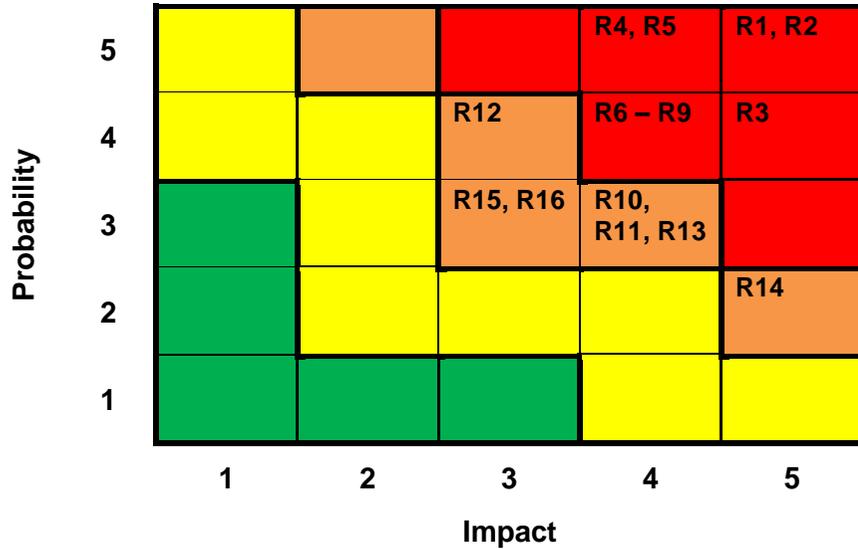
Q4 Risk Cabinet Report, June 2022

Q3 Risk Cabinet Report, March 2022

Covid Strategic Recovery Aims

Dated: 19th July 2022

Appendix 1 - Quarter 4 Corporate Risk Heat Map



Corporate Risk Heat Map Key (Quarter 4 2021/22)	
R1 - Stability of Social Services Providers	R9 - Newport Council's Property Estate
R2 - Pressure on Adult & Community Services	R10 - Demand for ALN and SEN support
R3 - Highways Network	R11 - Educational Out of County Placements
R4 - Pressure on the delivery of Children Services	R12 - Climate Change
R5 - Pressure on Housing and Homelessness Service	R13 - Post EU Transition
R6 - COVID-19 Pandemic Outbreak	R14 - City Centre Security and Safety
R7 - Ash Die Back Disease	R15 - Schools Finance / Cost Pressures
R8 - Cyber Security	R16 - Balancing the Council's Medium-Term budget

Risk Score Profile between Quarter 1 2021/22 and Quarter 4 2021/22

Risk Reference	Risk	Lead Cabinet Member(s) *	Risk Score Quarter 1 2021/22	Risk Score Quarter 2 2021/22	Risk Score Quarter 3 2021/22	(Current) Quarter 4 2021/22	Target Risk Score
R1	Stability of Social Services Providers	Cabinet Member for Social Services	25	25	25	25	6
R2	Pressure on Adult & Community Services	Cabinet Member for Social Services	20	25	25	25	10
R3	Highways Network	Deputy Leader and Cabinet Member for City Services & Member Development	20	20	20	20	15
R4	Pressure on the delivery of Children Services	Cabinet Member for Social Services	20	20	20	20	6
R5	Pressure on Housing and Homelessness Service	Leader of the Council	16	16	16	20	6
R6	COVID-19 Pandemic Outbreak	Leader of the Council /Cabinet	15	20	20	16	6
R7	Ash Die Back Disease	Deputy Leader & Cabinet Member for City Services & Member Development	20	20	16	16	6
R8	Cyber Security	Cabinet Member for Assets and Community	16	16	16	16	10
R9	Newport Council's Property Estate	Cabinet Member for Assets and Community	16	16	16	16	9
R10	Demand for ALN and SEN support	Cabinet Member for Education and Skills	16	16	16	12	6

Risk Reference	Risk	Lead Cabinet Member(s) *	Risk Score Quarter 1 2021/22	Risk Score Quarter 2 2021/22	Risk Score Quarter 3 2021/22	(Current) Quarter 4 2021/22	Target Risk Score
R11	Educational Out of County Placements	Cabinet Member for Education and Skills	12	12	12	12	5
R12	Climate Change	Cabinet Member for Sustainable Development	9	12	12	12	10
R13	Post EU Transition	Leader of the Council / Cabinet	8	12	12	12	10
R14	City Centre Security and Safety	Deputy Leader and Cabinet Member for City Services and Member Development	10	10	10	10	8
R15	Schools Finance / Cost Pressures	Leader of the Council / Cabinet Member for Education and Skills	12	12	12	9	6
R16	Balancing the Council's Medium-Term budget	Leader of the Council / Cabinet	16	16	9	9	10

Glossary

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

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

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

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

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

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

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

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

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

How the Council Assesses Risk

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

Risk Assessment Matrix

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

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

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

Score	Description	Impact Measures						
		Strategic / Policy	Operational / Business Continuity	Financial	Governance / Legal / Regulatory	Health & Safety	Reputational	Project Delivery / Savings / Benefits
		Service Plan objective.		expenditure disturbance. Capital = £0.25M - £0.5M Revenue = £0.25M to £0.5M Revenue = £0.25M to £0.5M	/ Reputational Impacts)	public. Not life threatening. (Linked to Financial / Reputational Impacts)	Statutory prosecution of a non-serious nature.	There is significant reduction on delivery of benefits / savings identified in business case. This is linked to Financial / Strategic / Reputational impacts.
Page 31	Low	Constraint on achievement of Service Plan objective that does not impact on Corporate Strategy	Brief disruption of service that has a minor impact on the delivery of a service. Service disruption 1 day.	<u>Corporate / Project</u> Unplanned and/or additional expenditure disturbance. Capital = £0.1M - £0.25M Revenue = £0.1M – £0.25M	Moderate impact leading to warning and recommendations.	Some minor reversible injuries. (Linked to Financial / Reputational Impacts)	Contained within Directorate Complaint from individual / small group, of arguable merit	Project status is 1 to 4 weeks over from anticipated implementation date. There is minor reduction on delivery of benefits / savings identified in business case. This is linked to Financial / Strategic / Reputational impacts.
1	Very Low	Constraint on achievement of Service / Team Plan objective	Minor disruption of a non-critical service.	<u>Corporate / Project</u> Unplanned and/or additional expenditure disturbance. Capital < £100k	No reprimand, sanction or legal action.	Some superficial injuries. (Linked to Financial / Reputational Impacts)	Isolated complaint(s) that are managed through the corporate complaints process and service area.	Project status is 1 week over from anticipated implementation date. There is insignificant / no impact on delivery of benefits / savings

Score	Description	Impact Measures						
		Strategic / Policy	Operational / Business Continuity	Financial	Governance / Legal / Regulatory	Health & Safety	Reputational	Project Delivery / Savings / Benefits
				Revenue <£100k				<p>identified in business case.</p> <p>This is linked to Financial / Strategic / Reputational impacts.</p>

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

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

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

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Corporate Risk Register

2021/22 Quarter 4 Update



Ash Die Back Disease

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

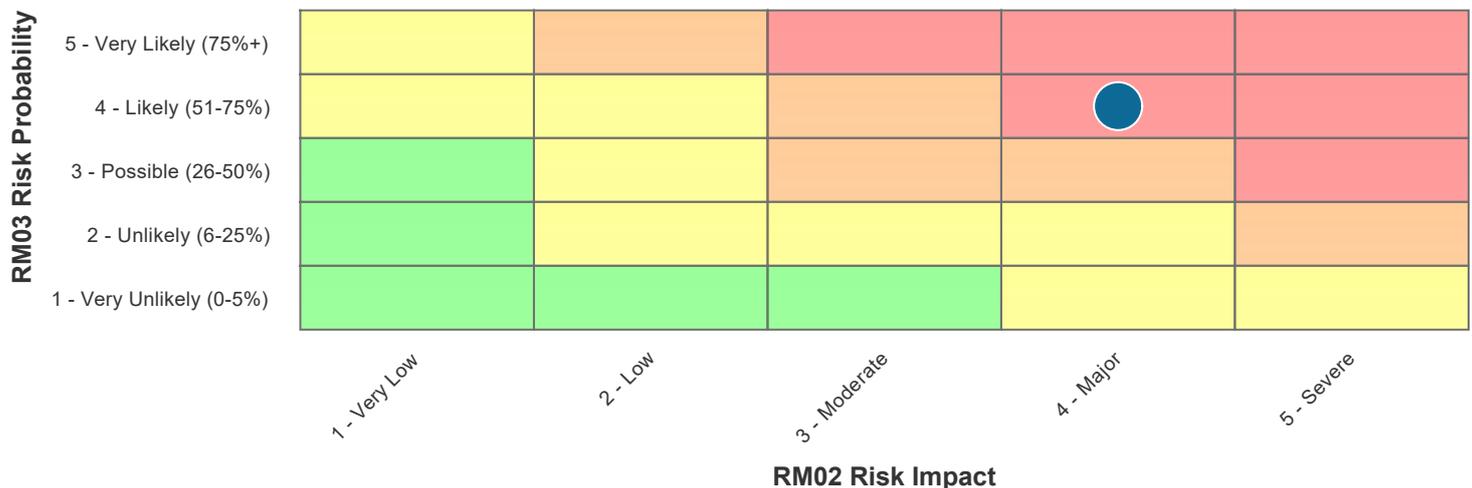


20

Inherent Risk Score

6

Target Risk Score



Direction of Risk

	DoR	Comment
Ash Die Back Disease	➔	Works continue to deal with tree stock identified with disease. Programme of survey and removal is successfully reducing risk each quarter. replacement planting programme has begun.

Action Name	Action Description	Mar 2022
<input checked="" type="checkbox"/> Increase & Improve Newport's Urban Tree Coverage	Increase and improve Newport's urban tree coverage.	✔
<input checked="" type="checkbox"/> Undertake works removing Ash trees owned by NCC	To undertake works removing diseased Ash trees that are owned by NCC.	★

Balancing the Council's Medium Term Budget

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

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Balancing the Council's Medium Term Budget

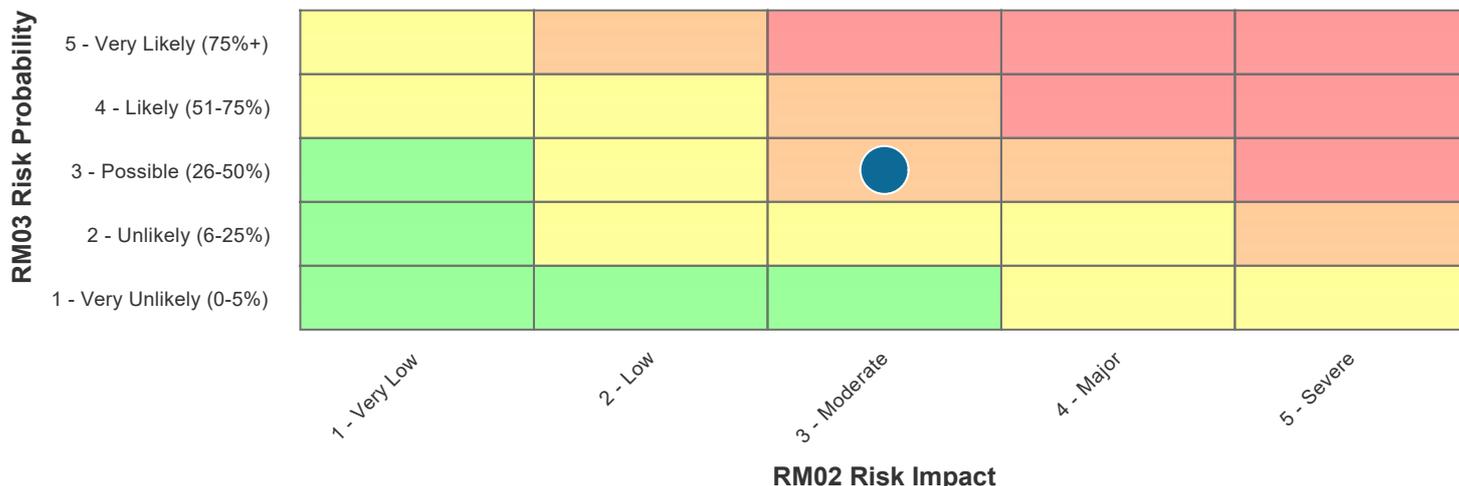
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Inherent Risk Score

10

Target Risk Score



Direction of Risk

DoR	Comment
➔	In line with the previous quarter's report, this risk has been maintained at the same level, due to the medium term outlook not having fundamentally changed within this risk reporting year. From Q1 2022/23, the risk severity may be increased, in light of global issues, such as the cost of living crisis and the ongoing war in Ukraine.

There are no actions associated with this Risk

City Centre Security & Safety

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

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City Centre Security & Safety

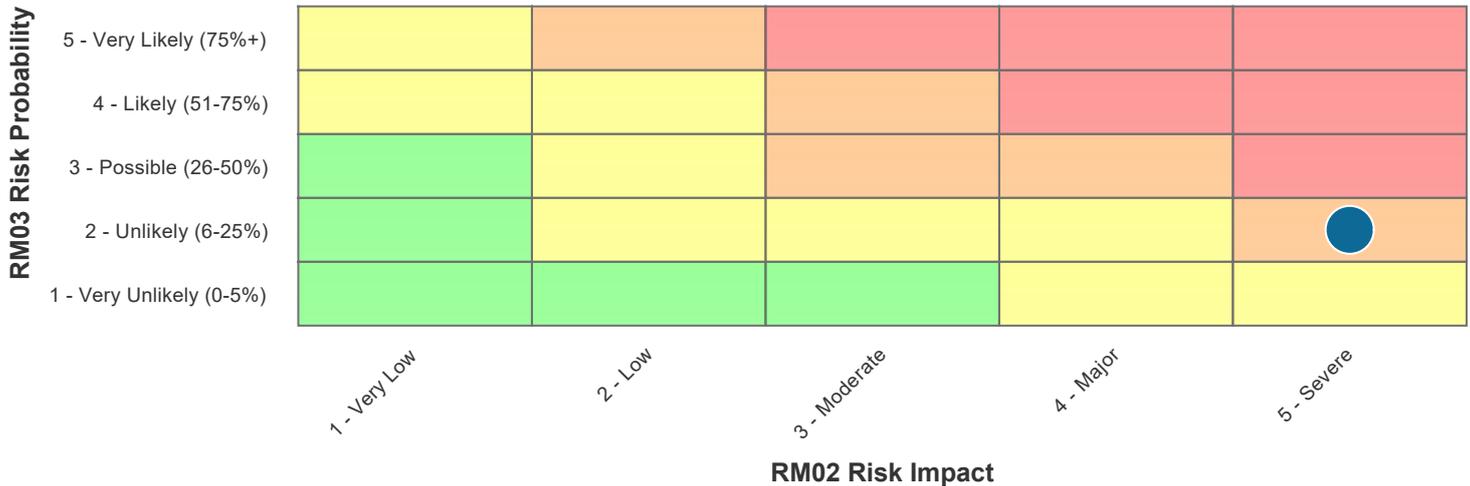
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Inherent Risk Score

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Target Risk Score



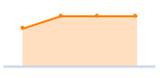
Direction of Risk

	DoR	Comment
City Centre Security & Safety	➔	No change to risk at present, partly due to Covid restrictions.

Action Name	Action Description	Mar 2022
<input checked="" type="checkbox"/> City Centre Training to Businesses	Training for those businesses operating within the city centre that may be affected by significant incidents – Gwent Police will lead on the training with the use of NCC channels to promote and raise initial awareness of the scheme.	●
<input checked="" type="checkbox"/> Co-ordinated evac arrangements	Co-ordinated evacuation arrangements for the city centre – NCC will be working with all partner organisations such as the emergency services and private business within the city centre to construct a co-ordinated evacuation system.	★

Climate Change Risk

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

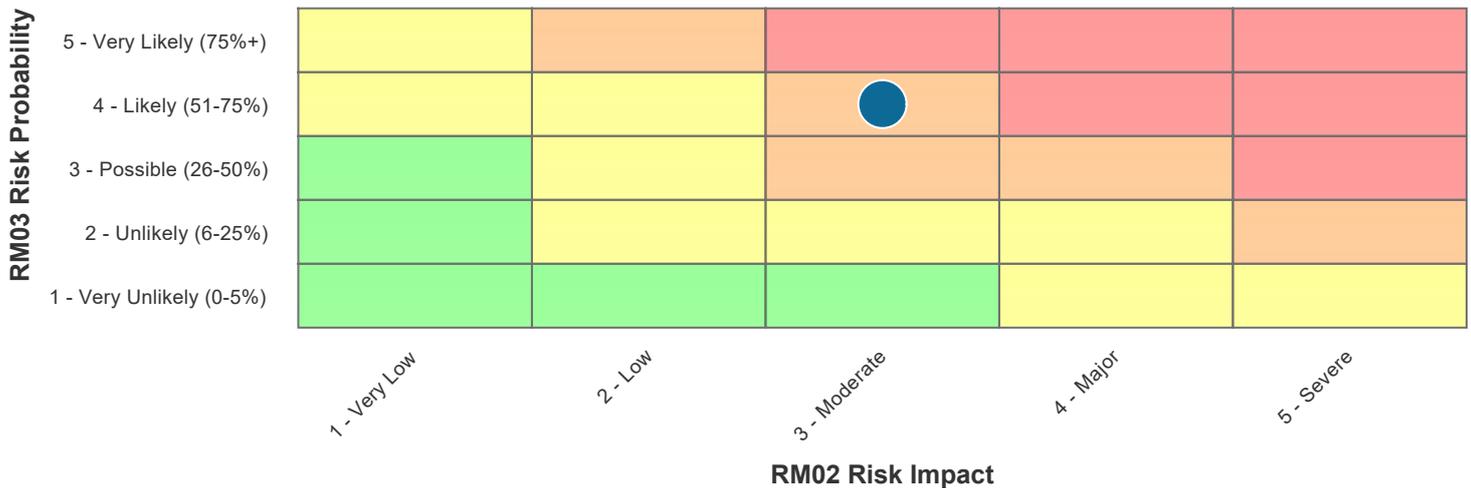
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Climate Change Risk

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Inherent Risk Score

10
Target Risk Score



Direction of Risk

Climate Change Risk	DoR	Comment
Climate Change Risk	➡	No change to risk score for Quarter 4 2021/22.

Action Name	Action Description	Mar 2022
<input checked="" type="checkbox"/> Develop a Long Term Fleet Strategy	Development of a long term Fleet Strategy that will support the Council's Carbon Management Plan to be net carbon neutral.	✔
<input checked="" type="checkbox"/> Develop Localised Air Quality Management Plans	Local Air Quality Management - develop localised plans under the Council's Sustainable Travel Strategy to meet statutory requirements for Action Plans. Actions to be generated by the Sustainable Travel Group.	★
<input checked="" type="checkbox"/> Ebbw West Solar Farm Development	Ebbw West Solar Farm Development	●
<input checked="" type="checkbox"/> Select Building Decarbonisation Partner & Complete Phase of Works on NCC Estate	Select a building decarbonisation delivery partner (Via RE:Fit) and complete a phase of decarbonisation works on the NCC estate.	●
<input checked="" type="checkbox"/> Support LAEP Pilot and decarbonisation action plan for Newport	Support the completion of the Welsh Government supported Local Area Energy Plan (LAEP) pilot to develop a decarbonisation action plan for the City of Newport in collaboration with NCC Policy, Partnership and Involvement team and external stakeholders.	★
<input checked="" type="checkbox"/> Support NCC Climate Change Group and development of Climate Strategy	Support the NCC Climate Change Group in the development of an organisation climate strategy	✔
<input checked="" type="checkbox"/> Support NCC Fleet decarbonisation	Support NCC Fleet Decarbonisation via the correct implementation of charging infrastructure and associated energy systems.	★

Covid 19 Pandemic Outbreak

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

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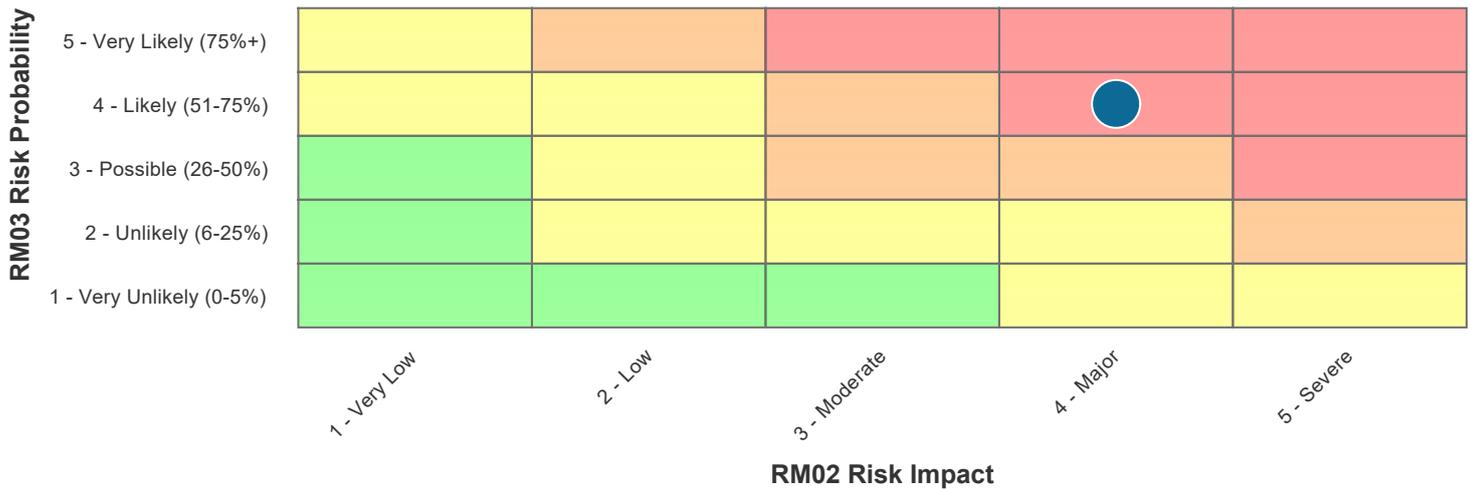
Covid 19 Pandemic Outbreak

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Inherent Risk Score
Target Risk Score



Direction of Risk

	DoR	Comment
Covid 19 Pandemic Outbreak	↓	At the end of Quarter 4 the risk has reduced following the Welsh Government's announcement on the easing of restrictions. However, for health, social care sector and the Council buildings, restrictions remained in place and were still impacting services.

Action Name	Action Description	Mar 2022
<input checked="" type="checkbox"/> Civil Contingencies Response to COVID-19 Pandemic	Manage and deliver the Civil Contingencies response to the COVID-19 pandemic	●
<input checked="" type="checkbox"/> Develop a Community Impact Assessment	Develop a community impact assessment to understand the impact that Covid 19 pandemic and resultant lockdown has had on Newport's Communities	✔
<input checked="" type="checkbox"/> Develop a follow up to the Community Impact Assessment	Develop a follow up to the community impact assessment to understand the impact that Covid 19 pandemic and further lockdown restrictions has had on Newport's Communities.	★
<input checked="" type="checkbox"/> New Normal Project - RAG	Building on the lessons learned from the Covid-19 crisis undertake further work to enable the workforce to able to work more flexibly from Council offices, home and other locations securely and safely. Collaborating with Newport Norse, Facilities and Health & Safety to ensure Council offices meet the necessary WG and Covid secure requirements. Collaborating with SRS to ensure officers and Members are able to work remotely using digital solutions and appropriate equipment. Developing HR policies and procedures that will support the wellbeing and development of the organisation's staff.	★
<input checked="" type="checkbox"/> Undertake Analysis of Future Demands Post Covid	To ensure that PBC has an efficient, effective structure to meet future demands.	●

Cyber Security

Short Description	Management and security of the Council's ICT systems to protect personal and sensitive data from theft and loss whilst also maintaining business continuity and integrity of our systems.
Risk Owner	Mark Bleazard
Overseeing Officer	Chief Executive
Lead Cabinet Member(s)	Cabinet Member for Community and Resources
Linked Theme	Theme : Modernised Council
Linked Corporate Objective	

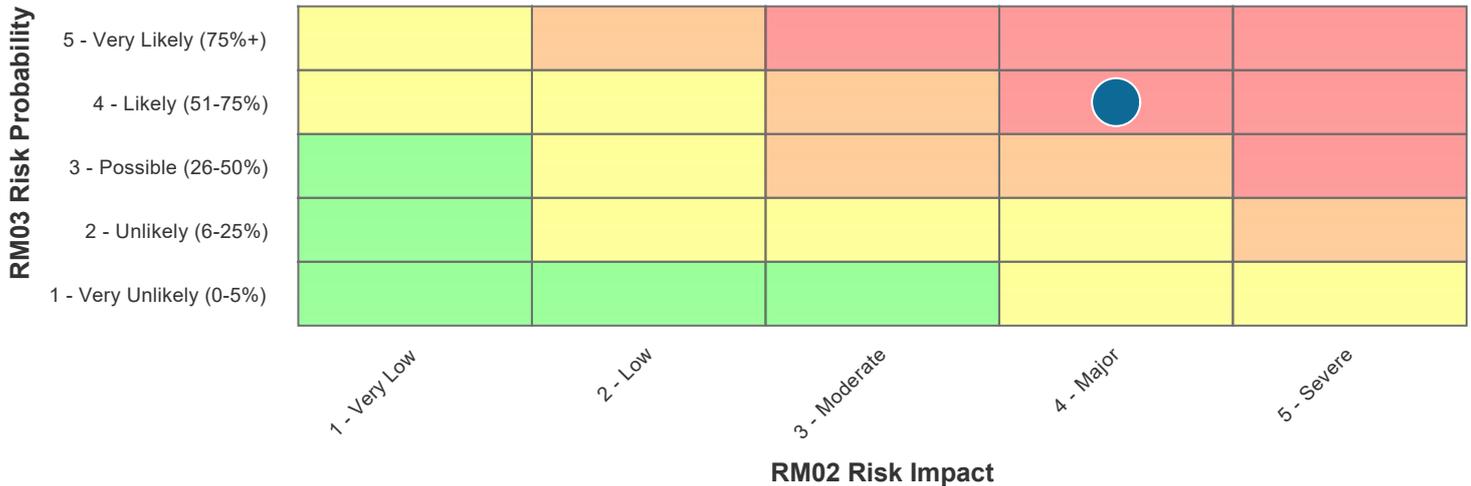


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Inherent Risk Score

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Target Risk Score



Direction of Risk

	DoR	Comment
Cyber Security	➔	Risk remains high especially given international tensions due to war in Ukraine.

Action Name	Action Description	Mar 2022
<input checked="" type="checkbox"/> Develop a Digital Strategy	Development of a new Digital Strategy that supports the future direction of IT services and infrastructure of the Council.	
<input checked="" type="checkbox"/> Implementation of a Policy Management System	To explore and purchase a Policy Management System that will ensure staff across the business undertake necessary training before being able to access IT systems.	
<input checked="" type="checkbox"/> SRS / NCC Business Continuity & Disaster Recovery	Disaster Recovery and business continuity processes between the Council and SRS will be reviewed and updated. These processes will be subject to regular testing with findings and recommendations fed back to the Council's Information Governance Group to ensure the necessary action(s) are completed.	
<input checked="" type="checkbox"/> Using and Securing Data in line with the Digital Strategy 2021-22	Using and Securing Data in line with the Digital Strategy by ensuring effective use of data and information governance processes.	

Demand for ALN and SEN support

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

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Demand for ALN and SEN support

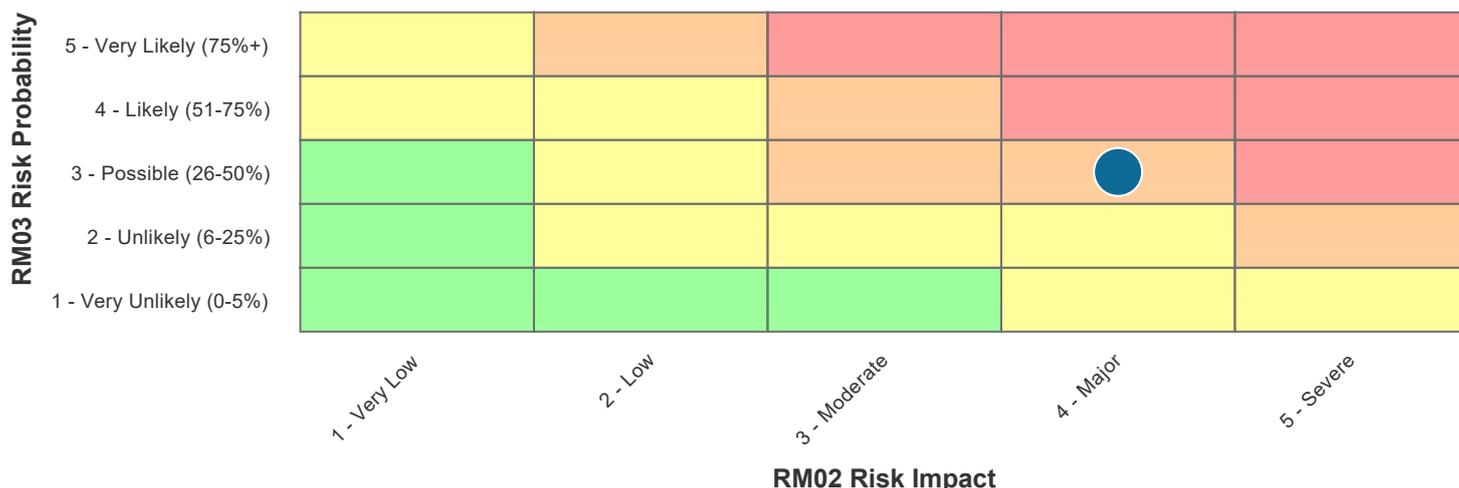
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Inherent Risk Score

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Target Risk Score



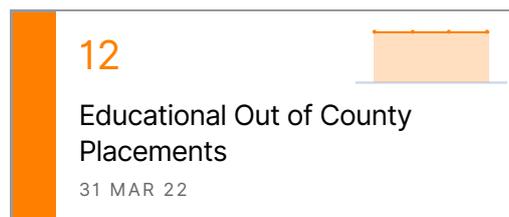
Direction of Risk

	DoR	Comment
Demand for ALN and SEN support		<p>The new ALN funding formula agreed by School's Forum will be implemented in 2022-23 financial year. Cabinet agreed an additional £1.2m to address the discrepancy between the funding for Statemented pupils and their actual costs, this will enable Schools to have the funding to put the correct support in place for Statemented pupils without a detrimental effect to their budgets. Additional Inclusion team members have been appointed including 2 Educational Psychologists, 2 Teacher Advisors, 2 SEN Officers and an Early Years HLTA. These staff are crucial in supporting Schools to increase their capacity to meet the needs of all ALN learners and to ensure they are fully cognisant of their responsibilities in line with ALN implementation. Further funding has been approved for 3 Teacher Advisors to specifically target pupils with complex behaviour difficulties and those at risk of criminal exploitation. The funding formula will need to be carefully monitored and reviewed to ensure Schools are able to meet the needs of their learners. Although the Inclusion services are currently at capacity, with the appointment of the additional 3 Teacher Advisor posts capacity will be improved however this needs to carefully monitored through next year.</p>

Action Name	Action Description	Mar 2022
<input checked="" type="checkbox"/> Create a sustainable model of delivery for children with ALN provided with timely intervention	In liaison with finance, partners and schools create a sustainable model of delivery to ensure children with ALN are provided with timely intervention within a prescribed budget without year on year fluctuation.	✔
<input checked="" type="checkbox"/> Develop and implement a joint ALN and Admissions process	To develop and implement a joint ALN and Admissions process regarding allocation of school placements based on parental preference to safeguard and minimise appeals processes.	✔
<input checked="" type="checkbox"/> Estyn Rec 2 - Work with Partners to Embed the Learn Well Plan	(Estyn Rec 2) Work with partners to embed the priorities of the Learn Well Plan which focuses on improving the attainment of vulnerable groups.	✔
<input checked="" type="checkbox"/> Estyn Rec 5 - Ensure Appropriate Welsh Medium Provision is in Place for ALN Pupils	(Estyn Rec 5) Ensure that Welsh Medium (WM) provision is established to support pupils with Additional Learning Needs	★
<input checked="" type="checkbox"/> Review availability of provision for all pupils with Additional Learning Needs.	Review with relevant regional partners what provision is available and required to ensure all pupils with ALN have the opportunities to return to study up to age 25.	✔
<input checked="" type="checkbox"/> Review the staffing resources to implement the demands of ALN & Educational Tribunal Act.	To review the staffing resources needed to implement the demands of the Additional Learning Needs (ALN) and Educational Tribunal Act 2018.	✔

Educational Out of County Placements

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

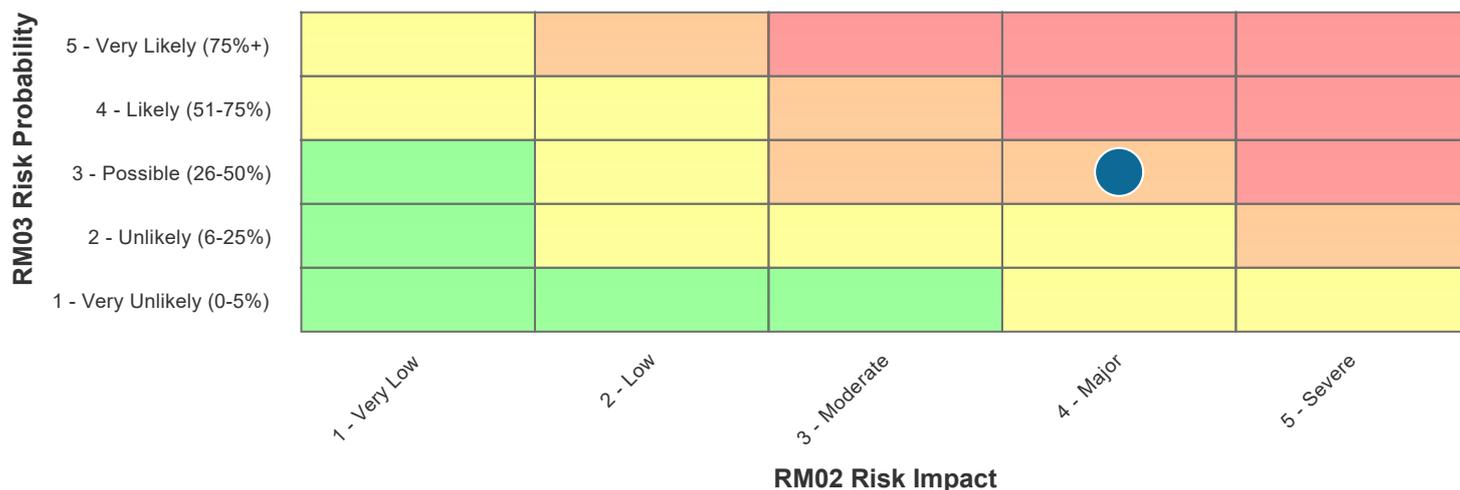


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Inherent Risk Score

Target Risk Score



Direction of Risk

	DoR	Comment
Educational Out of County Placements	➔	Although there has been a consistent number of OOC placements throughout 2021-22, we have started to see an increase of OOC placements from 83 to 88 due to the lack of local specialist SEBD and secondary ASD placements. An SEBD provision tender process is currently taking place to ensure additional capacity within Newport for September 2022.

Action Name	Action Description	Mar 2022
<input checked="" type="checkbox"/> Create a sustainable model of delivery for children with ALN provided with timely intervention	In liaison with finance, partners and schools create a sustainable model of delivery to ensure children with ALN are provided with timely intervention within a prescribed budget without year on year fluctuation.	✔
<input checked="" type="checkbox"/> Extend Provision Within the City to Accommodate a Greater Range of Needs	To extend specialist provision within the city to accommodate needs identified through data trend analysis, ensuring that pupils are placed where their learning is best supported which will reduce the need for Out of County placements. To continue to redevelop and extend provision within the city to accommodate a greater range of needs, ensuring that pupils are placed where their learning is best supported which will reduce the need for Out of County placements.	✔

Highways Networks

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

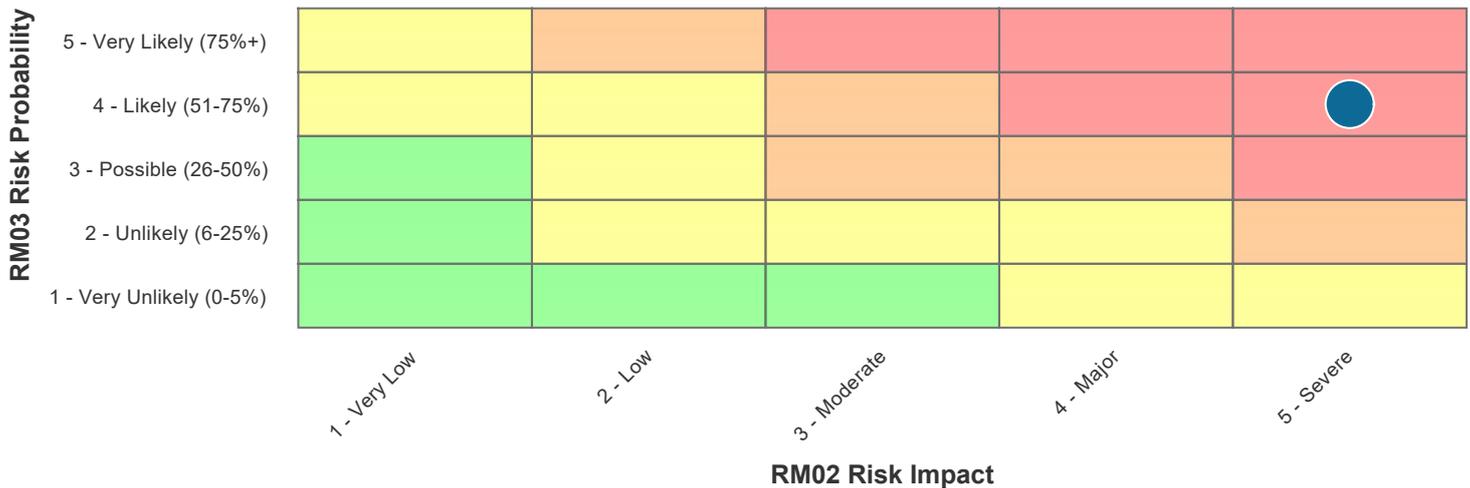


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Inherent Risk Score

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Target Risk Score



Direction of Risk

	DoR	Comment
Highways Networks	➔	<p>The city's highway network is the council's largest asset with a gross replacement value of £1.1bn (March 2017). Changes in the way condition data is recorded and one off funding for highway maintenance resulted in a small improvement in the road condition Public Accountability Measures (PAM'S) for 2021/22. However, the maintenance backlog figure sits at £90.5m for Newport, which is likely to increase further this year.</p> <p>The Current investment for highways assets set out in the Highway Asset Management Plan, will result in further deterioration in the asset and the backlog maintenance is likely to exceed £100M by next year.</p> <p>To ensure we have a safe, resilient, sustainable network, a significant investment will be needed. This will be considered as part of the new capital strategy.</p>

There are no actions associated with this Risk

Newport Council's Property Estate

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

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Newport Council's Property Estate

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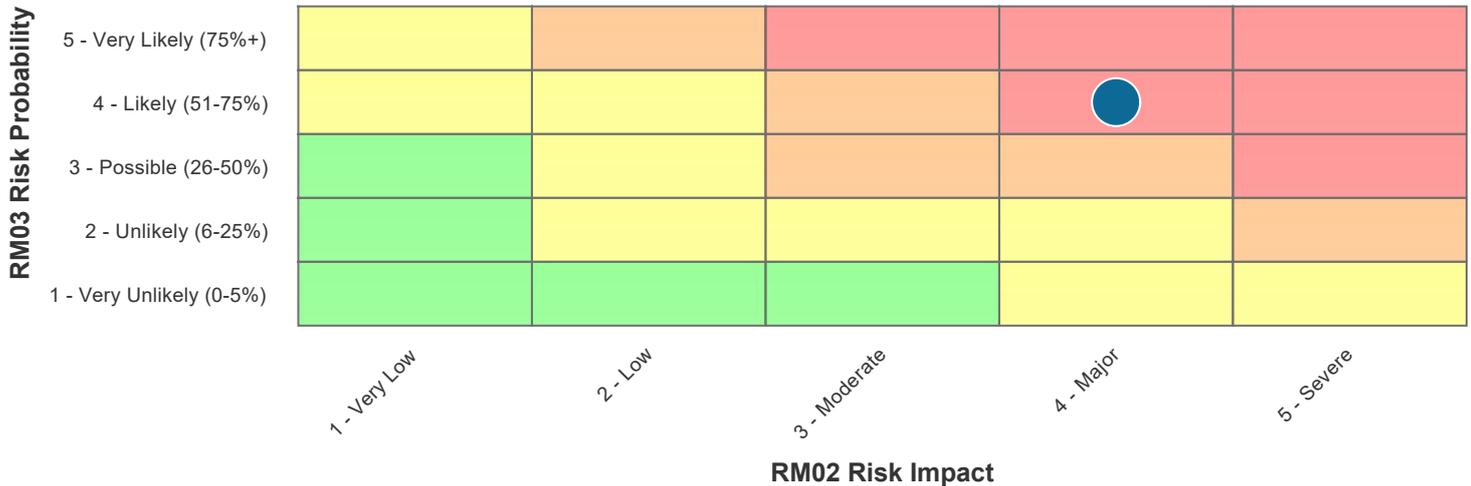


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Inherent Risk Score

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Target Risk Score



Direction of Risk

	DoR	Comment
Newport Council's Property Estate	➔	There have been no significant changes to the estate that would warrant a decrease in the risk score.

Action Name	Action Description	Mar 2022
<input checked="" type="checkbox"/> Create and Develop the Civic Centre Operational Groups	Create and develop the Civic Centre Operational Groups	✔
<input checked="" type="checkbox"/> Delivery of the Annual Capital Maintenance Programme	The delivery of the Council's annual Capital maintenance programme to maintain and improve the Council's property estate.	✔
<input checked="" type="checkbox"/> Develop a balanced strategy for the future of the Civic Centre	In response to financial, environmental, legal sustainability and social pressures we need to develop a balanced strategy for the future preservation and transformation of the Civic Centre.	●
<input checked="" type="checkbox"/> Develop Contract Management Arrangements with Newport Norse	Develop contract management arrangements with Newport Norse.	✔
<input checked="" type="checkbox"/> Develop The Civic Centre Maintenance Backlog Prioritisation Schedule	Develop and update a Civic Centre maintenance backlog prioritisation schedule.	✔
<input checked="" type="checkbox"/> Ensure NCC Properties & Assets are of Strategic Value	Ensure that the property and assets held by NCC sustain and support the corporate plan through the Strategic Asset Management Plan (SAMP).	✔
<input checked="" type="checkbox"/> Ensure there are Accountable & Responsible Premise Managers in all NCC premises	Adherence to the Corporate Landlord Policy and ensuring that all Premises Managers are accountable and responsible.	★
<input checked="" type="checkbox"/> Establish the Civic Centre Investment Requirements for NCCs 'New Normal'	Establish the Civic Centre investment requirements to provide a suitable office environment for NCCs "new normal".	✔
<input checked="" type="checkbox"/> Estate Rationalisation Programme	A programme of estate rationalisation to see which properties and assets are of strategic value to the Council and those that can be designated for alternative use.	★

Post EU Transition

Short Description	The UK Government and EU have now agreed an agreement following the UK withdrawal from the EU on December 31st 2020. There are potential impacts on supplies and services in the short to medium term due to new trade and immigration rules, which may result in an impact on supply of good/services and could have a business/economic impact. There are also potential and on-going community cohesion issues.
Risk Owner	Tracy McKim
Overseeing Officer	Chief Executive
Lead Cabinet Member(s)	Leader of the Council & Cabinet Member for Economic Growth & Investment
Linked Theme	
Linked Corporate Objective	<ul style="list-style-type: none"> ■ SRA 2. Supporting the Environment & the Economy ■ WBO 1. Skills, Education & Employment ■ WBO 2. Economic Growth & Regeneration ■ WBO 3. Healthy, Independent & Resilient ■ WBO 4. Cohesive & Sustainable Communities

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Post EU Transition

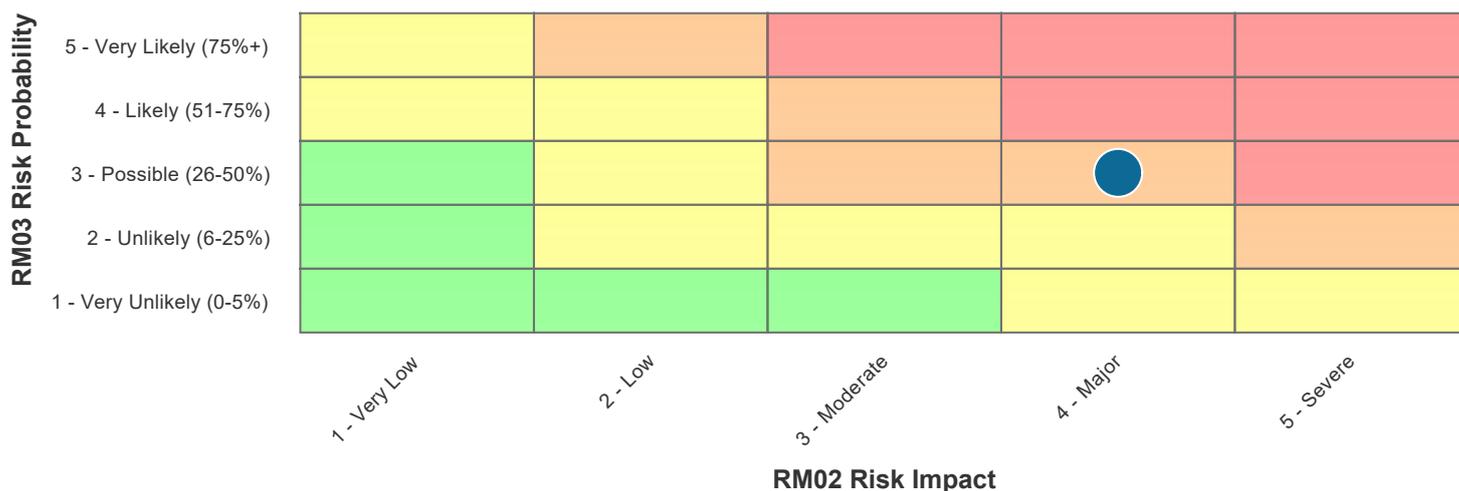
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Inherent Risk Score

10

Target Risk Score



Direction of Risk

	DoR	Comment
Post EU Transition	➔	Newport Council is continuing to monitor the post EU arrangements alongside other global factors such as the Ukraine conflict, cost of living and economic impacts which are impacting residents and businesses in Newport. The Council's Community Cohesion team continues to support residents with late EUSS applications and any immigration issues.

Action Name	Action Description	Mar 2022
<input checked="" type="checkbox"/> Contribute towards Welsh Government's Nation of Sanctuary Plan.	To develop an Integration Strategy for Newport, focusing on our approach to asylum seekers, refugees and migrants and contributing to Welsh Government's Nation of Sanctuary Plan.	
<input checked="" type="checkbox"/> Develop a follow up to the Community Impact Assessment	Develop a follow up to the community impact assessment to understand the impact that Covid 19 pandemic and further lockdown restrictions has had on Newport's Communities.	
<input checked="" type="checkbox"/> Support the Council's Brexit Task and Finish Group 2021-22	Support the Council's Brexit Task and Finish Group in making preparations for post European Union arrangements for the Council and Newport.	

Pressure on Adult & Community Services

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

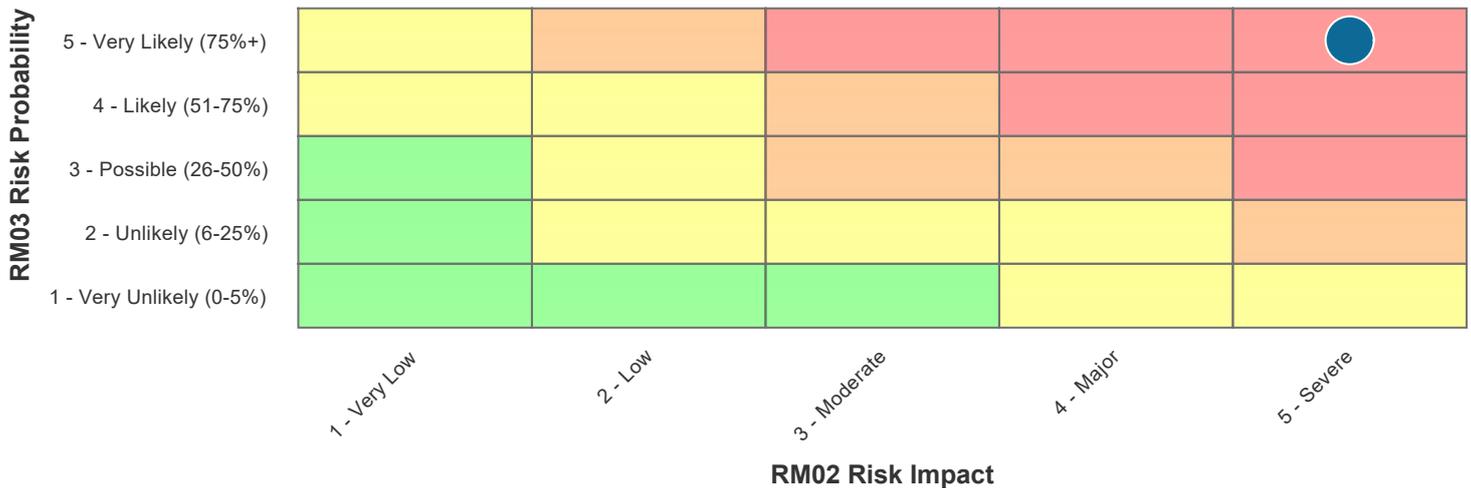


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Inherent Risk Score

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Target Risk Score



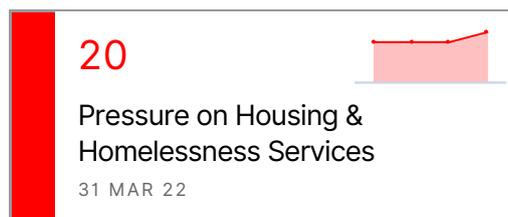
Direction of Risk

	DoR	Comment
Pressure on Adult & Community Services	➔	No change this quarter.

Action Name	Action Description	Mar 2022
<input checked="" type="checkbox"/> Assess Impact of Covid 19 on Long Term Sustainability of Service Providers	Assess the impact of Covid 19 on the long term future sustainability of service providers ensuring that the market is able to offer sufficient market capacity and diversity.	
<input checked="" type="checkbox"/> Continue to Develop First Contact as a Multi-Agency & Disciplinary Team	To continue to develop First Contact as a multi-agency, multi-disciplinary team effectively managing demand. This includes the integration of the Frailty service into the First Contact Team.	
<input checked="" type="checkbox"/> Improve Support Available for Young People with Learning Disabilities	To improve the support available for young people with learning disabilities to transition from Children Services into Adults Services.	
<input checked="" type="checkbox"/> Integrate Regional Home First Initiative into Hospital Pathway	To develop and effectively integrate the Regional Home First initiative into the hospital pathway and to further align patient flow processes within hospital discharge.	

Pressure on Housing & Homelessness Services

Short Description	Increased pressures being faced by the Council's housing service during the Covid-19 pandemic to support people that are presenting at risk of becoming homeless, those persons sleeping rough and those experiencing difficulties in their accommodation.
Risk Owner	Katherine Howells
Overseeing Officer	<ul style="list-style-type: none"> Chief Executive Head of Regeneration & Economic Development
Lead Cabinet Member(s)	Leader of the Council & Cabinet Member for Economic Growth & Investment
Linked Theme	<ul style="list-style-type: none"> Theme: Resilient Communities (Community) Theme : Thriving City
Linked Corporate Objective	<ul style="list-style-type: none"> WBO 4. Cohesive & Sustainable Communities SRA 2. Supporting the Environment & the Economy SRA 4. Supporting Citizens post Covid-19 WBO 2. Economic Growth & Regeneration WBO 3. Healthy, Independent & Resilient

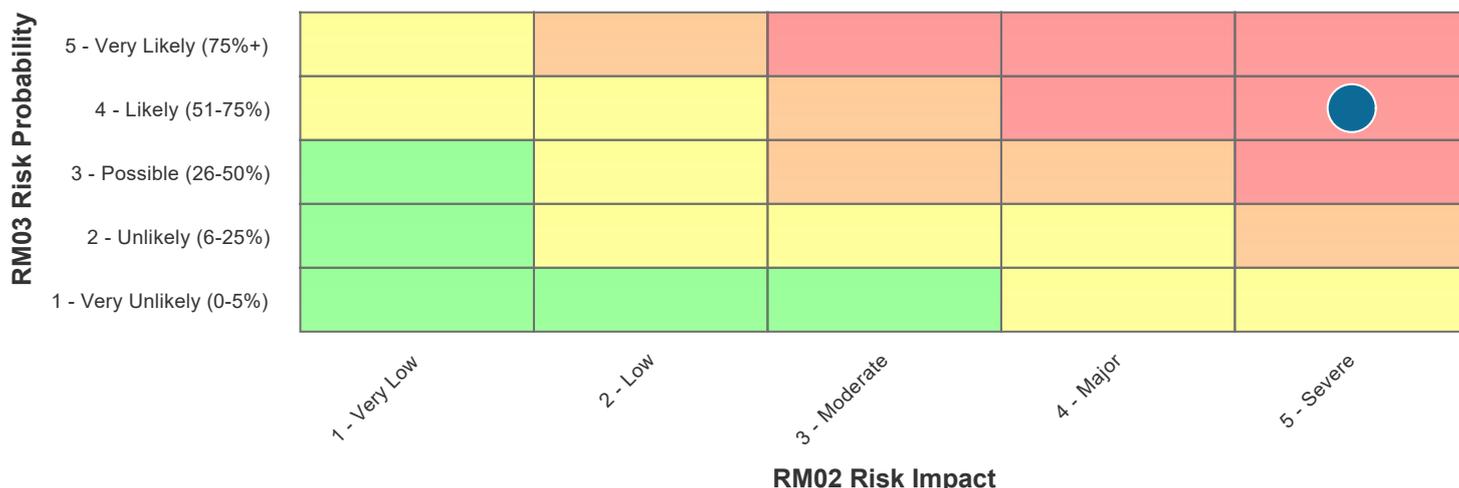


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Inherent Risk Score

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Target Risk Score



Direction of Risk

	DoR	Comment
Pressure on Housing & Homelessness Services		WG covid-related guidance in relation to housing all those presenting as homeless continues. There are consistently over 400 households in temporary accommodation, with less than 20 being rehoused each month due to the lack of availability of permanent accommodation. In the absence of the Covid-19 Hardship Fund for 2022-23, additional grant funding has been awarded by WG to support the authority to continue to meet the requirement to accommodate a high number of homeless households. However, this funding will not fully meet the additional costs of continuing to provide high levels of temporary accommodation and the associated staffing and property management expenditure. In addition, the introduction of the Renting Homes Act in July '22 and the cost-of-living crisis are likely to increase the number of those presenting to the authority as homeless as it is anticipated that private landlords will exit the market and accommodation will become increasingly unaffordable. The pressures on temporary and move-on accommodation are likely to be exacerbated by the demand for housing for Ukrainian evacuees.

Action Name	Action Description	Mar 2022
<input checked="" type="checkbox"/> Carry Out Research Into Extent & Nature of Private Rented Sector Accommodation	Carry out further research into the extent and nature of private rented sector accommodation in Newport.	✔
<input checked="" type="checkbox"/> Develop Strategy Framework for Private Sector Housing	Develop a strategy framework for private sector housing, bringing together the Adaptations Policy, Private Sector Leasing scheme, Housing Loans Policy	●
<input checked="" type="checkbox"/> Manage & Maintain Common Housing Register & Housing Options Service 2021-22	Manage and maintain the Common Housing Register and Newport Housing Options service in 2021/22.	✔
<input checked="" type="checkbox"/> Produce a Housing Prospectus for Newport	Produce a housing prospectus for Newport in line with Welsh Government guidance.	✔
<input checked="" type="checkbox"/> Produce Updated Gypsy Traveller Accommodation Assessment	Produce an updated Gypsy Traveller Accommodation Assessment.	✔
<input checked="" type="checkbox"/> Review Gwent Homelessness Strategy	Review of Gwent Homelessness Strategy.	✔
<input checked="" type="checkbox"/> Review the Community Housing Protocol	Review of the Community Housing Protocol to ensure that it remains fit for purpose and delivers the expected outcomes.	●
<input checked="" type="checkbox"/> Undertake a review of the Housing Allocation Policy	Undertake a review of the Housing Allocation Policy.	●

Pressure on the Delivery of Children Services

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

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Pressure on the Delivery of Children Services

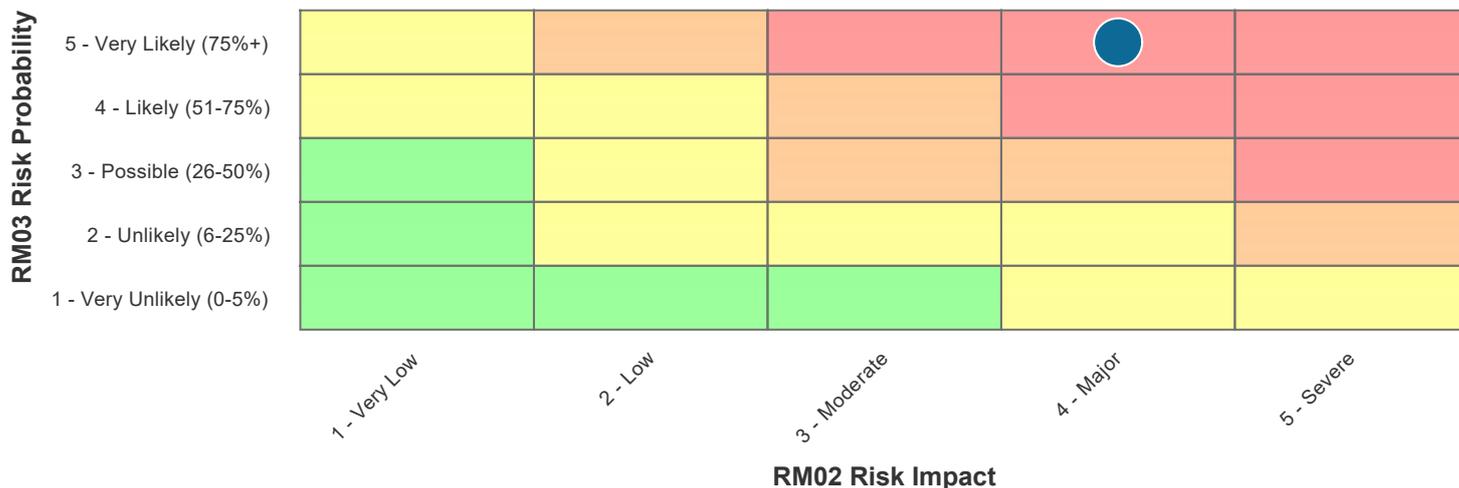
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Inherent Risk Score

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Target Risk Score



Direction of Risk

	DoR	Comment
Pressure on the Delivery of Children Services	➔	No change this quarter.

Action Name	Action Description	Mar 2022
<input checked="" type="checkbox"/> Complete & Implement Welsh Government Recommendations for LAC Reduction	Completion and implementation of Welsh Government action plan to work towards reducing the numbers of looked after children	★
<input checked="" type="checkbox"/> Continue Development of Residential Provision	Continue with the development of the residential provision (including Windmill Farm) across Newport in order to increase the number of children who can be cared for safely in Newport	●
<input checked="" type="checkbox"/> Continue the Work Started with GDAS to Base Multi-agency Staff in Front line Teams	Continue the Work Started with GDAS to Base Multi-agency Staff in Front line Teams	★
<input checked="" type="checkbox"/> Continuing to Increase Housing Options for Care Leavers	Increased housing options for care leavers. Currently Newport has a limited range of choices for housing for care leavers especially with a range of suitable support. This action will seek to address this gap. Work has already commenced and will continue.	★
<input checked="" type="checkbox"/> Develop a Sustainable Model to Deliver Local and Multi-Agency Response to All Age Safeguarding	To develop a sustainable model to deliver a consistent, coordinated, local and multi-agency response to all age safeguarding, early intervention and prevention at the front door of CS. This work will involve the consideration of systems, processes and resources of partner agencies to develop a model that reflects contributions from key agencies.	★
<input checked="" type="checkbox"/> Explore Sustainability Options for the Early Intervention Project within the Prevention' Team 21/22	Explore sustainability options for the Early Intervention Project within the Preventions Team for post March 2021.	✔
<input checked="" type="checkbox"/> Review our Existing Arrangements for Family Time to Improve the Offer for Children & Families	In light of the learning during lockdown we will review our existing arrangements for family time to improve the offer for children and families: i) To develop a comprehensive framework of all aspects of family time; ii) Continue to deliver family time virtually as a positive for families.	★

Schools Finance / Cost Pressures

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

9

Schools Finance / Cost Pressures

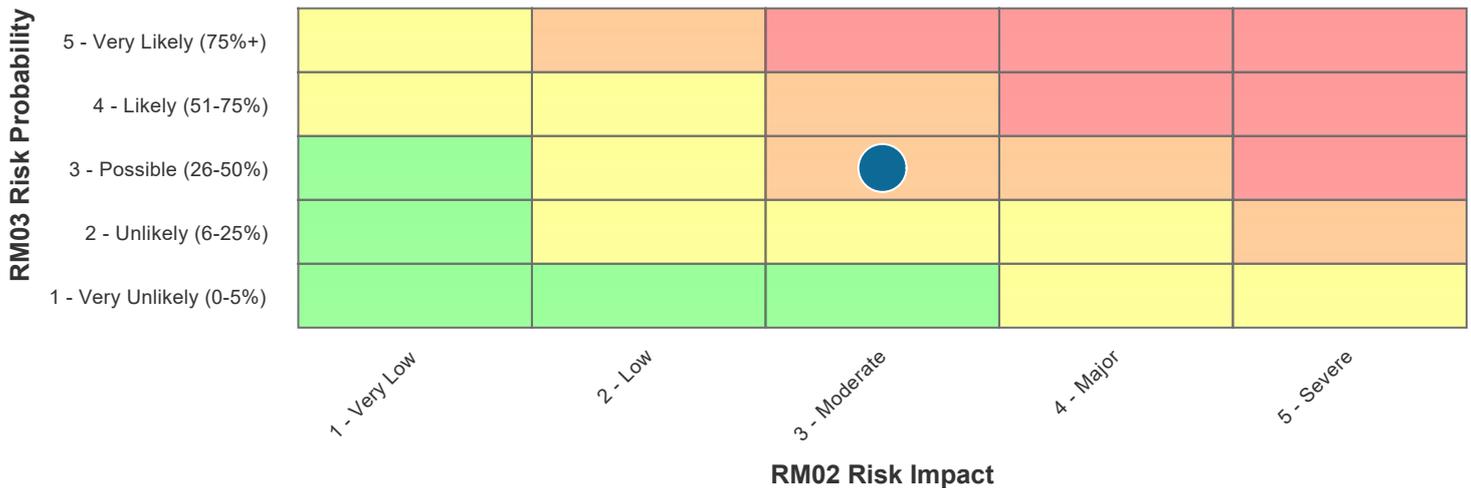
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20

Inherent Risk Score

5

Target Risk Score



Direction of Risk

DoR	Comment
	<p>The schools currently subject to the Deficit Recovery process are each demonstrating much improved financial positions. Two of these three schools are expected to end the 2021/22 financial year in surplus, and only one school is considered as likely to need to submit an application for a further licence for the 2022/23 financial year. Systems and processes are being developed to support ways in which schools at risk of moving into deficit can be identified at an early stage, with appropriate intervention and mitigating actions then implemented by officers within Finance and Education.</p> <p>May 2022 Update</p> <p>No school has found it necessary to apply for a licenced deficit for the 2022/23 financial year. It is important to note however that this is primarily due to the late arrival of WG grants, which artificially inflated the 2021/22 closing positions. This situation remains fragile going forward therefore.</p>

Action Name	Action Description	Mar 2022
<input checked="" type="checkbox"/> Managing School Budget	The local authority will monitor school budgets to ensure that Headteachers and Governing Bodies are: a) Maintaining a balanced budget; b) Addressing in year overspends to reduce the risk of moving in to deficit positions; c) Where deficit budgets occur, deficits are licensed with full recovery plans. d) Where in year deficits are still arising following substantial review, further mitigation may be through the medium term financial plan.	
<input checked="" type="checkbox"/> Monitor In-Year School Budgets to Ensure Budgets are Managed Effectively	Monitor In-year School budgets to ensure budgets are: • Managed effectively and taking necessary actions to prevent overspending. Effectively taking necessary actions to prevent overspending. Schools that have deficit budget recovery plans are implementing the necessary actions to reduce their overall budget deficits.	
<input checked="" type="checkbox"/> Monitoring of Primary, Secondary & Special Schools In-Year Budgets	Monitoring of primary, secondary and special schools in-year budgets: • To prevent overspending and take necessary mitigating action(s). Schools with deficit budget recovery plans are implementing the necessary actions to reduce their budget deficits	

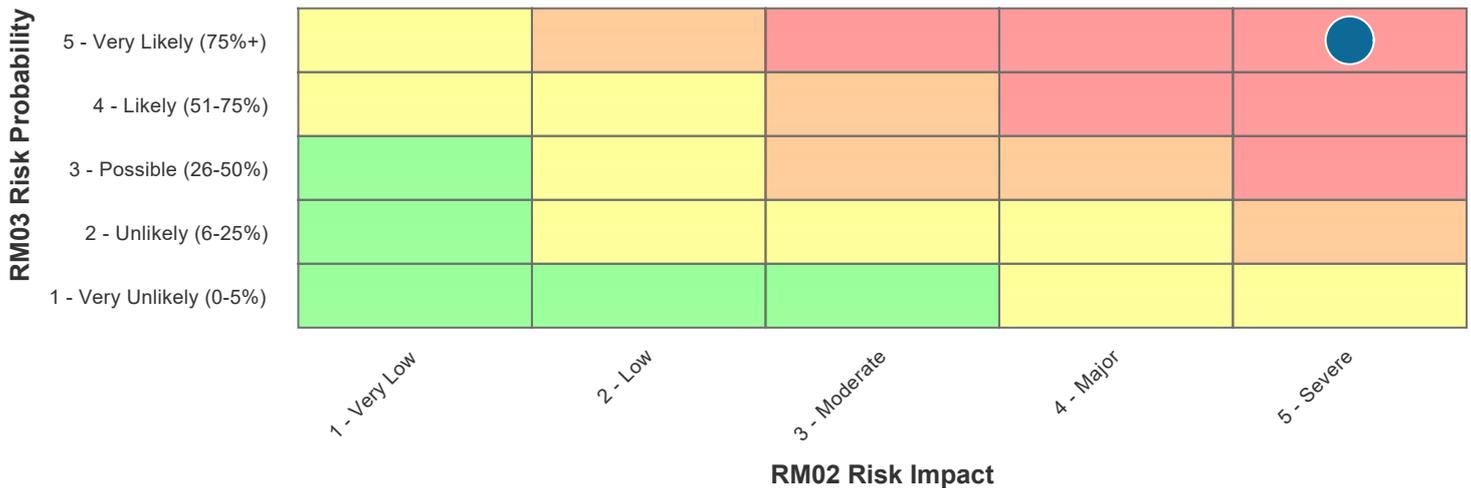
Stability of Social Services Providers

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



20 **6**

Inherent Risk Score Target Risk Score



Direction of Risk

	DoR	Comment
Stability of Social Services Providers	➔	No change this quarter.

Action Name	Action Description	Mar 2022
<input checked="" type="checkbox"/> Assess Impact of Covid 19 on Long Term Sustainability of Service Providers	Assess the impact of Covid 19 on the long term future sustainability of service providers ensuring that the market is able to offer sufficient market capacity and diversity.	●

Report



Governance and Audit Committee

Part 1

Date: July 2022

Item No:

Subject **Audit Wales and Regulatory Bodies Published Reports 2021/22 between October 2021 and March 2022.**

Purpose To present the Council's response to Audit Wales and Regulatory Bodies 6-month update in response to reports published between October and March 2021/22.

Author Head of People, Policy and Transformation

Ward All

Summary In May 2021, the Governance and Audit Committee had updated its Terms of Reference to align with the Local Government & Elections (Wales) Act 2021. In its Terms of Reference one of the Audit Committee's function is to *receive and consider inspection reports from external regulators and inspectors and to make recommendations and where necessary monitor implementation and compliance with agreed action plans.*

The Council has three external regulators: Audit Wales, Care Inspectorate Wales and Estyn each responsible for providing assurance that the Council is fulfilling its statutory duties and providing value to the public. This report covers the regulatory activity undertaken in last six months (October to March) of 2021/22 financial year. Where recommendations have been raised for local authorities to consider, an overview of the Council's action(s) have been included in the report.

Proposal The Governance and Audit Committee is asked to consider the contents of this report of the regulatory activity completed in 2021/22 and the assurances that where recommendations have been raised the Council is taking necessary action.

Action by Corporate Management Team and Heads of Service

Timetable Immediate

This report was prepared after consultation with:

- Corporate Management Team

Signed

Background

In [May 2021](#), the terms of reference for the Governance and Audit Committee (GAC) was updated to align with the Local Government & Elections (Wales) Act 2021. One of the functions outlined in the terms of reference of the Committee is:

To receive and consider inspection reports from external regulators and inspectors and to make recommendations and, where necessary, monitor implementation and compliance with agreed action plans.

In June 2021, the Auditor General also requested all Council's Governance and Audit Committees to formally consider all reports of external review bodies – principally: Audit Wales (AW), Estyn, and Care Inspectorate Wales (CIW). This report provides an overview of the reports that have been published by the three regulatory bodies in 2021/22.

GAC was presented a report in November 2021 covering the regulatory bodies reports published for the first 6 months (April to September) of the year. A link to this report can be found [here](#).

This report will provide an overview of the reports published by the three bodies between October 2021 to March 2022.

Audit Wales

Audit Wales is the statutory external auditor of most of the Welsh public sector and its role is to examine how public bodies manage and spend public money including achieving value in the delivery of their services. Reports produced by AW cover either national (thematic) areas or local studies of the public body.

For the six-month period (October 2021 to March 2022) covered in this report, Audit Wales have published four reports related to the Council's work and local authority activity. The table below provides an overview of the reports and any recommendations for the Council to consider and/or implement.

Audit Report National (Thematic) / Local	Overview	Month Published	Recommendation(s)	NCC Position Statement
Local Audit of the Council's 20/21 Statement of Accounts.	Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 16 th November 2021.	November 2021	No recommendations were raised for the Council's consideration.	Not applicable. This was reported to the Governance and Audit Committee in November 2021.
Local Gwent Cremation Committee 20/21 Annual Return.	Auditor General certified the Gwent Cremation Committee's accounting statements.	January 2022	No recommendations were raised for the Council's consideration.	Not Applicable This was reported to the Governance and Audit Committee in January 2022.
Local Improvement Reporting Audit	Audit Wales certificate of the Council's 2020/21 performance in accordance with the Local Government (Wales) Measure 2009.	October 2021	No recommendations were raised for the Council's consideration. Note: This was the final issue of the certificate following introduction of the Local Government and Elections (Wales) Act.	Not Applicable Certificate of compliance was presented to the Council's Cabinet in November 2021.
National	Audit Wales review of the commissioning of care-	December 2021	No recommendations for NCC to consider.	Not Applicable

Audit Report National (Thematic) / Local	Overview	Month Published	Recommendation(s)	NCC Position Statement
Care Home Commissioning for Older People (North Wales)	home placements for older people in North Wales.		Recommendations primarily aimed at Welsh Government to consider as part of their planned policy reform across Wales and may impact future policy decision making.	Report has been shared with Director of Social Services and Head of Adult Services for information.

There are several national and local reviews that are currently in progress. Once these reports are published, GAC will be informed as necessary. The Audit Wales reviews include:

- **National (Thematic) Reviews** – Building social resilience and self-reliance in citizens and communities / Poverty review / Social enterprises / Springing Forward.
- **Local Reviews** – Newport Intelligence Hub (Evidence Based Decision Making) and Workforce Planning.

Care Inspectorate Wales

Care Inspectorate Wales (CIW) are the independent regulator of social care and childcare in Wales. CIW are responsible for inspecting and driving improvement of regulated services and local authority social services. CIW also undertake national (thematic) reviews of social care services and inspect social care and childcare services across local authority areas.

Inspection reports of regulated services such as children’s homes and secure accommodation services and residential family centres are not reported and/or made available on the CIW website to protect the privacy of children or people using that service. In 2021/22, there was one national review was published:

CIW Report National (Thematic) / Local	Overview	Month Published	Actions Needed for Local Authorities	NCC Position Statement
National ‘Early help, care and support and transition for disabled children in Wales’	<p>The review examined the experiences of disabled children and their families as they encountered social services and received advice, care and support. The review also considered care experiences of disabled children transitioning into Adult services.</p> <p>The review identified 19 key findings for local authorities and Health Boards to consider.</p>	November 2021	The Report identified 17 actions for local authorities to consider and support improvement in the service area. The Council’s Children and Preventative service areas will consider these findings as part of their continuous improvement.	<p>The Council’s Children Service and now its Preventative and Inclusion Service have welcomed the key findings and actions from the report.</p> <p>Newport Council is in a relatively strong position in how we support disabled children, and their families throughout their contact with the Council and its partner services such as Barnardos, Newport Live. Over the last five years, the Council has been improving the service / information provided and supporting young people and their families transition into adulthood.</p> <p>The key findings have identified several national risks / issues which local authorities including Newport are having to tackle such as sustainable, long term residential care and the Welsh Government’s eliminate profit from care policy. The findings and actions are being considered by both service areas as part of their new Corporate Plan and Service Plan development.</p>

Estyn

Estyn is the independent inspection and advice service on quality and standards in education and training provided in Wales. Estyn inspect quality and standards including all schools, further education, adult community learning, local government education services, teacher education and training, Welsh for adults, work-based learning and others.

Estyn also advise and guide the Welsh Government through thematic reports, commissioned by the Minister for Education and cover a range of sectors and themes. Reports are intended to encourage wider thinking and share effective practice.

For the six month period covered in this report, Estyn have published three thematic reports. The table below provides an overview of the report and any recommendations for the Council to consider and/or implement. To date no school inspection reports have been published by Estyn. Inspection reports and action plans are monitored through the school and the school governors. Inspection reports and action plans are shared with the Education Service and Education Cabinet Member. The Governance and Audit Committee will be provided links to the report for information.

Estyn Report National (Thematic) / Local	Overview	Month Published	NCC Position Statement
<p>Thematic Report - Experiences of peer on peer sexual harassment among secondary school pupils in Wales</p>	<p>Report considers the incidence of peer on peer sexual harassment in the lives of secondary aged young people. The report summaries the experiences of young people, and the responses from schools, and local authorities in tackling this issue.</p> <p>Three recommendations were made for local authorities to consider:</p> <p>R5 - Work with schools to collect and categorise and analyse all bullying and harassment data correctly and comprehensively. In addition, support schools to analyse this information regularly to identify trends and put restorative arrangements in place.</p> <p>R6 - Plan suitable intervention and support on gender issues at both school and local authority level, regularly evaluating their impact on pupil wellbeing.</p> <p>R7 - Provide school staff with the necessary professional learning to adopt a proactive approach to peer-on-peer sexual harassment, including homophobic, biphobic, and transphobic bullying and harassment.</p>	<p>December 2021</p>	<p>An action plan based on the thematic report recommendations has been developed with a range of local authority officers (Education Safeguarding Coordinator, Teacher Adviser for Healthy Schools, Deputy Chief Education Officer, and Assistant Head of Education for Inclusion).</p> <p>The action plan will be shared with Headteacher's across the city in autumn term. This will also act as a reminder that schools have four specific recommendations from this report which are required to be met in a timely manner.</p> <p>Based on R5, a specific category has been placed within the bullying and harassment reporting & monitoring tool. This is used by all Newport schools and will allow schools and the local authority to specifically recognise and respond to reported cases of peer on peer sexual harassment.</p> <p>R6- The LA holds a termly Attendance and wellbeing forum for all schools. Recent work has been focussed on work with 'Umbrella Cymru/In-Equality' to provide awareness raising and training on supporting transgender young people in schools. Further work is being developed with three secondary schools and two clusters of school to develop inclusive LGBTQ+ practice in schools.</p> <p>R7- An extensive range of professional learning has been planned and delivered to meet this recommendation. This includes multiagency work, specialist support and regular updates / upskilling of Designated Safeguarding Leads. Professional learning is planned on a rolling cycle to ensure new practitioners can access and more experienced practitioners have opportunities for refresher courses.</p>
<p>Thematic Report - Welsh Immersion Education</p>	<p>A review into early immersion education in Welsh-medium non-maintained settings and schools and in Welsh streams in</p>	<p>February 2022</p>	<p>All of these recommendations have been developed and continue to be refined and embedded.</p>

Estyn Report National (Thematic) / Local	Overview	Month Published	NCC Position Statement
Strategies and approaches to support 3 to 11 year old learners	<p>bilingual schools. The review made four recommendations for regional consortia and local authorities to consider:</p> <p>R2 - plan purposefully to ensure equal opportunities for all learners to access early and late immersion provision</p> <p>R3 - evaluate immersion provision thoroughly, including tracking latecomers' progress consistently over time</p> <p>R4 - strengthen and ensure consistency in the professional learning offer on the principles and methods of immersion education for all practitioners</p>		<p>Newport was the first local authority in Gwent to secure provision for primary and secondary immersion in its schools. This ensures that there are equal opportunities for late arrivals into the Welsh Medium education sector.</p> <p>A protocol is in place to ensure there is clarity around accessing the provisions.</p> <p>The primary and secondary school hosting the immersion units track pupil progress. The local authority and the two host schools evaluate the effectiveness of provision and consider any relevant next steps to strengthen practice.</p> <p>Professional Learning has been acquired by those schools hosting the immersion units. The EAS support immersion and language acquisition principles in their professional learning offer.</p>
<p>Thematic Report – The Curriculum for Wales – How are regional consortia and local authorities supporting schools?</p>	<p>A review and evaluation of how regional consortia and local authorities are supporting schools and Pupil Referral Units with the National delivery of the Curriculum for Wales.</p> <p>Particular focus was made on practitioners' understanding of curriculum development and design, and on improving teaching and learning to enable strong curricula in all schools in Wales.</p> <p>There are four recommendations for regional consortia and local authorities to consider.</p> <p>R1 - Improve the quality and impact of the support for leaders to improve teaching and learning in their schools.</p> <p>R2 - Improve the support across all subject disciplines.</p> <p>R3 - Provide practical professional learning opportunities that support leaders and teachers to understand better how they can design and deliver their curriculum.</p> <p>R4 Improve evaluation processes so leaders and officers monitor the impact of support for curriculum reform and teaching.</p>	<p>March 2022</p>	<p>These recommendations are being developed by Newport's partner School Improvement Service 'The Education Achievement Service'. Actions linked to each of these recommendations are embedded into the EAS Business Plan which is monitored by The Joint Executive Group and the Company Board on a quarterly basis.</p> <p>R1- Schools will be supported to develop the conditions for high quality teaching and learning through (for example) The Curriculum for Wales Teaching and Learning Network, The Assessment and Progression Network, the Excellence in Teaching Framework and bespoke support based on individual needs identifies. A range of Professional Learning opportunities will also contribute to this recommendation including; National Development Leadership Programmes, Coaching and Mentoring, 'Teach like a Champion', 'Clarity' by Dr Lynn Sharatt, National Curriculum for Wales Leadership linked to vision, curriculum design, assessment & progression.</p> <p>R2- this will be supported through the work of Lead Network Schools across the region, Practitioner Networks and a Curriculum Design Programme.</p> <p>R3- This is being delivered through Area of Learning Leads Networks, the Curriculum for Wales Design and Development Group and a variety of Curriculum Design Workshops.</p> <p>R4- There are established processes already in place to monitor the impact of support provided for Curriculum Reform and Teaching These are continually being refined and reflected upon to demonstrate impact and next steps.</p>
<p>Inspection Report – St Julian's School</p>	<p>St Julian's School is judged to have made sufficient progress in relation to the recommendations following the most recent core inspection.</p> <p>As a result, Her Majesty's Chief Inspector of Education and Training in Wales has removed the school from the list of schools requiring special measures.</p>	<p>November 2021</p>	<p>Newport Local Authority has continued to meet with senior leaders and The Chair of Governors at St Julian's School to ensure that the progress which has been made against the core inspection recommendations have continued to be embedded and refined based on the school's self-evaluation findings. The school continue to collaborate with Cardiff High for elements of support. St Julian School is now in a position to share its own elements of good practice across the region.</p>

Estyn Report National (Thematic) / Local	Overview	Month Published	NCC Position Statement
			<p>The support provided by Cardiff High will be monitored in the following ways:</p> <ul style="list-style-type: none"> • By the Principal School Improvement Partners who will ensure that the support outlined is correctly identified based on the school's self-evaluation. • Through 'Notes of Action' based on St Julian's School engagement levels and impact demonstrated. • By the local authority in EAS / LA Partnership meetings (where school support brokered by the EAS is monitored). <p>St Julian's School will be monitored at least once through the academic year 2022-23 by the local authority in a School Development Plan Professional Discussion Session.</p>
<p>Inspection Report – Lliswerry High School</p>	<p>The school is judged to have made sufficient progress in addressing the recommendations from the Section 28 inspection. The school has been removed from the list of schools requiring Estyn review and no further monitoring in relation to this inspection.</p>	<p>December 2021</p>	<p>Newport Local Authority has continued to meet with senior leaders and The Chair of Governors at Lliswerry High School to ensure that the progress which has been made against the core inspection recommendations have continued to be embedded and refined based on the school's self-evaluation findings. The school continues to collaborate with Fitzalan High School for elements of support and share its best practice with schools across the region.</p> <p>The support provided by Fitzalan High will be monitored in the following ways:</p> <ul style="list-style-type: none"> • By the Principal School Improvement Partners who will ensure that the support outlined is correctly identified based on the school's self-evaluation. • Through 'Notes of Action' based on Lliswerry High's School engagement levels and impact demonstrated. • By the local authority in EAS / LA Partnership meetings (where school support brokered by the EAS is monitored). <p>Lliswerry High School will be monitored at least once through the academic year 2022-23 by the local authority in a School Development Plan Professional Discussion Session.</p>
<p>Inspection Report - Bridge Achievement Centre (Pupil Referral Unit)</p>	<p>Outcome of the Review was that the Centre has made sufficient progress in relation to the recommendations raised and Estyn have removed the Unit from special measures.</p> <p>Follow up review of the Bridge Achievement Centre that was originally placed in special measures in 2018. Six recommendations were examined in the review and Estyn have deemed the unit to have made excellent progress.</p>	<p>March 2022</p>	<p>Newport Local Authority has continued to meet with the Centre Manager and The Chair of the Management Committee at The Bridge Achievement Centre to ensure that the progress which has been made against the core inspection recommendations have continued to be embedded and refined based on the settings self-evaluation findings. The Bridge Achievement Centre continues to receive support from Ysgol Bryn Derw. A calendar of quality assurance exercises will be reported to the local authority twice a year to ensure the success of the Pupil Referral Unit is sustained over time and any additional support required is recognised as early as possible.</p> <p>The support provided by Ysgol Bryn Derw will be monitored in the following ways:</p> <ul style="list-style-type: none"> • By the Principal School Improvement Partners who will ensure that the support outlined is correctly identified based on the school's self-evaluation.

Estyn Report National (Thematic) / Local	Overview	Month Published	NCC Position Statement
			<ul style="list-style-type: none"> Through 'Notes of Action' based on The Bridge Achievement Centres engagement levels and impact demonstrated. By the local authority in EAS / LA Partnership meetings (where school support brokered by the EAS is monitored). <p>The Bridge Achievement Centre I will be monitored at least once through the academic year 2022-23 by the local authority in a School Development Plan Professional Discussion Session.</p>

Financial Summary

There are no direct costs associated with this report.

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Recommendations and actions are not implemented by the Council to improve the delivery of services to the public / service users.	M	L	<p>All Regulatory reviews and reports are shared with the relevant Senior Officers and Cabinet Members.</p> <p>Recommendations and Actions are delivered and monitored by the relevant service area(s) with corporate monitoring by People & Business Change.</p>	Corporate Management Team

*Taking account of proposed mitigation measures

Links to Council Policies and Priorities

Corporate Plan 2017-22
Strategic Recovery Aims
Service Plans 2021/22

Options Available and considered

- To consider the contents of this report and recommend to Council that the recommendations / actions raised by the regulatory bodies be reported to Governance and Audit Committee in the end of year report with an overview of what the Council has undertaken.
- To request further information or reject the contents of this report.

Preferred Option and Why

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

Comments of Chief Financial Officer

There are no adverse budgetary impacts directly arising from this report. Any recommendations made by the regulatory bodies in the last six months of the financial year will be met through existing budget provision or, where that is not possible, will be considered as part of the Council's budgetary planning and monitoring cycle.

Comments of Monitoring Officer

There are no specific legal issues arising from the report. In accordance with the Local Government (Wales) Measure 2011, as amended by the Local Government & Elections (Wales) Act 2021, there are a number of statutory functions that the Governance and Audit Committee have to discharge and there are other non-statutory functions that can also be included within the terms of reference of the Committee. One of the additional functions that the Council has previously delegated to this Committee is the responsibility for receiving and considering inspection reports from external regulators and inspectors, making any necessary recommendations and monitoring implementation and compliance with agreed action plans. This also meets the requirements of the Auditor General in terms of ensuring that all reports from external regulators are reported to the Council and there is a process in place for monitoring compliance. The role of the Governance and Audit Committee is to consider this overview report on the regulatory activity undertaken during the past 6 months period and to satisfy itself that appropriate action has been taken to address the issues identified by the regulators. Responsibility for individual actions, as identified in the responses to the specific regulatory reports, is a matter for the relevant officers and Cabinet Members but the Committee needs to be satisfied that robust procedures are in place to identify and monitor those actions.

Comments of Head of People, Policy and Transformation

Newport City Council has a responsibility for ensuring that its services provide value for money to the taxpayer and ensure that we are fulfilling our statutory duties. This report to the Governance & Audit Committee outlines the regulatory activity completed this financial year to date and will provide necessary assurances that our governance, internal control, and risk management processes are operating effectively. Newport Council maintains a strong and ongoing working relationship with its three regulatory bodies and supports their work completed throughout the year.

Local issues

None.

Scrutiny Committees

Not applicable as this report will be presented to the Council's Governance and Audit Committee.

Fairness and Equality Impact Assessment:

- **Wellbeing of Future Generation (Wales) Act**

The regulatory activity completed by the three bodies all consider the Wellbeing of Future Generations Act in its findings and recommendations for the Council. The Council's response also considers the five ways of working (Long term, Collaboration, Preventative, Involvement, Integration) to deliver improvement.

- **Equality Act 2010**

Not applicable as this is an information only report to the Governance and Audit Committee.

- **Socio-economic Duty**

Not applicable as this is an information only report to the Governance and Audit Committee.

- **Welsh Language (Wales) Measure 2011**

All reports published by the three regulatory bodies are available in Welsh and English.

Consultation

Consulted with Director of Social Services, Head of Children Services and Head of Education Services.

Background Papers

[Audit Wales](#)

[Care Inspectorate Wales](#)

[Estyn](#)

Dated: 19th July 2022

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Report

Governance & Audit Committee

Part 1

Date: 28th July 2022

Subject Draft Statement of Accounts 2021/22

Purpose This report is to provide Governance & Audit Committee with a copy of the 2021/22 draft Statement of Accounts, in order for them to consider the accounts (Appendix 1) and note the content.

Author Head of Finance / Assistant Head of Finance / Chief Accountant

Ward All

Summary The Governance & Audit Committee is required to approve the final audited Statement of Accounts. This report provides a copy of the draft accounts, which have been signed by the Section 151 Officer (Head of Finance) and passed over to Audit Wales, who will undertake their audit of the accounts during the coming months. It is anticipated that a final, audited, set of accounts will be presented at the October meeting of the Governance & Audit Committee for committee approval.

Proposal To note the draft 2021/22 Statement of Accounts.

Action by Head of Finance / Assistant Head of Finance / Chief Accountant

Timetable Immediate

This report was prepared after consultation with:

- Audit Wales
- Head of Finance

Signed

Background

Every council has a statutory duty, as per the Accounts and Audit (Wales) Regulations 2018, to produce an annual statement of accounts, which details the overall financial position of the Council as at 31st March for the year in question. The accounts are audited by Audit Wales before being considered for final sign off by the Section 151 Officer (Head of Finance) and a nominated committee. In the case of Newport City Council, the nominated committee is the Governance & Audit Committee and the chair is responsible for signing the accounts on behalf of the committee. Consideration of the final, audited, accounts will take place in the committee's meeting scheduled for October 2022. As part of that meeting, the committee will receive Audit Wales' ISA260 report, which will provide an overview of any issues identified, including those which have been rectified within the accounts, as well as their overall opinion on the accounts. This report will assist the committee in taking assurance that the accounts can be signed off.

Therefore, the purpose of this report is to provide the committee with a copy of the draft Statement of Accounts, which have been signed by the Head of Finance before being passed to the external auditor, who will undertake their audit of the accounts over the coming months. The committee, at this meeting, is required to consider and note the Statement of Accounts. It should be noted that the accounts will be placed on public display during August. A high-level overview of the key dates over the coming months is provided below, for information.

Draft accounts signed by Head of Finance	12 th July 2022
Public Inspection (20 working days)	8 th August to 5 th September 2022
External audit	July 2022 to October 2022
Final accounts / ISA 260 Report	27 th October 2022

This year's statement of accounts has been prepared, once again, against a challenging backdrop and set of circumstances. As reported in previous years, the COVID-19 pandemic has had an impact. Firstly, the proliferation of Welsh Government COVID-19 grants, as well as the Hardship Fund, has increased the volume of work associated with closing the financial ledger for the year. As a consequence, there was a delay in "locking down" the ledger for the year, with a knock-on impact in terms of the central accounts team commencing their work on the accounts themselves. In addition, the volume of grants has increased the level and complexity of reporting with the Statement of Accounts document itself.

In addition, the Council's Accountancy Service is also in the process of implementing a new finance system. Inevitably, this one-off task has consumed officer time during an already busy time of year, causing further delays in the finalisation of the draft accounts. The consequence is that the draft accounts were signed off by the Head of Finance in early July, which is later than had been initially aimed for.

The Statement of Accounts is a technical document and should be read in conjunction with other financial reports, such as the revenue and capital outturn reports, in order for the full context to be provided. However, the Narrative Section within the document does provide an overview of the financial performance for the year. In the case of 2021/22, it highlights the unusual nature of the year that has just passed, with the revenue underspend of £18m a particular exception to the norm. It also highlights a significant level of slippage within the Capital Programme, as well as a significant increase in the level of useable reserves, which have increased by £41m to a total of £149m.

Other key elements of the Statement of Accounts are the five key financial statements, the Annual Governance Statement, as well as a number of notes, which provide background to

the accounting policies followed and further detail behind the headline figures included in the key statements.

The draft Statement of Accounts form Appendix 1 to this report.

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
The external audit process identifies material misstatements within the accounts which result in a qualified audit opinion being given.	High – Medium (depending upon the nature of any issues identified)	Low	The Council has ensured the necessary controls are in place to be able to produce an accurate Statement of Accounts. Officers will work closely with the external auditors during the period of audit and, wherever possible, will amend the accounts in line with their recommendations.	Head of Finance, Assistant Head of Finance, Chief Accountant and wider Accountancy section.

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

The Council has a statutory duty (as set out in the Accounts and Audit (Wales) Regulations 2018) to produce an annual statement of accounts, which details the overall financial performance and financial position of the Council over the last two years.

Options Available and considered

1. The Committee note the draft 2021/22 Statement of Accounts and the points outlined in this covering report.

Preferred Option and Why

The Statement of Accounts are being presented to Governance & Audit Committee for information only. Therefore, there are no alternative options.

Comments of Chief Financial Officer

The annual Statement of Accounts document is a key cornerstone of financial reporting for all local authorities. In completing the draft accounts, the Council has fulfilled its statutory obligations and the Head of Finance is satisfied that they represent a true and fair view of the Council's financial position as at 31st March 2022. This covering report highlights some challenges and issues experienced in producing the accounts, which impacted upon the timescales involved in producing the draft. The staff involved should be commended for the work undertaken, especially in light of the challenges faced.

Comments of Monitoring Officer

There are no specific legal issues arising from the report. The Council is required to publish an Annual Statement of Accounts in accordance with the Accounts and Audit (Wales) Regulations 2018, which summarises the financial position of the authority at the end of each financial year. Governance & Audit Committee are the nominated committee with responsibility for internal sign-off of the Annual Statement of Accounts, as part of the Committee's statutory role in overseeing and scrutinising the Council's financial affairs. The Statement of Accounts are being presented at this stage in draft form for consideration, prior to their submission to Audit Wales for external audit. The final, audited Annual Statement of Accounts, will need to be formally signed-off by the Head of Finance as the Council's statutory section 151 officer, and the Governance & Audit Committee in October.

Comments of Head of People. Policy & Transformation

The Statement of Accounts for 2021/22 provides an overview of the management of the Council's finances in the backdrop of a very challenging year. This report outlines the Council's responsibility to ensure its finances provide value for money and is spent in accordance with its statutory duties. The Well-being of Future Generations Act requires public bodies to sustainably deliver services for future generations. This report provides that overview of how the Council is meeting this requirement and ensuring it has the resources to deliver on its Well-being objectives. There are no HR issues.

Comments of Cabinet Member

N/A

Local issues

N/A

Scrutiny Committees

N/A

Fairness and Equality Impact Assessment:

- **Wellbeing of Future Generations (Wales) Act**
- **Equality Act 2010**
- **Socio-economic Duty**
- **Welsh Language (Wales) Measure 2011**

For this report, a full Fairness and Equality Impact Assessment has not been undertaken. This is because this covering report and associated documents are not seeking any strategic decisions or policy changes, with their purpose being to report historical financial information. The Wellbeing of Future Generations (Wales) Act 2015 forms an integral part of the financial management of the Council.

Consultation

N/A

Background Papers

N/A

Dated: 19th July 2022

Statement of Accounts

2021/22



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Newport City Council

Introduction

In similar fashion to the previous year, the 2021/22 financial year has been an unconventional one for Newport City Council, as it has been for all other Welsh councils. The COVID-19 pandemic has had a continued impact upon the level, and nature, of expenditure incurred, as well as continuing to affect the level of income generated. Whilst there was a steady recovery from the effects of the pandemic, there were still large parts of the year where services were not able to operate in the traditional manner. A significant reliance upon financial support via the Welsh Government's Hardship Fund, to cover the additional costs incurred and income lost due to Covid 19, continued to be a prominent feature throughout the year. In addition, a range of specific Welsh Government grants were issued during the year, especially in the last quarter, having a significant impact upon the Council's in-year financial position.

In addition to the financial impacts of the pandemic, the Council has seen considerable change in terms of its senior management composition. A management restructure was agreed and implemented, resulting in an overall increase in senior capacity, including a specific emphasis upon transformation of the organisation. As well as this, the Council continues to plan its new way of working, with a hybrid model of operation agreed by Cabinet and due for implementation over the coming 12 months. Furthermore, the final quarter of the year, in particular, has seen the completion of major regeneration schemes, including the refurbished indoor market, which opened in March 2022. Heading into 2022/23, the local elections in May 2022, and the election of a new administration, will result in a new Corporate Plan and strategic priorities for the Council for the next five years. The financial outlook remains uncertain, particularly in light of the current cost of living crisis impacting all services across the authority, meaning the medium-term financial planning process will continue to present a challenge.

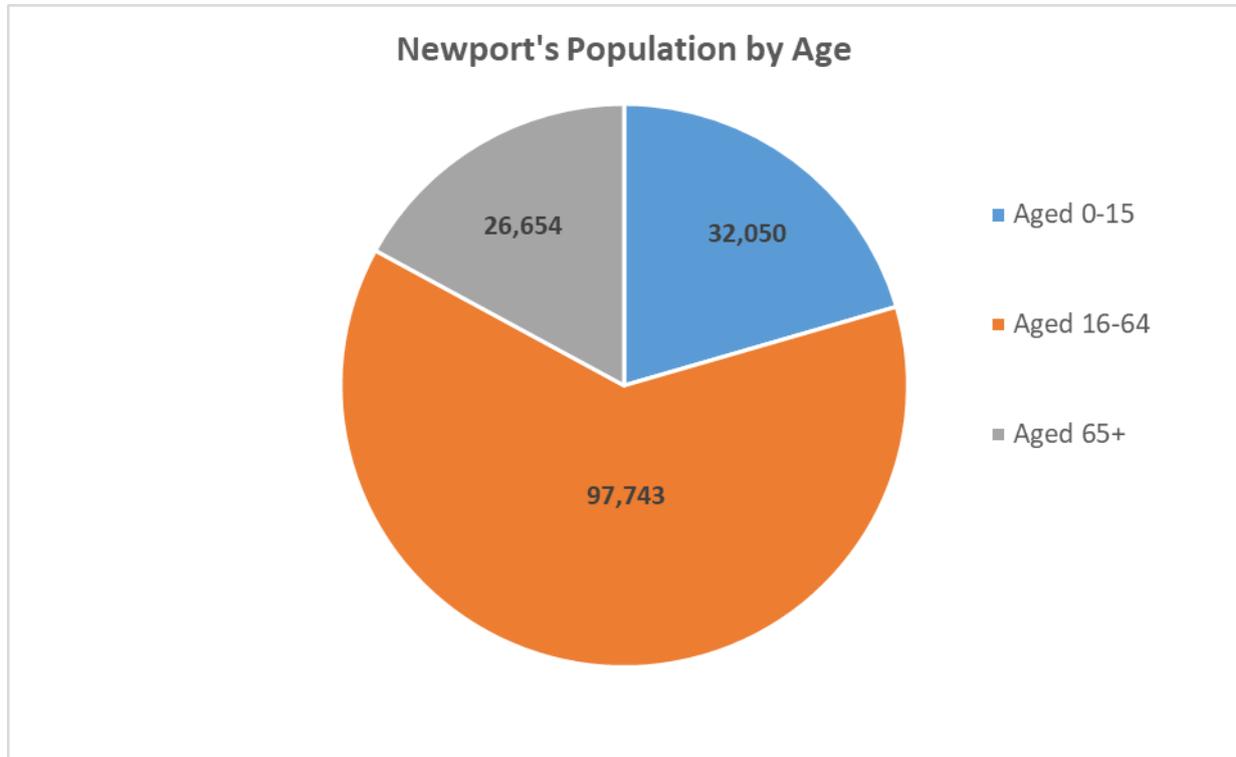
1. About Newport and the Council

Newport is a coastal city, covering a geographical area of just over 84 square miles. It has an urban hub with a rural hinterland and is home to one of Wales' most diverse and multi-cultural populations. The city has a population of over 155,000 and has employment in the city of 84,800 across a broad range of industries.

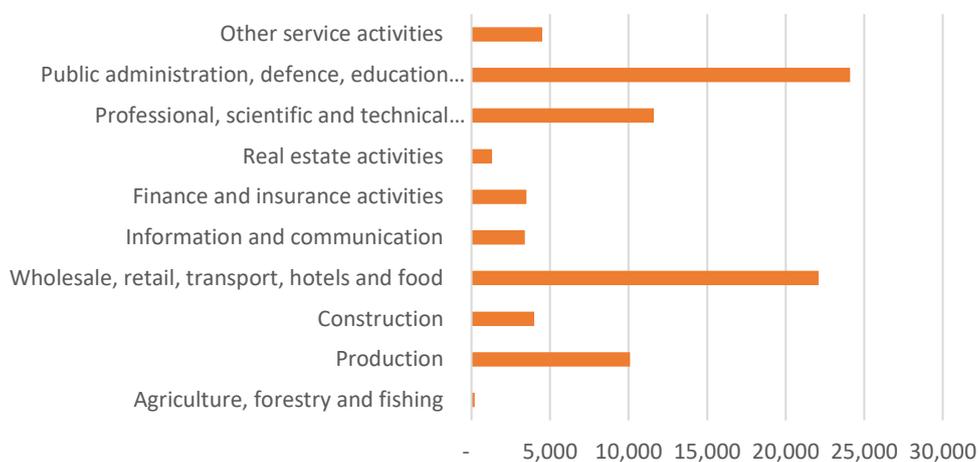
Head of Finance Narrative Report for the Statement of Accounts

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Employment by broad industry



The Council's current Corporate Plan for 2017–2022 – “Building on Success: Building a Better Newport” sets out the key priorities of the Council. The Council has a clear mission statement – “Improving People’s Lives”, which is aligned to the aspirations set out in the Well Being of Future Generations Act. The plan outlines how we will put this mission into practise, through the well-being objectives, which have been adopted:

- Improve skills, educational outcomes and employment opportunities
- Promote economic growth and regeneration whilst protecting the environment
- Enable people to be healthy, independent and resilient
- Build cohesive and sustainable communities

Head of Finance Narrative Report for the Statement of Accounts

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Newport City Council

The Council employs approximately 6,000 members of staff (including teachers and other school-based staff) and every day the mission is executed through the delivery of around 800 discrete activities in various service delivery methods, ranging from services the Council delivers to services delivered in partnerships with a number of other organisations.

2. The Council's Performance and Achievements in 2021/22

Throughout the majority of 2021/22, Newport Council has been responding to the COVID-19 pandemic as services have had to manage increased demand on key frontline services such as Adult and Children services, and preventative services. In addition to this, the cost of living crisis has also emerged, resulting in many households and businesses struggling to meet everyday costs such as energy, fuel and food. Despite these challenges and issues, the Council has continued to respond and support Newport's communities during this period. Towards the end of the financial year, the Ukraine crisis saw the Council's services supporting refugees to safely settle in the city with their sponsors.

Newport City Council launched its Climate Change Plan 2022-27 which sets out the Council's ambition of achieving net zero carbon by 2030. This plan will see an organisation-wide approach to achieving this target. Once again, the Council's waste recycling performance has continued to be above the Welsh Government target and we are continuing to see the purchase of more electric fleet vehicles to support the Council's Climate Change Plan.

The Council's office-based staff continued to work from home throughout 2021/22 in line with the Welsh Government's COVID-19 guidance. Moving forward, the Council's New Normal Project will introduce hybrid / flexible working for the Council's staff. The Council's democratic process has continued to operate virtually enabling the continuation of decision making for the Council and has now moved to a hybrid approach in 2022/23.

The economy and economic resilience of Newport has continued to be a strategic focus for the Council, enabling long term employment opportunities for residents and prosperity for the city and region. In the last year, the opening of Newport Indoor Market, restoration of Market Arcade and opening of a new city centre hotel have contributed towards regeneration of the city centre. In collaboration with Coleg Gwent and Newport Live, the Council approved the development of the Knowledge Quarter in the city centre. This will see the development of a new leisure centre for the city as well as the relocation of Coleg Gwent in the area. The city has also seen significant inward investment from organisations such as Microsoft and ICE, contributing towards Newport becoming a major hub for tech industries.

Throughout the year, the Council and Registered Social Landlords have continued to see increase demand for housing support and assistance. The Council successfully delivered over 55 new affordable homes in collaboration with Registered Social Landlords as part of the £12m Social Housing Grant Programme. The Council, alongside its partners in the city, have continued to support homeless and vulnerable people, enabling them to find long term support and accommodation.

In 2021/22, the Council continued to support households and businesses towards the increasing cost of living. The Council's Revenues (Council Tax, and Non-Domestic Rates) and Housing Benefit teams continued to provide financial support towards Council Tax bills as well as providing additional benefit support. The Council's regeneration team also offered business support towards new and existing businesses throughout the city. The Council has also supported community groups through the Participatory Budget programme offering grants to enable organisations and groups to support their local communities.

The Council's Education services and schools supported children and young people to successfully deliver strong GCSE and A Level results, despite the challenges they faced over the last two years. The Council launched the

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Welsh in Education Strategic Plan and has continued the development of new and existing schools throughout the city. The Council's Additional Learning Needs and Special Education Needs team received additional funding and resource to support schools and vulnerable learners in the city.

Further detail and information on the Council's performance will be reported as part of the Council's end of year review of service area performance and as part of its annual Well-being and Self-Assessment report. Looking forward, the Council will be developing a new Corporate Plan that will support the Labour administration to achieve their manifesto aims, the Council's Well-being Objectives and to support ongoing development of regional and national partnership working.

3. Explanation of Accounting Statements

These Statement of Accounts and notes sets out the Council's income and expenditure for the year, and its financial position as at 31 March 2022. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements are prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, which in turn is underpinned by International Financial Reporting Standards.

There are 4 key statements together with supporting notes, as follows

- The **Comprehensive Income and Expenditure Statement (CIES)** - this reflects the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement is concerned with corporate transactions and funding.
- The **Movement in Reserves Statement** - summarises the Council's income and expenditure activity (in the CIES) and shows how this is adjusted back to arrive at the Council's funding/or Council Tax position, and how surpluses/ deficits have been distributed to reserves.
- **The Balance Sheet** - is a snapshot of the Council's assets, liabilities, cash balances and reserves at the year-end date.
- **The Cash Flow Statement** - shows the movements in the cash and cash equivalents of the Council during the reporting period.

The Statement of Accounts also includes consolidated group accounts:

- **The Group Accounts** - are prepared in addition to the single entity accounts where local authorities have material interests in subsidiary and associated companies and joint ventures. The Group Accounts have been prepared to include Newport Transport Limited, a 100% owned municipal bus company and comprise the Movement in Reserves Statement; the Comprehensive & Income Expenditure Statement; the Balance Sheet; the Cash Flow Statement and associated notes.

The **Notes** to these financial statements provide more detail about the Council's accounting policies and individual transactions.

A **Glossary** of key terms can be found at the end of this publication.

The narrative that follows this now provides some informal commentary on the Council's financial performance, the balance sheet and future financial outlook.

Head of Finance Narrative Report for the Statement of Accounts

Statement of Accounts 2021/22

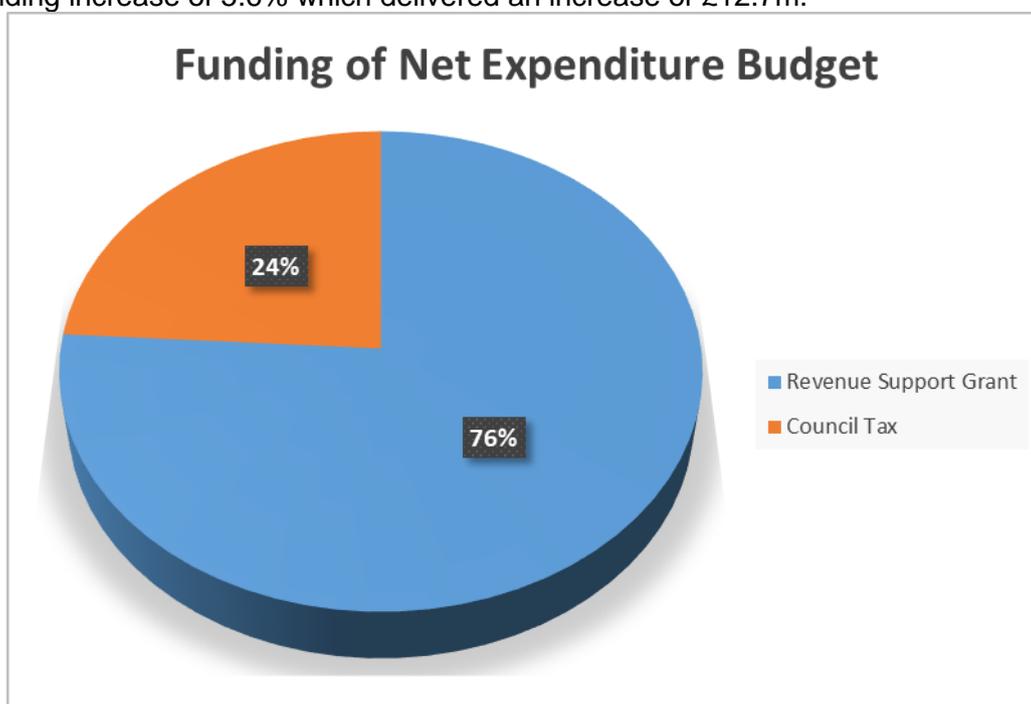
Newport City Council

4. Financial Performance 2021/22

The 2021/22 budget and funding

The 2021/22 budget setting process was set against the backdrop of a positive funding settlement from Welsh Government, with a final increase of £12.719m (equating to 5.6%) being received. This final settlement was better than anticipated and allowed the Council, having already funded the identified inflation and demand pressures, to respond to the public consultation by reviewing the savings proposals and investing in some priority policy areas such as economic regeneration, green infrastructure and carbon reduction.

The final approved net budget for 2021/22 was £315.9m, of which 76% was funded via WG Revenue Support Grant and redistributed non-domestic rates. The 24% balance was funded via Council Tax, set locally, as set out in the graphic that follows. It should be noted that, as Council Tax is the only element directly under the Council's control, an overall 1% increase in funding requirement equates to a roughly a 4% increase in Council Tax. To exemplify this, the agreed 3.7% increase in Council Tax only contributed to a £2.9m increase in funding, compared with the WG funding increase of 5.6% which delivered an increase of £12.7m.



The net budget of £315.9m represented an overall increase of £15.6m on the net budget from 2020/21. Financial pressures in relation to inflation and pay totalled £7.7m, and budget investments amounted to £11.8m, resulting in a funding gap of £3.9m. This gap was bridged via a specific grant of £0.5m and savings totalling £3.4m. The aforementioned 3.7% Council Tax increase was broadly in line with the level assumed within the medium-term financial plan, although this meant that the Newport Council Tax rate, at £1,242 per Band D property, remained one of the lowest within Wales. This low ranking, coupled with the proportion of properties in the lower bandings, continues to present challenges to the authority, in terms of its funding generating ability when compared with councils across the UK, restricting the level of investment that can be made within services.

Despite the more positive settlement received, the medium-term outlook, at the point of setting the budget, remained a challenge, with a net budget gap provisionally identified for the years 2022/23 to 2024/25. The absence of multi-year funding settlements from Welsh Government made it difficult to forecast with certainty the

Head of Finance Narrative Report for the Statement of Accounts

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level of funding that could be expected in those years, however, even with reasonable funding increases assumed, the predicted inflationary and demand pressures exceeded modelled funding levels.

Financial Performance – “how did we do?” – 2021/22

Revenue budget

The 2021/22 revenue outturn produced a net underspend, after core budget contributions to/from reserves and provisions, of £18.4m against the £315.9m budget (5.8% variance). This variance has arisen for several reasons and individual service analysis of key variances is shown later in this report.

At a high level, the following explains the position:

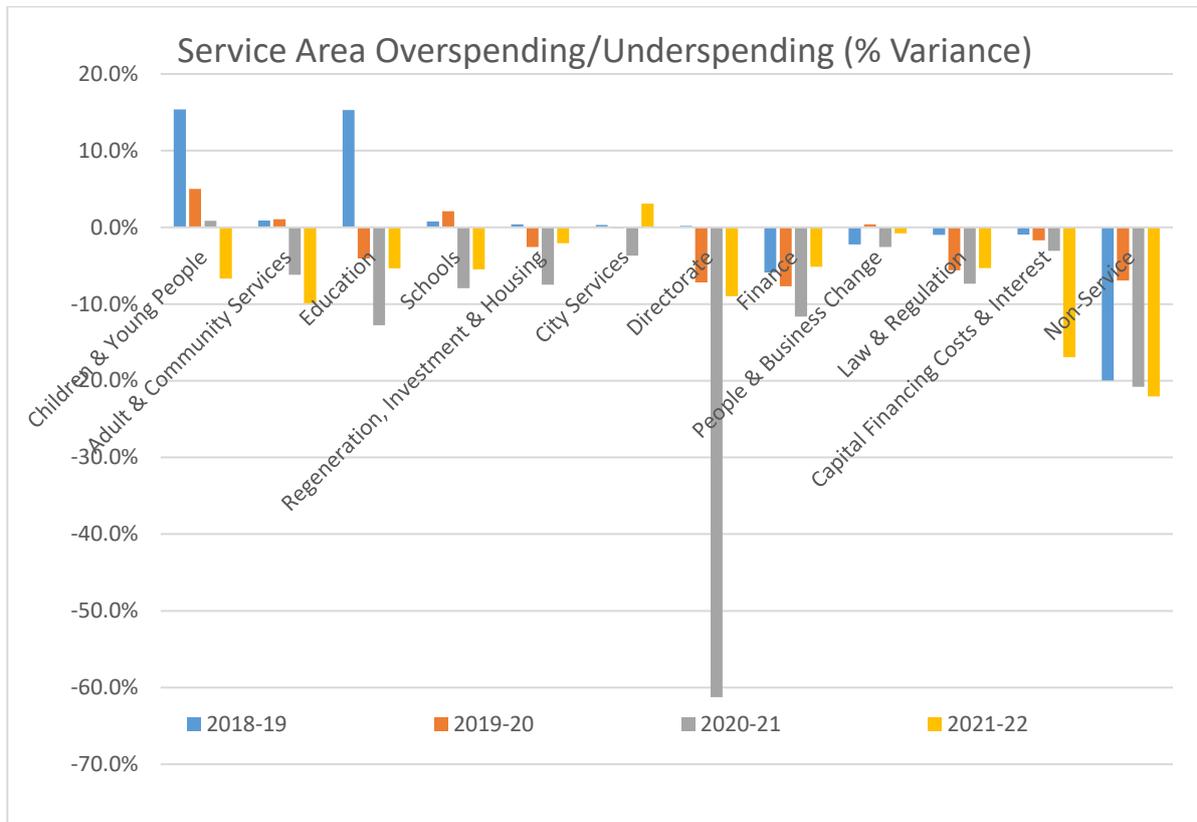
- Receipt of one-off Welsh Government grant funding, a large proportion of which was received in the final quarter of the financial year, to assist the Council in its response to the COVID-19 pandemic or deliver WG policy priorities.
- Underspends across all services in relation to (i) costs of general administration and service provision due to changes in working practices and (ii) staffing savings due to challenges associated with recruitment and (iii) not undertaking planned/normal services as they were either not required or unable to be carried out as the pandemic response work was prioritised.
- Resulting directly and indirectly from the above, the general revenue contingency budget was not required, there was an underspend against the Council Tax Reduction Scheme and an overachievement against budgeted Council Tax income. Furthermore, there was a significant underspend against the Capital Financing budget, mainly due to the receipt of late capital grants from WG and general slippage against the Capital Programme, deferring the need to borrow for capital schemes.

As in 2020/21, the COVID-19 situation, as well as contributing towards a material underspend, has had a significant impact upon the movements on earmarked reserve balances, including those relating to schools, compared with movements that might be anticipated in a normal year. This is partly the product of unusual spending patterns across services, when compared with the picture pre-pandemic. The graph below demonstrates this by displaying the budget variances for each service across the past four years. The general pattern that can be observed is one of overspending moving towards significant underspending from 2018/19 to 2021/22.

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In terms of schools, specifically, a similar trend to that experienced by the rest of the Council was reported. In summary, school balances increased from £9.6m to £15.7m, reflecting late grant awards totalling £4.8m, coupled with general underspending against the budgets agreed for the financial year. This increase in balances is likely to be a temporary one, with the majority of grants anticipated to be used during the 2022/23 financial year.

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Capital programme

The Council has an ambitious capital programme which started in 2018/19 and was initially intended to run through to 2022/23, although two years have been added to the programme to reflect projects spanning the life of the original programme. The total programme amounts to £298m.

	2018/19 Actual	2019/20 Actual	2020/21 Actual	2021/22 Actual	2022/23 Budget	2023/24 Budget	2024/25 Budget	Total 7-year programme
	£m							
TOTAL EXPENDITURE	29.5	31.4	26.2	52.7	117.5	34.7	5.6	297.6

The agreed programme for 2021/22 included:

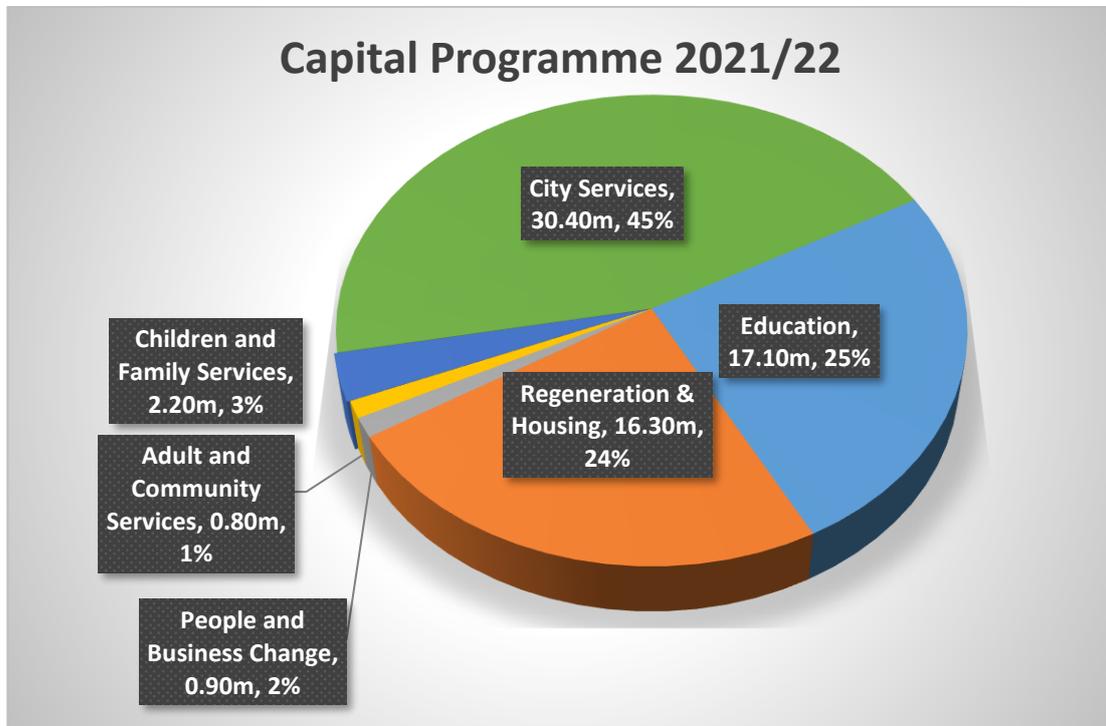
- £17m investment in schools.
- £30m road, transport and infrastructure works.
- £3m for social care projects.
- £16m investment in regeneration and housing (with £5m facilitating developer loans for city centre buildings).
- A range of energy efficiency schemes including schemes aimed at lowering vehicle emissions
- Commitment to invest in the Transporter Bridge
- Delivery of active travel schemes, including Devon Place footbridge
- Investment into a range of regeneration projects within Newport city centre

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Pictorially this was evidenced as follows,

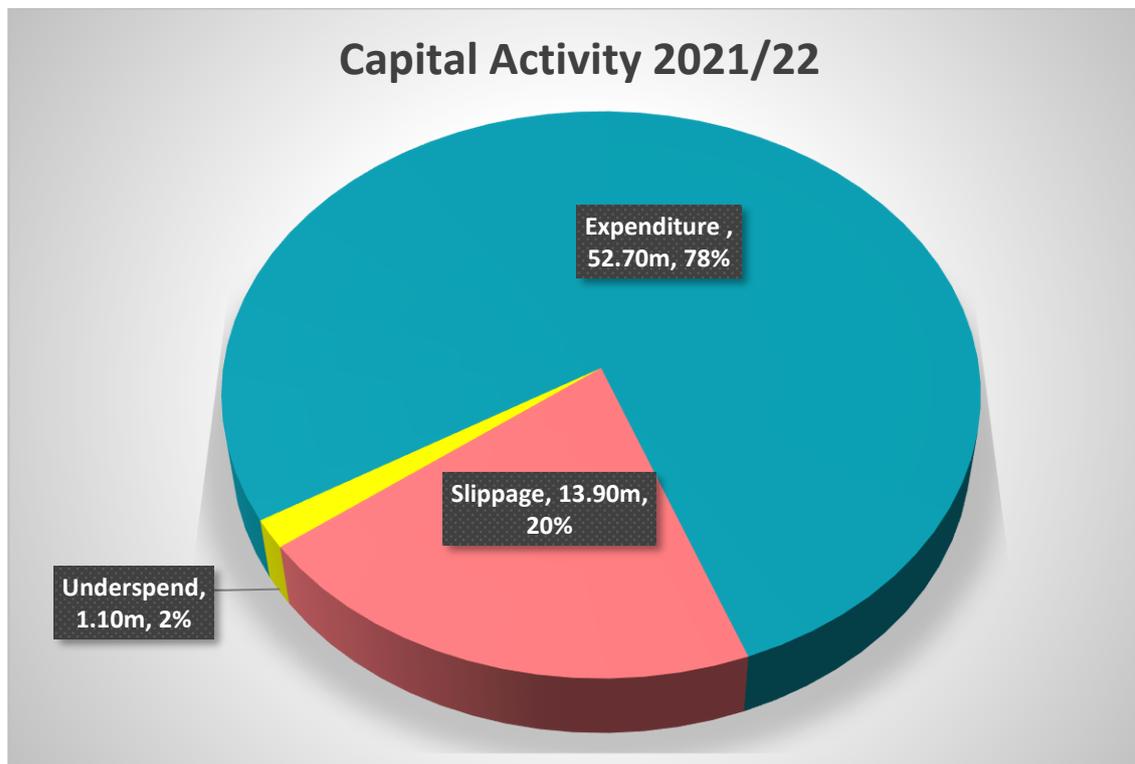


During 2021/22, the Council actually spent £52.7m on Council assets to maintain and improve service delivery and to support regeneration initiatives. The outturn position for capital in 2021/22 showed a total slippage (budget moved into future years of the programme) of £13.9m and a net underspend of £1.1m.

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The capital financing for the £52.7m expenditure was as follows,

Capital Expenditure 2021/22		Financed by:	
Education & Schools	£14.2m	Grants	£45.2m
Regeneration, Investment & Housing	£13.1m	Borrowing	£5.5m
People & Business Change	£0.6m	Contributions & S106	£1.2m
Social Services	£2.4m	Council Resources	£0.8m
City Services	£22.4m		
TOTAL	£52.7m		£52.7m

Balance Sheet

The Balance Sheet shows a 'snapshot' of the Council's assets and liabilities as at 31 March 2022, including its reserves. The Council's balance sheet has seen an increase in value between 2020/21 (net liability of £92m) and 2021/22 (net assets of £39m). This movement is mainly due to a reduction in the pension fund liability and an increase in short term investments. The pension fund liability is now £403m which, if excluded from the balance sheet, would leave net assets of £443m.

Usable reserves (a reserve which can be used to fund cash expenditure of the Council) of £148.8m shows the Council as having strong financial resilience. Most of these are covering specific issues and risks and earmarked for specific purposes. A further breakdown of these reserve balances are shown in the section that follows.

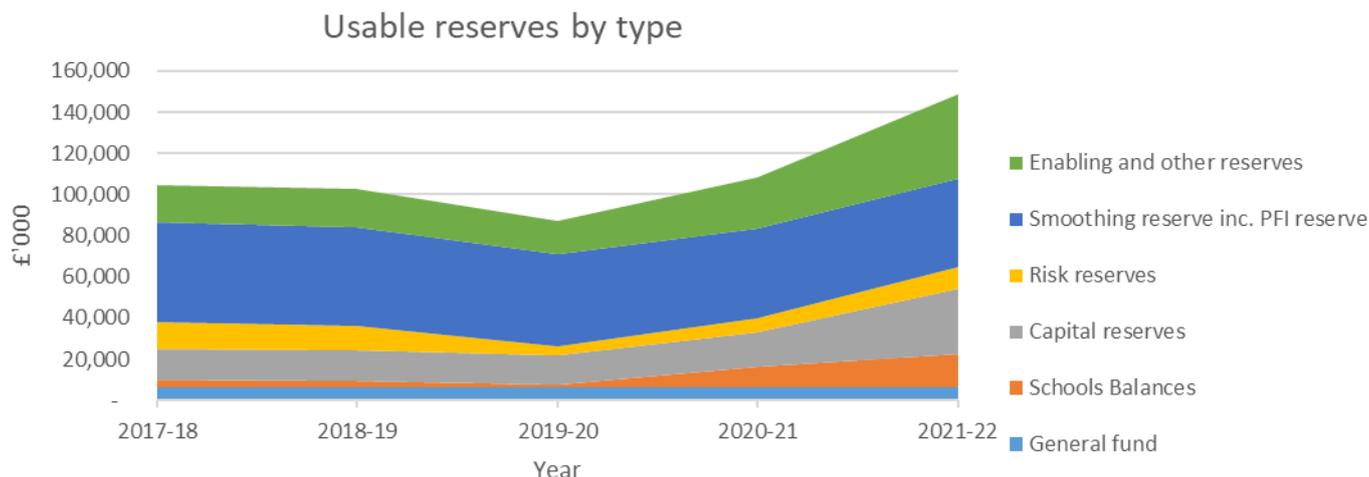
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Usable Reserves

The level of Council's usable reserves increased, net, by £40.5m in 2021/22 from £108.3m to £148.8m. The General Fund Reserve remained unchanged at £6.5m (3.2% of net expenditure budget excluding schools). The chart below shows the level of reserves since 2016/17, showing those reserves that cover risk areas, are enabling in their purpose, assist with smoothing expenditure, the General Fund Reserve, Schools reserves and other reserves.



The chart above shows that usable reserves have remained relatively steady during the period shown, before a reduction in 2019/20 and then significant increases in the subsequent two years, with a 25% increase in 2021/22 alone. In breaking down the increase shown in 2021/22, it should be noted that the majority of the increase is reflective of the overall revenue underspend, which has seen the £18.4m surplus distributed across a handful of earmarked reserves. In addition, school balances, which are required by legislation to be held in individual reserves specific to each school, increased by £6.2m and account for the majority of the residual balance.

The reserves as at 31st March 2022 reflect the following:

- General Fund Reserve balance of £6.5m. This is a prudent reserve held to mitigate against the risk of unforeseen circumstance. It is established by Council's Head of Finance and is a product / proportion of the annual budget. It is ultimately the last line of defence once specific earmarked reserves and other contingencies have been utilised.
- Adequate cover for the assessed risks identified by the Council – such as known one-off risks such as the response to the pandemic, self-insurance and investment risks.
- Good level of 'enabling' reserves to fund strategic/transformational programmes and fund other 'cost to change' / savings projects, city centre development fund and support to the Council's Capital Programme.
- Smoothing reserves, in particular those relating to the ongoing costs of the two PFI schemes that the Council is involved in.

Unusable reserves

Also detailed on the balance sheet are unusable reserves which are non-cash backed reserves which allow for significant accounting adjustments as to not impact on the Council Tax payer during the year.

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Impact of pension deficit on reserves

The Council participates in the Local Government Pension Scheme. Employees and employers contribute into the fund and, along with investment income and growth generated, the funds are used to pay its pension obligations. The Fund is valued every three years to assess if the assets are sufficient to fund its pension obligations, taking account of actuarial assumptions of members' life expectancy, investment returns, value of pensions paid out etc. The employer contribution rates were 21.2% of pay for 2021/22 and which are due to rise by 1% in 2022/23 to 22.2%. The average employee contribution rate was 6.2% of pay.

The Statement of Accounts for 2021/22 shows an improved pension affordability position on that reported in 2020/21. The headline message being that the net unfunded liability has reduced by £72m to £403m. The main cause for this improvement is due to the performance of investments during the period, these have been offset in part by changing actuarial assumptions (e.g. increased inflation, decreased discount rate, increasing longevity/age predictions).

It should be noted that the fund is there for the long-term funding of pensions, and annual variations in actuarial assumptions can skew the presentation of figures quite significantly in any one year. This anticipated deficit on the pension scheme and its impact on the Council's overall reserves is also a long-term issue. Helpfully, the deficit and liability would not arise in any single year, and the deficit is being addressed through higher employee and employer contributions, as well as the pension scheme benefits being calculated differently, such as moving to career average salaries as opposed to final salary.

Further details on pension balances and transactions can be found in Notes 41-42.

Provisions & Contingencies

Provisions are funds set aside on the balance sheet to meet likely liabilities. An assessment is made each year on the level of the risks and, if any, what new issues/risks have arisen and require sums to be identified and set aside.

Following our assessment of risks, total short-term provisions increased by a net £511k to £7.0m after £1.7m of historic provision was utilised. The increase, after allowing for the use of historic amounts, is mainly due to the need to add to existing insurance provisions, to reflect likely claims activity and potential legal issues arising from health and safety issues.

Long-term provisions have increased by a net £256k to £11.4m. The provision in respect of capping and upkeep of Council tips increased by £747k, reflecting a shortening lifespan of the asset. The effect was masked by a reduction of £500k to the long-term provision set aside to pay future income subsidy fees up to 2032 which moved instead to Friar's Walk short term provision as it likely falls due within the next 12 month period.

Additionally, the Council makes provision for a proportion of the debts it raises not being paid. This is calculated based on historic recovery levels and how long particular debts have remained outstanding. Combined for general debts, housing benefit and Council Tax, this provision has increased by £1.1m. This year, the calculation has prudently taken into account the ongoing effect of the COVID-19 pandemic on likely recovery of debt.

In addition to provisions, a number of contingent liabilities are disclosed in the Statement of Accounts (Note 44). The distinction between a provision and contingent liability is around the uncertainty as to whether the event will occur and if so whether it can be suitably quantified. As such, no specific resources are attributed to affording contingent liabilities (unlike provisions) and the Council would use its annual resourcing and reserve balances should such pressures materialise.

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Details of the movements of individual provisions and contingent liabilities are shown in Note 24 and 44 respectively.

4. Financial Outlook

The final funding settlement from Welsh Government for 2022/23 confirmed that funding would increase by 10.31%, which was better than anticipated, although consistent with the provisional figures received earlier in the year. Such a positive settlement was clearly welcomed, as it enabled the Council to fully cover its estimated inflation and demand pressures, as well as facilitating a lower than previously planned Council Tax increase (2.4%). In addition, a relatively low level of savings was required to balance the budget and there was also scope to fund some policy priority areas.

The most significant investments, in addition to non-schools staffing pressures, were linked to:

- £8.003m investment in school budgets, including estimates for pay inflation and demand pressures.
- £6.502m investment in social care, including funding to pay staff the Real Living Wage and additional provision to cover the higher ongoing costs of the sector, in the wake of the pandemic.
- £1.597m to cover the employers' cost arising from the increase in National Insurance contribution rates.
- £0.5m to assist with managing the ongoing financial impact of the pandemic and associated recovery.
- £0.6m investment in the city centre and maintenance of play areas and equipment.

As in the previous year, despite the positive settlement, uncertainty continues to exist when looking at the medium term picture. Although Welsh Government have provided indicative settlement figures for the following two financial years, an overall medium term budget gap is currently being projected. To provide context, this forecasted gap does not necessarily reflect the full extent of the current cost of living and inflationary challenges. Therefore, there is a risk that this position will worsen over the coming months as the Council reviews its MTFP and 2023/24 budget in particular and require steps to be taken to ensure a balanced budget for 2023/24.

As well as the specific inflationary challenge, there remains the issue of the pandemic which, whilst not as acute as in recent years, may well have a longer term impact which the Council will need to manage and respond to. There is no guarantee that there won't be further periods of lockdown and the financial impact, through both additional expenditure and loss of income, to contend with. The Council has created financial mitigation, up to a certain level, for the 2022/23 financial year, but will need to consider the longer term impact as part of its 2023/24 budget and consider realigning budgets to reflect the new post-pandemic environment that it will be working within.

There is also a challenge to respond to in terms of the Council's capital programming. Rising costs of construction and issues with supply chains are placing unprecedented constraints on delivery and cost of the programme. This has resulted in both significant levels of slippage and projects overspending, requiring a need to identify additional resources and, in the process, restricting the scope of what can be delivered. As the Council embarks on preparation for a new five-year Capital Programme, close attention will need to be paid to the cumulative impact of increasing levels of capital expenditure on overall affordability and ultimate pressure upon the revenue budget.

Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Head of Finance;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts

The Head of Finance's Responsibility

The Head of Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Head of Finance has:

- Selected suitable accounting policies and then applied them consistently
- Made judgments and estimates that were reasonable and prudent
- Complied with the Local Authority Code

The Head of Finance has also:

- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Head of Finance Certificate

I certify that the Statement of Accounts set out in pages 49 – 144 Give a true and fair view of the financial position of Newport City Council and Newport City Group at 31 March 2022 and its income and expenditure for the year end 31 March 2022.

Signed	Signed
Meirion Rushworth	
Head of Finance (Section 151 Officer)	Chair of Governance & Audit Committee
12th July 2022	

What is Corporate Governance?

Corporate governance is the system of rules, practices and processes by which an organisation is directed and controlled. Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

What does 'Good' Corporate Governance look like?

Good governance is about the processes for making and implementing decisions. It's not about making 'correct' decisions, but about the best possible process for making those decisions, ensuring that it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Good governance leads to effective:

- leadership and management;
- performance and risk management;
- stewardship of public money; and
- public engagement and outcomes for our citizens and service users.

What this statement will tell you

The Annual Governance Statement is a requirement of the Accounts and Audit (Wales) Regulations 2014. It also takes account of the Local Government and Elections (Wales) Act 2021. This Statement will be incorporated into the Council's Annual Wellbeing and Self Assessment Report. This Statement demonstrates that Newport City Council is compliant with these Regulations for 2021/22.

It describes the governance framework in place within the Council, how the effectiveness of the governance arrangements has been monitored and evaluated during the year with evidence and examples and sets out any changes planned for 2022/23.

This Statement has been prepared in accordance with guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE); the 'Delivering Good Governance in Local Government Framework 2016' and 'Delivering Good Governance in Local Government Guidance Notes for Welsh Authorities 2016'. It embraces the elements of internal financial control required by the 'Code of Practice on Local Authority Accounting in the United Kingdom'.

This statement was compiled following the Coronavirus (COVID-19) pandemic which, in the first few months of 2020, resulted in the suspension of all public and non-essential meetings and which continued, to a lesser extent, throughout 2021/22.

The sound governance framework in place at Newport City Council is detailed in the revised Code of Corporate Governance 2019/20 which includes a detailed list of all governance arrangements.

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1 Scope of Responsibility

- 1.1 Newport City Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and to proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 1.2 The Council also has a duty under the Local Government (Wales) Measure 2011 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation. The Council is now required to self-assess its governance and performance as outlined in the Local Government and Elections (Wales) Act 2021.
- 1.3 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and arrangements for the management of risk.
- 1.4 'CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (2010)' sets out the governance arrangements which are in place within the Council to ensure sound financial management.
- 1.5 The Council's Code of Corporate Governance sets out its commitment to good Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. This was initially approved by Cabinet and then Council in July 2013 with a further update approved by Cabinet in July 2014. The Code was updated in 2019/20 and approved by Cabinet in April 2021. A copy of the Code can be obtained from the Head of Finance.
- 1.6 The Code of Corporate Governance outlines the key governance arrangements in place at Newport City Council and as such will be cross referenced to where relevant throughout this Annual Governance Statement.

2 The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at the Council throughout the year 2021/22, and up to the date of approval of the statement of accounts.

- 2.4 A review of the governance arrangements around the development, delivery and monitoring of the Council's future 'Transformation Programme' is currently underway and will also include clear responsibilities and arrangements for other key areas, such as financial management, capital programme, major projects etc. It is anticipated this will be put in place in the first quarter of 2022/23.

3 The Governance Framework

- 3.1 The Council's Governance arrangements are in line with the following principles:

Overarching requirements for acting in the public interest:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement

Achieving good governance in the public sector also requires effective arrangements for:

- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The Statement will cover these principles in more detail from Section 6 onwards.

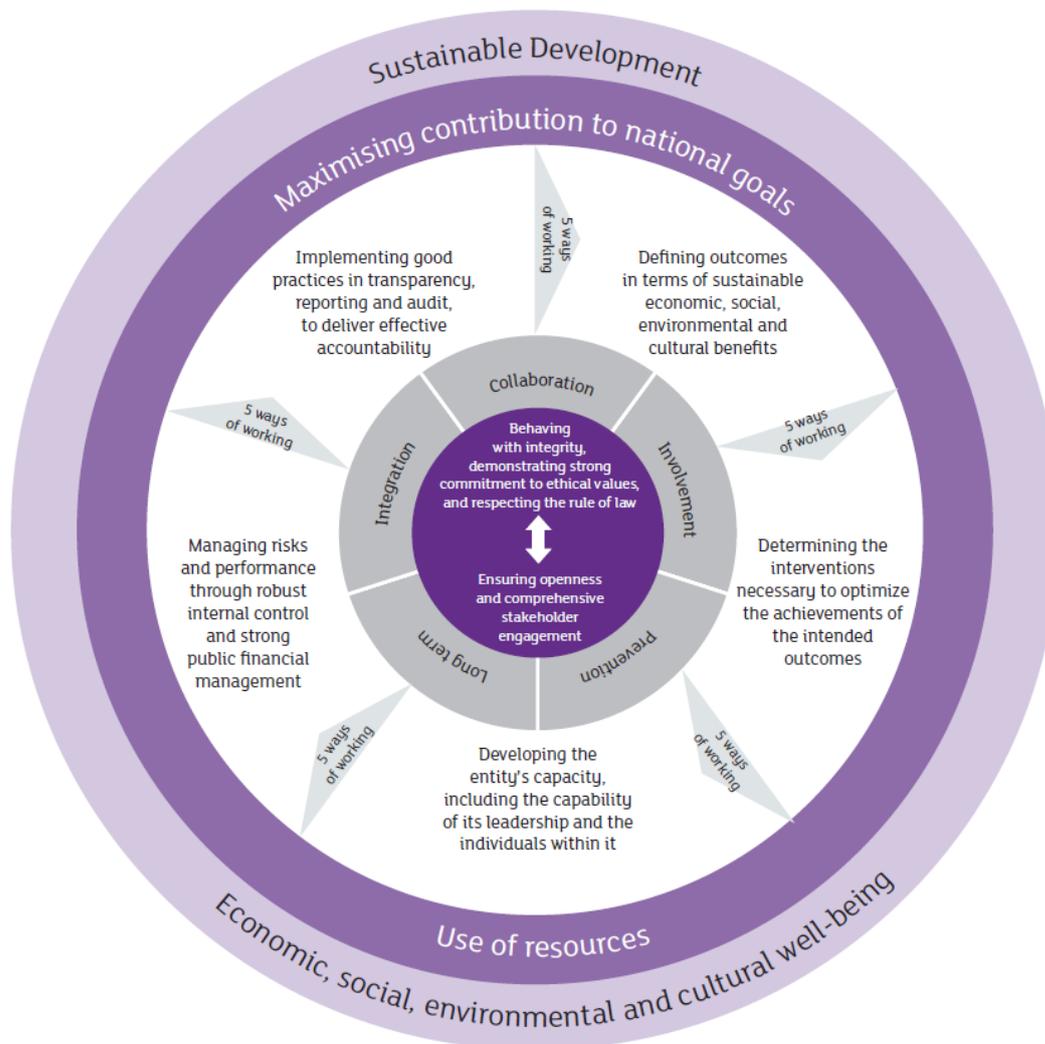
Wellbeing of Future Generations (Wales) Act 2015

- 3.2 The diagram on the following page brings together the above principles of good governance with the requirements of the Well-being of Future Generations (Wales) Act 2015; it shows sustainability as all-encompassing, with the core behaviours of:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law; and
- Ensuring openness and comprehensive stakeholder engagement

This needs to be applied to the five ways of working outlined in the 2015 Act. These five ways of working have to permeate all segments of delivering outcomes which, in turn, should ensure effective

use of resources as the Council maximises its contribution to the economic, social, environmental and cultural well-being of Wales.



The Three Lines of Defence in effective Risk Management and Control

3.3 Assurance can come from many sources within the Council. The Three Lines of Defence is a concept for helping to identify and understand the different sources of assurance. These are:

- First Line - functions that own and manage risks e.g. management and supervisory controls;
- Second Line - functions that oversee risks e.g. Governance structures and processes such as Scrutiny Committees, policies and procedures and;
- Third Line - functions that provide independent assurance on the management of risks e.g. Internal Audit along with external providers of assurance such as External Audit and External Inspections & Regulatory Reports (e.g. ESTYN & CIW).

The model helps the Council understand how each area contributes to the overall level of assurance and how good governance can be integrated and supported.

Corporate Plan

3.4 The Council's Corporate Plan for 2017 to 2022 "Building on Success – Building a Better Newport" sets out the 5 year vision and direction for the Council.

3.5 The Corporate Plan forms part of the Council's policy framework, and prior to agreement had been through the necessary consultation with scrutiny and members of staff.

3.6 Within the Corporate Plan twenty commitments for change, relating to the following four key areas have been outlined:

- Resilient Communities,
- Thriving City,
- Aspirational People,
- Modernised Council.

3.7 Newport City Council's Well-being Objectives are:

- To improve skills, educational outcomes and employment opportunities
- To promote economic growth and regeneration while protecting the environment
- To enable people to be healthy, independent and resilient
- To build cohesive and sustainable communities

3.8 The Corporate Plan is delivered through service area plans. Service plans are set in conjunction with Cabinet Members and scrutiny committees to ensure oversight and accountability for the delivery of the actions.

3.9 An annual report of progress against the Corporate Plan is presented to members (Cabinet - October 2021) and published so that it can be shared with all employees and members of the public to present an open and transparent view of how the Council is working towards its vision and objectives and how further work will be focused to ensure further improvement.

Public Service Board

3.10 The One Newport Public Service Board (PSB) Newport merged with other local boards during 2021/22 to form the regional Gwent Public Service Board (Cabinet October 2021). One Newport will continue as a strong Local Delivery Partnership and will deliver the City's Well-being Plan until March 2023.

3.11 PSBs were established by the Well-being of Future Generations (Wales) Act 2015 (WFG) and must work in accordance with the sustainable development principle and achievement of the seven wellbeing goals by:

- assessing the state of the City's economic, social, environmental and cultural wellbeing;

- setting local objectives that are designed to maximise their contribution within the City to achieving those goals;
- taking all reasonable steps to meet those objectives.

3.12 Performance of the Well-being Plan was reported through the Performance Scrutiny Committee – Partnerships during 2021/22, in October 2021 and February 2022. A summary was reported into Cabinet October 2021.

3.13 Newport's stakeholders are encouraged to get involved with shaping the policies and decisions of the PSB through the Involve Newport Citizens' Panel and the One Newport Engagement and Participation Strategy.

Coronavirus (Covid-19) Pandemic

3.14 The Coronavirus pandemic (Wef March 2020) had caused significant organisational disruption including new emergency responsibilities, increased staff absence and a requirement for staff to work from home (where possible) while continuing to ensure statutory services were maintained as expected. For the duration of 2021/22 the majority of office based staff within the Council continued to work from home. This statement assesses the governance in place during 2021/22.

3.15 In accordance with the Council's Corporate Emergency Management Plan (revised March 2019) an Emergency Response Team (ERT) was established along with a regional multi-agency Strategic Co-ordination Group (SCG) to deal with this pandemic. These groups continued to meet throughout 2021/22.

3.16 Once enacted, the Corporate Emergency Management Plan allowed for an emergency management structure and delegation of emergency powers to the ERT Gold Duty Officer in consultation with the Leader of the Council.

3.17 The pandemic impacted on the Council's delivery of services as some staff were diverted to front line duties to ensure that critical services were prioritised. There were also new areas of activity as part of the national response to Coronavirus for example providing emergency assistance to businesses in Newport.

3.18 There has been funding and logistical consequences of delivering the local government response. To ensure appropriate governance and accountability, these costs have been identified by staff and appropriately coded on the Council's Main Accounting System and reclaimed from Welsh Government.

3.19 In line with public health measures to mitigate the spread of Coronavirus and to enable the Council to focus on the delivery of critical services, all public meetings were initially suspended. This included Council meetings, meetings of full Cabinet and all committee and sub-committee meetings, including Scrutiny, Planning and Licensing.

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- 3.20 Urgent decisions were made in accordance with the officer and members' schemes of delegation as detailed in the Council's Constitution and urgent decision-making procedures.
- 3.21 Using appropriate technology there was minimum disruption to Council democratic business; Cabinet recommenced in June 2020, Council in July 2020, Governance & Audit Committee in September 2020, Democratic Services Committee in October 2020, Scrutiny Committees in September 2020. Virtual and remote meetings were held in line with temporary legislation.
- 3.22 Moving into 2021/22, Welsh Government restrictions eased. Covid 19 Recovery Updates and Response and Progress continued to be reported through Cabinet monthly. Responding to the New Normal was also reported through Cabinet in July 2021 and December 2021.
- 3.23 During 2021/22 the coronavirus pandemic did not lead to significant internal control or governance issues which impacted on the overall review of effectiveness.

Internal Audit

- 3.24 As far as possible, the systems of internal control have continued to operate during the pandemic. The Council's implementation of Office365 and multi-factor authorisation has allowed the majority of employees to successfully work from home without major disruption. For example, the Council's i-Procurement system allows for electronic authorisation from delegated officers with an inbuilt segregation of duties.
- 3.25 In the Chief Internal Auditor's opinion, adequate assurance was obtained over the course of 2021/22 resulting in an overall '*Reasonable*' assurance audit opinion to be issued for the Council's activities, although this was based on limited work undertaken by the team; the Internal Audit Plan was approved by Governance & Audit Committee in May 2021. Internal Audit normal coverage was adversely affected during the 2021/22 as very few site visits were permissible. 71% of the approved Audit Plan was completed against the target of 82%, with 35 audit opinions issued. Reliance on previous years' audit work has also been taken into consideration in arriving at this year's opinion in that there have been no significant systems or staff changes. Further detail regarding the Internal Audit team's performance is included within the Internal Audit Annual Report 2021/22 which will be presented to the Governance & Audit Committee in May 2022.

4 Review of Effectiveness

- 4.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Corporate Management Team within the Council which has responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 4.2 The processes that have been applied to maintain, review and improve the effectiveness of the governance framework include:

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- i. periodic reviews of the Constitution and ethical governance arrangements by the Monitoring Officer; Democratic Services Committee in February 2021;
- ii. periodic reviews of the financial controls by the Chief Finance Officer; Revised Contract Standing Orders approved by Cabinet in December 2019;
- iii. formal risk management and regular on-going review of the processes involved; Cabinet March 2021, September 2021, October 2021, December 2021;
- iv. the Internal Audit function, whose work takes account of identified risks through regular audits of the major systems and establishments in accordance with the Annual Internal Audit Plan, and which includes 'follow-up' work to ensure that Heads of Service implement agreed management actions; Annual Report 2020/21 Governance & Audit Committee May 2021;
- v. the work of the Performance Scrutiny Committees, Overview & Scrutiny Management Committee, Democratic Services Committee, Standards Committee and Governance & Audit Committee;
- vi. the opinions and recommendations of the Council's external auditors and other inspection and regulatory agencies;
- vii. regular monitoring of performance against service plans and key targets, and reporting of this to senior management and members, through the Management Information Hub;
- viii. the outcomes of the Annual Information Risk Report are monitored quarterly by the Information Governance Group;
- ix. progress against the Newport Well-being Plan is monitored by scrutiny and the PSB throughout the year.

Sections 5 to 11 demonstrate how the Council is meeting the key governance principles with evidence and examples.

5 Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Behaving with integrity

- 5.1 Standards Committee met throughout 2021/22; received reports on succession planning for Standards Committee Members in line with respective Regulations, updates on complaints against Members, revised Employee Code of Conduct, changes to the Guidance on Members' Code of Conduct.
- 5.2 In order to monitor all key Council decisions for fairness a 'Fairness Commission' was established. Members of the Fairness Commission were chosen to represent a range of interests, experiences and backgrounds from across the City, including education, trade unions, equality groups, faith communities and the two main political parties in the Council. The Fairness Commission is chaired by an academic from the University of South Wales. Reviews of the Council budget proposals have been undertaken by the Fairness Commission.
- 5.3 The Council has an agreed Constitution, available on the website, which includes the Council's related codes and protocols.

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- 5.4 A set of Council values 'Courageous, Positive, Responsible' were established following staff feedback. These are regularly communicated with all staff.
- 5.5 The Council demonstrates, communicates and embeds its operating principles and values through appropriate policies which are reviewed on a regular basis. These policies also place an emphasis on ethical values. Some of the policies in place to support this are:
- Whistleblowing Policy
 - Member and Employee Codes of Conduct
 - Anti-Fraud, Bribery & Corruption Policy
 - Safeguarding Policy
 - Complaints Procedure
 - Code of Corporate Governance
- 5.6 The Council's financial management arrangements conform to 'CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (2010)'.
- 5.7 The revised Anti-fraud, Bribery and Corruption Policy and the updated Code of Corporate Governance were approved by Cabinet April 2021.

Demonstrating strong commitment to ethical values

- 5.8 The Council's Ethical Governance Framework includes:
- codes of conduct for officers and members, which are reviewed, updated and tested for compliance;
 - a protocol governing Member/Officer relations;
 - a whistle-blowing policy widely communicated within the Council and which is periodically reviewed;
 - registers of personal and business interests for Members and Chief Officers;
 - an agreed policy and associated corporate procedures for ensuring that complaints about services can be properly made and investigated, and for ensuring that any lessons can be applied;
 - the Strategic Equality Plan and Equality Objectives 2020-24 were agreed by Cabinet in July 2020 and Council September 2020;
 - Strategic Equality Plan Annual Report for 2020/21 went to Council in November 2021.
- 5.9 In line with the Local Government Measure a separate Democratic Services Committee was established; this committee met throughout 2021/22; it deals with national consultation exercises, national policy and Members' codes and development. Council received a copy of the Democratic Services Committee Annual Report for 2020/21 in November 2021.
- 5.10 The Standards Committee, which includes a majority of independent representatives, advises on and monitors the Member Code of Conduct, the Protocol for Member/Officer Relations, and any other codes relating to the conduct of Members. Council received a copy of the Standards Committee Annual Report for 2020/21 in November 2021.

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- 5.11 A review of Ethical Standards Framework was taken through Standards Committee in November 2021.
- 5.12 Induction training for employees covers code of conduct, expected standards of behaviour and the importance of the whistleblowing policy. These documents are also available on the staff intranet.
- 5.13 The Council looks to ensure that external providers of services on behalf of the Council act with integrity and in compliance with high ethical standards. The Council has signed up to the Welsh Government's Code of Practice – Ethical Employment in Supply Chains. The Code covers modern slavery and human rights abuses, blacklisting, false self-employment, unfair use of umbrella schemes and zero hours contracts as well as considering paying the living wage.

Respecting the rule of law

- 5.14 The Council has a strong commitment to the rule of law and adhering to the laws and regulations set by Welsh Government, UK Government and the European Union. There were no "call-in" challenges to decisions on procedural grounds and no judicial review challenges on grounds of legality during the year.
- 5.15 The Council is required to meet statutory obligations regarding the handling of data; the Digital Strategy incorporates an Information Risk Management Policy which outlines roles and responsibilities for information risk management. This ensures that the requirements of legislation, including the Data Protection Act 2018 (GDPR), Environmental Information Regulations 2004 and the Freedom of Information Act 2000 are met and that the risks around information are managed appropriately. The Annual Information Risk Report 2020/21 was presented through the Information Governance Group for consultation and endorsed by the Cabinet Member in September 2021.
- 5.16 There were 2 ongoing complaints of Member misconduct made to the Public Services Ombudsman for Wales (PSOW) during 2021/22 involving City Councillors. 3 further complaints against City Councillors were made to the PSOW but he felt there was no breach of the Code and were not accepted for formal investigation. During the year the PSOW reported the outcome of 1 complaint which was upheld and referred to the Standards Committee for a breach of the Member Code and consideration of a sanction.
- 5.17 The Council's Annual Report on Compliments, Comments & Complaints was taken through Cabinet November 2021. In 2020/21 17 complaints were received by PSOW concerning Newport. Most of the complaints received were discontinued or resolved. Although the Council had to take action on 3 complaints, there were no findings of maladministration, misconduct or public interest reports.
- 5.18 Following the Local Government elections in May 2017, mandatory training was provided to new Members of the Council along with other training sessions for existing Members. This will be reviewed and updated following Local Government elections in May 2022.
- 5.19 The Internal Audit team continued to deliver awareness raising sessions on the importance of compliance with Financial Regulations and Contract Standing Orders.
- 5.20 There was no change in Leadership of the Council in 2021/22; Cllr Mudd continued as Leader of the Council.

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5.21 During 2021/22 the Council had the following statutory posts and enables officers to fulfil their responsibilities in accordance with legislative and regulatory requirements:

- Head of Paid Service (Chief Executive)
- Section 151 Officer (Head of Finance)
- Monitoring Officer (Head of Law & Standards)
- Director of Social Services
 - The Director of Social Services post was fulfilled by the Head of Adult & Community Services on an interim basis until the recruitment took place for the Strategic Director (Social Services) who assumed this role in October 2021.
- Head of Democratic Services
 - Following an internal appointment, the role of Democratic Services Manager was filled in May 2021.

5.22 The Corporate restructure saw the appointment of 3 new Strategic Directors during the year:

- Transformation & Corporate
- Environment & Sustainability
- Social Services

In addition, the restructure saw an increase from 8 to 11 Heads of Service. One Head of Service appointment (Head of Housing & Communities) was vacant at the end of the 2021/22 year.

5.23 The Council optimises the use of the full powers available for the benefit of the citizens of Newport, communities and other stakeholders. For example, the Council takes its decisions by way of full Council or the Executive (Cabinet). Decisions are also taken by individual Cabinet Members and Chief Officers. The Scheme of Delegation and the Terms of Reference which are included in the Constitution, make it clear at which level decisions are taken.

5.24 A revised Whistleblowing Policy was updated in 2017, and a confidential helpline set up. In 2021/22 there were no disclosures made under the policy.

5.25 All waivers of Contract Standing Orders and urgent decisions are reported through the Governance & Audit Committee quarterly.

6 Principle B: Ensuring openness and comprehensive stakeholder engagement

Openness

6.1 The majority of meetings are held in public as shown from Committee agendas and minutes which are then available on the website. The Council broadcasts Council meetings and Planning Committees live on the internet and is working towards webcasting other formal member meetings. Live tweets are broadcast from Newport City Council's Twitter account.

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- 6.2 Due to the impact of Covid-19 and national lockdown in March 2020 all public meetings were initially put on hold. Throughout 2021/22 virtual and remote meetings were set up which were accessible to the public.
- 6.3 As part of Newport City Council's commitment to being open and transparent it continues to publish its data on the website which the public is free to view and use www.newport.gov.uk/transparency.
- 6.4 The Council has responded to Freedom of Information Act requests within the required 20 days:

	2019-20	2020-21	2021-22
No' of FOI requests	1,100	797	953
No' responded to within 20 days	992	724	853
Percentage of FOIs responded to within 20 days	90.2 Target 88%	90.8% Target 88%	89.5% Target 88%

- 6.5 The Scheme of Delegation sets out responsibilities for decision making. The Council's website includes the Cabinet and Cabinet Member decisions / Member profiles.
- 6.6 Standing Orders of the Council were amended in July 2017 to include a session for open questions to the Leader of the Council at full Council meetings.
- 6.7 Agendas, reports, decision schedules and minutes of all meetings of the Council, Cabinet or Cabinet Member are available to the public by way of the Council's website. Minutes or decisions arising from the consideration of such reports are available to the public via the website.
- 6.8 Every report considered as part of the decision making process by Members must contain comments by the Council's Monitoring Officer, the Section 151 Officer and the Head of People, Policy & Transformation. The report template ensures report authors consider potential risks, equalities, WFG and financial implications of their proposals.
- 6.9 Public Service Board (PSB) papers are published online on the One Newport partnership website to ensure transparency.
- 6.10 The Council uses a range of formal and information consultation and engagement exercises to determine the most appropriate and effective intervention / course of action. For instance, the Council undertakes the school reorganisation programme in accordance with the Welsh Government Statutory School Organisation Code. Each consultation is supported by full stakeholder engagement as outlined in the statutory code. Since the pandemic, we have ceased face to face meetings. Instead, and regarding engagement with adult stakeholders, we ask that any questions or comments are submitted to a dedicated email account and are then responded to in a timely manner to enable stakeholders to submit an informed response to the consultation. We have however continued to support pupil engagement through MS Teams. Following each consultation, a consultation report is prepared and published which outlines how the consultation was carried out, who is engaged and the relevant responses. These reports are provided as annexes to the Cabinet Member report which

approves moving to the next stage in the process – publication of the statutory notice. The statutory notice is the stage at which legal objections can be lodged against proposals.

- 6.11 The Director of Social Services' Annual Report 2020/21 was taken through Cabinet in December 2021. The Corporate Safeguarding Annual Report 2020/21 was taken through Cabinet September 2021. The Corporate Risk Register, Covid updates, Brexit updates and the New Normal reports were also taken through Cabinet during the year demonstrating openness and transparency.
- 6.12 Scrutiny Annual Report 2020/21, Democratic Services Committee Annual Report and the Standards Committee Report went through Council September 2021 and November 2021 respectively.

Engaging comprehensively with institutional stakeholders

- 6.13 The Council looks to effectively engage with all stakeholders to ensure that the objectives and intended outcomes for each relationship are clear so the outcomes can be achieved successfully and sustainably. For example, the Local Authority works closely with the governing bodies of all schools across Newport and as key stakeholders they are consulted where appropriate on all matters.
- 6.14 The Council has developed a number of formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively. Some examples of these are the Public Services Board, Newport Live (Leisure Trust) and the Community Safety Partnership.
- 6.15 All partnerships are based on trust along with a shared commitment to change while promoting challenge among partners.
- 6.16 The Council has a number of formal appointments onto outside bodies to provide effective challenge. These appointments are agreed at the Council's AGM and at further Full Council meetings when necessary. A list of these appointments can be seen within the Council minutes.

Engaging stakeholders effectively, including individual citizens and service users

- 6.17 A formal policy for the type of issues that the Council will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service provision is contributing towards the achievement of intended outcomes needs to be developed.
- 6.18 Communication is important to Newport; the Annual Statement of Accounts 2020/21 was taken through the Governance & Audit Committee in 2021/22. All Council decisions, reports and questions asked by Members are available on the website, as are Cabinet Member decisions, Governance & Audit Committee reports and the work of the Scrutiny Committees. Headline figures of the Council's financial position were included in the Council tax leaflets distributed with all bills. Financial information, Council activities, achievements, developments, updates and events were included in Newport Matters, which is distributed to every household in the City, and are also available on the Council's intranet and website.
- 6.19 The Council looks to communicate via a number of different methods. 'Have Your Say' consultations are on the Council website, along with regular posts on social media and the use of Bus WIFI surveys.
- 6.20 Members hold Ward meetings and these are supported by Officers of the Council, although these were suspended during 2021/22 due to the pandemic. Social media, Twitter and Facebook for example, is regularly being used to engage local people and communicate the corporate message.

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- 6.21 Dealing with customer complaints helps Newport to identify and deal with failures in service delivery and look for opportunities to improve. The Council's Customer Complaints Policy and procedures are available on the web site; the public can report a problem or concern via the 'Report it' option on the web front page. An Annual Report on Compliments, Comments and Complaints Management for 2020/21 was presented to Cabinet in November 2021. The following table shows the number of complaints received for the past three years:

	2018-19	2019-20	2020-21
Stage 1 Complaints	271	354	181
Stage 2 Complaints	28	33	19
Complaints to PSOW	38	31	14

- 6.22 The online self-service system made it much easier for customers to make their complaints online, using the website, their customer accounts or through an app.
- 6.23 Public engagement and consultation is key to the WFG Act. One of the five ways of working is 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*. This is now considered in all Cabinet Member reports.

7 Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

Defining Outcomes

- 7.1 The Corporate Plan 2017-2022 "Building on Success - Building a Better Newport" incorporates the Council's wellbeing objectives as required by the WFG Act. The Plan sets out clearly the Council's purpose, priorities and demonstrates its commitment to improving social, economic, environmental and cultural well-being and promoting sustainable development. This provides the basis for the Council's overall strategy and performance.
- 7.2 Audit Wales issued the Council with its Certificate of Compliance in accordance with the Local Government (Wales) Measure 2009 following its publication of its Corporate Annual Report 2020/21. This went to Cabinet in December 2021, confirming the Council had discharged its duties under section 17 of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.
- 7.3 The One Newport PSB Well-being Plan (Cabinet October 2021) – represents the combined strategic planning intent of a partnership of the key public service providers in Newport which includes the Council – for improving the quality of life in terms of the social, economic, cultural and environmental well-being of the whole community. The priorities have been identified as those where the PSB and other key stakeholders must work together to achieve success and meet the requirements of the WFG

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Act. The new Gwent Public Services Board came into being in October 2021, merging the 5 regional PSBs.

- 7.4 Members of the performance team attend each service area's monthly management team meetings to comment on and review the section's performance against key performance indicator targets.
- 7.5 The Council identifies and manages risk through the Corporate Risk Register (see section 11) and also individual service area plans to ensure the achievement of intended outcomes.
- 7.6 The Council looks to manage service user expectations with regards to determining priorities and making the best use of the resources available. For instance, regular updates on the Council's Medium Term Financial Plan (MTFP) are presented to Cabinet regularly.
- 7.7 2021/22 service planning incorporated an understanding of customer needs, service area outcomes and improvement priorities, performance management and monitoring, an action plan to achieve the outcomes, an assessment of service related risk, an acknowledgement of regulators' proposals for improvement and an equalities impact assessment.

Sustainable economic, social and environmental benefits

- 7.8 Newport City Council considers and balances these combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provisions. Each report considered as part of the decision making process by Members must contain comments by the Council's Monitoring Officer (legal), the Section 151 Officer (economic) and the Head of People, Policy & Transformation (social and environmental).
- 7.9 Equality Impact Assessments (EIA) are required by law under the Equality Act 2010. Newport's assessments also examine 'Fairness' and the Welsh language to ensure that the needs of other vulnerable people are considered, as well as the effect on different areas within Newport. A range of these were undertaken during 2021/22 which have been published on the Council's website. A Strategic Equalities annual report is published by the Council (Cabinet July 2021).
- 7.10 The PSB review includes the monitoring of targets to ensure policies are delivering the agreed outcomes to ensure services are effective, focused on local people and improved quality of life in the City. In terms of measuring the environmental impact of policies, plans and decisions, the Council is working with the Welsh Local Government Association as one of 10 lead authorities for sustainability, and this will also form part of the Wellbeing Assessment and Wellbeing Plan work.

8 Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Determining Interventions

- 8.1 Decision makers are provided with reports which allow for an analysis of a variety of options including how they would be achieved and the risks associated. Comments are received on each report from the Monitoring Officer, Chief Financial Officer and the Head of People, Policy & Transformation.

8.2 The results of all consultation exercises are considered along with Fairness Equality Impact Assessments when making decisions about service improvements to prioritise the competing demands with the resources available. All reports consider the WFG Act.

Planning Interventions

8.3 The Council's Corporate Plan underpins the strategic objectives of the Council. Each service area also has an operational plan along with their own priorities and targets. Service area plans are approved by the Cabinet Member responsible for the portfolio. Mid and end of year reviews are completed by the Head of Service and reported to Scrutiny; November 2021.

8.4 To ensure the Council continues to meet its statutory duty to demonstrate continuous improvement the monitoring of performance is undertaken through Cabinet, Cabinet Members and Scrutiny Committees.

8.5 Through the Council's communication methods and annual budget consultation internal and external stakeholders are consulted in determining how services and other courses of action are planned and delivered.

8.6 For partner organisations such as the ONE Newport PSB (merged into the Gwent PSB during 2021/22) and Newport Live, the Council collaboratively works together to consider and monitor the risks which may arise while ensuring that any arrangement is flexible so they can be adapted to any change of circumstance.

8.7 The Council has established a number of local performance indicators and monitors these along with the relevant statutory and national performance indicators. These are detailed within individual service plans and reported via the Council's performance management system MI Hub. The year-end Performance Analysis for 2020/21 was taken through Cabinet in September 2021 which showed 55% of performance indicators performed in line with targets.

8.8 Performance management arrangements have improved with regular monitoring by the Cabinet and Cabinet Members as well as at officer level. The Authority had made its targets more difficult to achieve in an effort to push the organisation into improving services.

8.9 Mid-Year Performance Analysis for 2021/22 was taken through Cabinet in January 2022. The report showed that for the first six months of this financial year:

- 63% of performance measures were on target
- 20% of performance measures were short of target
- 13 of performance measures were off target
- 69% of the actions identified in the service plans were reported as being 'In Progress';
- 37% of actions reported as being 'Completed'
- 17% of actions had been reported as 'Amber'; and
- 2% of actions had not yet started.

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- 8.10 Budgets are prepared in accordance with the Council's strategic directives and Corporate Plan. There are robust arrangements for effective financial control through the Council's accounting procedures, Financial Regulations (last updated May 2016). These include established budget planning procedures, which are subject to risk assessment, and regular reports to members comparing actual revenue and capital expenditure to annual budgets. The Council's Treasury Management arrangements follow professional practice and are subject to regular review by the Council's Governance & Audit Committee and Cabinet (July 2021, December 2021) to ensure a sustainable funding strategy is maintained.

Optimising achievement of intended outcomes

- 8.11 Where value for money of the public pound is concerned, budget proposals were examined by meetings of the Scrutiny Committees. This is to ensure that the service priority, affordability and other resource constraints are balanced.
- 8.12 Regular budget / outturn reports for revenue and capital were presented to and approved by Cabinet during the year. The updated MTFP and budget monitoring reports were presented to and approved by Cabinet in July 2021, September 2021, November 2021, January 2022 and February 2022, taking into account the full cost of operations. The MTFP report highlights any significant delivery issues or changes to the external environment which arise during the period and have a financial impact.
- 8.13 The Head of Finance will review the governance arrangements around the capital programme to ensure the decision making, responsibilities and monitoring are robust moving forward.
- 8.14 The 2022/23 Budget consultation and MTFP were submitted to Cabinet in January 2022 and Council in March 2022; The Council recognises that timely and accurate budget monitoring information is essential for effective decision making purposes. A public consultation exercise was also undertaken to determine the 2022/23 budget proposals.

9 Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Developing the entity's capacity

- 9.1 The Council has developed and maintained a People & Culture Strategy 2018 – 2022 as a workforce plan to enhance the strategic allocation of resources.
- 9.2 Through annual service area plans and mid year reviews, the operations and use of assets are reviewed. Performance is monitored through the service plans and also through the MI Hub performance management system with 6 monthly reports to Cabinet to ensure the continuing effectiveness of operations.
- 9.3 The Council recognises the benefits of partnerships and collaborative working to add value into the organisation. Examples of these arrangements can be in place locally (within Newport) such as the Newport Live (Leisure Trust), regionally within Gwent – the Education Achievement Service for SE

Wales (EAS), regionally within South East Wales - the Cardiff Capital Region City Deal and wider afield through the 'Great Western Powerhouse'.

Developing the capability of the entity's leadership and other individuals.

- 9.4 The Council has an agreed Member/Officer Protocol within the Constitution which ensures that a shared understanding of the roles and objectives are maintained.
- 9.5 The Council's senior Leadership Team was strengthened in 2021/22 with the implementation of a new structure which introduced an additional Director role and three Chief Officer roles. All of the Executive Team and Chief Officers will be undergoing relevant training in the Council's decision making and governance arrangements and their own responsibilities and accountabilities. As noted elsewhere here, the scheme of delegation has been updated to reflect this increased and new structure.
- 9.6 The Constitution also includes a clear scheme of delegated powers for decision taking by Members and Chief Officers. This document details the types of decisions which can be delegated to Cabinet Members, established Sub-Committees or Chief Officers or those which have to be made by the collective body of the full Council.
- 9.7 The scheme of delegation in the Constitution sets out the various responsibilities of Members and Officers. This is updated as required via the Democratic Services Committee. Standing Orders and the Constitution were updated to take account of the requirements of the Local Authorities (Standing Orders) (Wales) (Amendment) Regulations in July 2014. Also updated in October 2019, and will be further reviewed and updated to reflect the Local Government and Elections (Wales) Act 2021.
- 9.8 As a necessity, temporary governance measures were in place for some aspects of officer key decision making in 2021/22 given the significant gaps in the Council's Leadership Team and which also impacted on general capacity on performance monitoring and delivery. The new structure and increased resources now allows a new framework to be devised and implemented and this is in progress.
- 9.9 Appropriate and relevant job descriptions were in place for the Chief Executive, Senior Leadership Team (SLT), Monitoring Officer and Head of Finance. In year the SLT became the Executive Board, which consisted of the Chief Executive, Strategic Director Transformation & Corporate, Strategic Director Environment & Sustainability and Strategic Director Social Services.
- 9.10 Following the permanent appointment of the Chief Executive in 2020 a restructure of the leadership team was put in place to better manage capacity. Strategic Directors were increased from 2 to 3 with Heads of Service increasing from 8 to 11. As at 31 March 2022 all but one of the posts had been appointed to.
- 9.11 The Council develops the capabilities of members and senior management to achieve effective shared leadership. This enables the Council to respond successfully to changing legal and policy demands. In addition, the Council ensures that Members and officers have the appropriate skills, knowledge resources and support to fulfil their roles and responsibilities. This is completed by;

- An on-going programme of events and training for Members especially those involved in the Planning & Licensing Committees and Sub Committees.
- A mandatory management programme for all senior managers 'Management in Action' to develop management capacity (2018).
- Further In-house management development modules for middle managers;
- Aspiring Leaders Programme delivered in partnership with the University of South Wales.
- Core Skills training is also available to all employees aligned to our corporate values with specific training available on topics such as Customer Care, Stress Management and Equality and Diversity.

9.12 Embedded Appraisal arrangements for Chief Officers are in place, including:-

- Chief Executive's Annual Appraisal;
- Chief Executive's one to one meetings with Strategic Directors & Heads of Service;
- Strategic Directors one to one meetings with Heads of Service
- Cabinet Member one to one meetings with Heads of Service

9.13 The previously used 'Clear Review' performance management system was replaced by the 'Check-in' process directly recorded onto the i-Trent HR & Payroll System. This forms part of the suite of corporate performance indicators. The system also allows continued professional development (CPD) opportunities to be identified which are needed to improve the skill, knowledge and understanding of employees. This enables ongoing evaluation and encourages all staff to give feedback to colleagues. This ensures that all officers and managers reflect on their objectives and staff are able to link their objectives directly to the organisational goals set within the Corporate Plan and service plan.

9.14 In accordance with its statutory responsibilities, the Council has in place a Health and Safety Policy and related procedures. Newport City Council supports employees and citizens in maintaining both their physical and mental well-being. Information on our workforce can be found in the Strategic Equalities annual report.

10 Principle F: Managing risks and performance through robust internal control and strong public financial management

Managing Risk

10.1 Risk management is an integral part of all activities and is considered in all aspects of decision making. A report template for all formal Member and scrutiny reports requires authors to consider risk and its management or mitigation when writing reports. Each Head of Service incorporate the keys risks to their service within service plans which identify the impact, the likelihood and any mitigation in place to manage those risks.

10.2 The Corporate Risk Management Policy was reviewed during 2019/20 and revised to strengthen existing arrangements and support the delivery of the Corporate Plan. The revised Policy was considered by the Governance & Audit Committee in January 2020, approved and endorsed by the Leader in July 2020.

- 10.3 The Council's Corporate Risk Register was updated and taken through Cabinet and Governance & Audit Committee during 2021/22 on a quarterly basis. Mitigation of risk is incorporated within the risk register, which moves the risk from inherent to residual. 18 corporate risks were identified for the Council and these were recorded on the Corporate Risk Register as of the end of quarter 3 2020/21 which went to Cabinet March 2022; 10 severe, 5 major, 2 moderate, 1 low.
- 10.4 The Governance & Audit Committee felt that managing the risks faced by service areas was an important aspect of the manager's role and should be part of his / her day to day responsibilities. Risk management is included within the service plans where operational managers have greater responsibility for owning and dealing with the risks identified in their areas. All risks within the Corporate Risk Register have a designated overseeing officer(s) and a lead Cabinet Member(s) assigned.

Managing Performance

- 10.5 Service delivery is monitored through a number of key performance indicators agreed with targets at the start of each year. These are included on the Council's performance management system MI Hub and challenged by the Policy & Performance team. The planning, specification and delivery of service area work is included within annual service area plans which are approved by the lead Cabinet Member for the service area along with being reviewed through the scrutiny process. These are subject to mid-year and end of year reviews presented to the respective scrutiny committee. This ensures that Members and senior managers have regular reports on progress towards outcome achievement.
- 10.6 All decisions are based on clear, objective analysis taking into account the Council's financial position, social and environmental implications. Consideration against statutory policies is also made through a review of the WFG Act commitments. The above are considered by the report author when writing the report and also through the comments of the Monitoring Officer, Chief Financial Officer and the Head of People, Policy & Transformation.
- 10.7 Members of the scrutiny committees review policies and performance and question key decisions made by the Council's Cabinet and Officers to ensure they are open, accountable, transparent and in the best interests of the local area and its residents. Audit Wales reviewed the Council's Overview and Scrutiny functions to determine if they were 'Fit For the Future' in August 2018. They concluded that the Council's leadership was committed to improving its scrutiny function and to meet current and future challenges for scrutiny, but Members need a fuller understanding of their scrutiny role and more effective, timely training.
- 10.8 Scrutiny committees also review the Council's achievements against planned targets, issues of local concern and services provided by the Council and other public organisations. In Newport City Council there are four scrutiny committees:
- Overview and Scrutiny Management Committee
 - Performance Scrutiny Committee - Partnerships

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- Performance Scrutiny Committee - People
- Performance Scrutiny Committee - Place and Corporate

Each Committee is politically balanced and the chair persons are allocated in proportion to the number of seats held by political groups.

Robust internal control

- 10.9 Internal Audit provides assurance to Senior Management and the Governance & Audit Committee on the effectiveness of internal control, risk management and governance.
- 10.10 The Governance & Audit Committee considers the work of internal and external auditors and the responses to audit recommendations. The Governance & Audit Committee has appointed an independent Chair; who is not part of the political structure of the Council. It also has responsibility for approving the Annual Statement of Accounts and its associated reports (which include this statement). This responsibility has been delegated by Council where the Chair of the Governance & Audit Committee signs the Accounts on behalf of the Governance & Audit Committee.
- 10.11 Moving forward, from May 2022, the Governance & Audit Committee will have 3 lay members as part of its committee, one of which will be the Chair in accordance with the Local Government & Elections (Wales) Act 2021. The recruitment process for the new lay members took place by means of a cross member panel during 2021/22 in readiness for the Committee's first meeting in 2022/23.
- 10.12 Governance & Audit Committee meets regularly and its activities can be seen via the Council's website; it met 4 times in 2021/22. Members received:
- The Annual Internal Audit Report 2020/21
 - The Annual Internal Audit Plan 2021/22
 - Quarterly updates from Internal Audit re opinions / performance
 - Standing Order 24 (Urgent Decisions) and Waiving of Contract Standing Orders quarterly reports
 - Treasury Management report and updates
 - Corporate Risk Register quarterly updates
 - Draft and Final 2020/21 Financial Statements, including the Annual Governance Statement
 - 6 monthly updates on Internal Audit low assurance opinions
 - Audit Wales reports
- 10.13 The Council has established anti-fraud, bribery and corruption arrangements which provide a deterrent, promote detection, identify a clear pathway for investigation and encourage prevention. The revised Anti-Fraud, Bribery and Corruption Statement was approved by Cabinet in April 2021.
- 10.14 Internal Audit operate to the standards set out in the Public Sector Internal Audit Standards (PSIAS) and its role and status is set out in the Council's Internal Audit Charter. The Chief Internal Auditor is accountable to the Head of Finance and the Governance & Audit Committee. As required under the PSIAS the Newport City Council Internal Audit team underwent an external quality assessment during 2017/18. The report (issued March 2018) stated that Internal Audit were 'generally compliant' with the PSIAS.

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- 10.15 The Chief Internal Auditor reports, in his own name, to the Governance & Audit Committee a summary of audit findings for each quarter, and also reports annually an opinion on the overall adequacy and effectiveness of the Council's internal control environment, governance arrangements and risk management processes.
- 10.16 35 Internal Audit opinions were issued in 2021/22. The overall opinion on the adequacy of the internal control environment for 2021/22 was **REASONABLE** (in 2020/21 the opinion was Reasonable).

	2019-20	2020-21	2021-22
Good	7	5	10
Reasonable	19	23	23
Unsatisfactory	6	1	2
Unsound	0	0	0
Total	32	29	35

- 10.17 Management have agreed to implement the action points in order to address the weaknesses identified and Internal Audit will follow this up. 82% of agreed management actions for 2020/21 had been implemented by management.
- 10.18 Reasons why the outcome of some internal audit reviews were deemed to be unsatisfactory were presented to Governance & Audit Committee. The Governance & Audit Committee has the power to call in a Head of Service and Cabinet Member to hold them to account for addressing required improvements to the internal control environment within their service area. There were no call-ins during 2021/22.
- 10.19 Assurance is provided by Heads of Service who attend Governance & Audit Committee that improvements will be made in the examined areas which will result in a future improvement in the internal control environment and resulting internal audit opinion.

Managing Data

- 10.20 Following adoption of the Information Risk Management Policy in 2013 the Council has defined roles and responsibilities for information risk as:
- The Senior Information Risk Owner (SIRO) has high level responsibility for controls relating to information security and the role is undertaken by the Head of Law & Regulation (independent of operational responsibilities);
 - Information Asset Owners (IAO's) must effectively manage the information assets that they own;

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- The Information Management team are the operational lead on information governance in conjunction with the IT Service (SRS);
- The Information Governance Group provides a high level management overview of information governance;

The Council's Information Risk Register is maintained by the Information Management team to document and manage risks, reported annually.

- 10.21 The Annual Information Risk Report 2020/21 Draft was presented to the Information Governance Group through the year for consultation and endorsed by Cabinet Member for Community and Resources in September 2021.
- 10.22 There is a Council policy on information sharing along with numerous information sharing protocols with our partners. Information sharing is key to joined up service delivery. The Wales Accord on the Sharing of Personal Information (WASPI) was developed as a practical approach to multi agency sharing for the public sector in Wales, and Newport signed up to this in January 2011. The Council is required to meet statutory obligations regarding the handling and sharing of data, in accordance with the Data Protection Act 2018. The Information Sharing Policy has been developed to ensure information is only shared appropriately, safely and compliantly.
- 10.23 Through Internal and External Audit reviews the quality and accuracy of data used in decision making and performance monitoring is reviewed.

Strong public financial management

- 10.24 The Council ensures that its financial management supports both long term achievement of the strategic objectives and outcomes while ensuring that short-term financial and operational performance is monitored. This is completed through the approval of a Medium Term Financial Plan and Capital Programme which are reviewed on a regular basis by Cabinet. On a short term basis, the individual service area budgets are monitored on a risk based programme by Accountancy.
- 10.25 The Council has a Budget Management System which promotes responsible and good financial management across all service areas of the Council. This system allows officers to highlight and explain any financial risks and controls.

11 Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Implementing good practice in transparency

- 11.1 The Council looks to ensure that all reports and communications are in clear English and in a style which is easily understandable. All reports can be accessed via the democracy pages on the Council's website using the modern.gov platform. The Council ensures that the provisions of the Welsh Language Standards are met with its communication to residents.

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- 11.2 All reports are required to have comments from the Monitoring Officer, Chief Financial Officer and the Head of People, Policy & Transformation. These 3 Officers ensure that reports strike the correct balance to ensure the right amount of information is provided to satisfy transparency demands and to enhance public scrutiny. They also ensure that reports are not too onerous and in a language which the users can understand.

Implementing good practices in reporting

- 11.3 All service areas are required to report annually on performance, value for money and the stewardship of resources through the service plan reviews, which also have a mid year review by Scrutiny.
- 11.4 All service plans, risks, budgets and performance measures have a designated responsible officer along with the appropriate Head of Service and Cabinet Member.
- 11.5 The Council has arrangements through this Annual Governance Statement for ensuring robust arrangements for assessing the extent to which the principles contained in the Code of Corporate Governance Framework have been applied to demonstrate good governance.
- 11.6 The Council's Code of Corporate Governance was revised during 2019/20 and approved by Cabinet in April 2021.
- 11.7 The preparation of the Council's financial statements are completed as soon as possible after year end. Both the publication of the Draft and Final 2020/21 end of year accounts, whilst not within required deadlines, commensurate with nearly all of the sector across the UK, were reported to the Audit and Governance Committee. The final, audited accounts were approved and signed in November 2021.

Assurance and effective accountability

- 11.8 Any recommendations made by the Council's external auditors (Audit Wales) are acted upon. Each report contains an action plan and is presented to and monitored by the appropriate scrutiny committee. An end of year 'lessons learnt' exercise was completed for the 2020/21 account closure process and this was reported to the Governance & Audit Committee in January 2022.
- 11.9 The Council has an Internal Audit service which has unrestricted access to all personnel, documentation and premises of the Council. The Chief Internal Auditor also has unrestricted access to the Chair of the Governance & Audit Committee, Chief Executive and Leader of the Council if required. These provisions are set within the Council's Financial Regulations (part of the agreed Constitution) and are also included within the Internal Audit Charter.
- 11.10 An Internal Audit follow up review of Corporate Governance across the organisation will be undertaken during 2022/23.
- 11.11 The Council welcomes all challenge, reviews and inspections from regulatory bodies. A number of external bodies have provided reports on the Council's activities during 2021/22 including Audit Wales, the Care Inspectorate for Wales (CIW) and Her Majesty's Inspector of Education & Training in Wales (ESTYN). The Council looks to implement all recommendations arising from these reports to ensure the necessary controls and improvements are made for the benefit of the citizens of Newport.

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11.12 When working in partnership, the Council ensures that arrangements for accountability are clear, whether this is through a memorandum of understanding or contract being in place. This is to ensure that wider public accountability is met.

12 Action Plan

Based on the review of the governance framework, the following issues need to be addressed during 2022/23 to further improve and strengthen the governance arrangements and their effectiveness in future years.

2019/20 Action Plan

Issue	Action	Responsible Officer
<p>6.8</p> <p>Key statutory positions are currently filled as soon as possible, even if that is on a temporary, interim basis.</p>	<p>To ensure all statutory posts within the Council are appointed to following an open and transparent recruitment process.</p> <p><u>Progress to date:</u></p> <p>Chief Executive and Democratic Services Manager posts have been appointed to. The Strategic Leadership team is subject to review.</p> <p>April 2022:</p> <p>The Strategic Leadership restructure has taken place with all 3 Strategic Directors having taken up their appointments. Heads of Service increased from 8 to 11; all bar one have been appointed and have taken up their positions.</p>	<p>Head of People & Business Change /</p> <p>[Head of People, Policy & Transformation]</p>

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Issue	Action	Responsible Officer
<p>7.15</p> <p>Consultation and Engagement Policy requires review</p>	<p>To review the required policy and seek appropriate approval.</p> <p><i>Progress to date:</i></p> <p>To be reviewed as part of the implementation plan for the Local Govt. & Elections (Wales) Act during 2021/22.</p>	<p>Head of Law & Standards</p>
<p>12.6</p> <p>The Council's revised Code of Corporate Governance needs to formally approved.</p> <p>[b/f from 2018/19]</p>	<p>The Council's Code of Corporate Governance will be considered by Governance & Audit Committee before taking to Cabinet for approval during 2020/21</p> <p><i>Progress to date:</i></p> <p>Code of Corporate Governance was approved by Cabinet April 2021.</p>	<p>Chief Internal Auditor</p>
<p>12.7</p> <p>Once approved the revised Code of Corporate Governance needs to be communicated to all jointly managed and shared service organisations.</p>	<p>Communicate the revised Code of Corporate Governance to all jointly managed and shared service organisations and that assurance on compliance is received for the Annual Governance Statement 2020/21.</p> <p><i>Progress to date:</i></p> <p>Action to be taken in 2022/23</p>	<p>Head of Finance</p> <p>Chief Internal Auditor</p>

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Issue	Action	Responsible Officer
<p>12.11</p> <p>Action needs to be taken in response to the 'Corporate Governance' Unsatisfactory Internal Audit report (Finalised December 2020).</p>	<p>Management to agree a response to the report and ensure concerns are addressed.</p> <p><u>Progress to date:</u></p> <p>Management actions agreed; assurance has been provided that agreed actions have been implemented; Internal Audit to undertake a follow up audit in 2022/23.</p>	<p>Head of People & Business Change</p> <p>[Head of People, Policy & Transformation]</p> <p>Head of Law & Standards</p> <p>Head of City Services</p>
<p>The established anti-fraud, bribery and corruption policy statement required review. This was endorsed by the Governance & Audit Committee.</p>	<p>The revised anti-fraud, bribery and corruption policy statement to be taken through Cabinet, approved and published on the NCC website. Staff to be made aware via internal communications.</p> <p><u>Progress to date:</u></p> <p>Anti-fraud, bribery and corruption policy statement approved by Cabinet April 2021.</p>	<p>Chief Internal Auditor</p>

2020/21 Action Plan

Apart from the actions carried forward from the 2019/20 Action Plan there was no Action Plan for 2020/21.

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2021/22 Action Plan

Issue	Action	Responsible Officer
<p>A review of the governance arrangements around the development, delivery and monitoring of the Council's future 'Transformation Programme' is currently underway and will also include clear responsibilities and arrangements for other key areas, such as financial management, capital programme, major projects etc</p>	<p>To conclude the review and communicate the outcome to all concerned.</p>	<p>Chief Internal Auditor</p>
<p>New Members have the appropriate skills to effectively undertake their roles</p>	<p>Training and Induction for new Members will be reviewed and updated following Local Government elections in May 2022.</p>	<p>Head of People & Business Change / [Head of People, Policy & Transformation]</p>
<p>Ideally there should be a formal policy for the type of issues that the Council will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service provision is contributing towards the achievement of intended outcomes needs to be developed.</p>	<p>Consideration to be given to developing a formal policy and communicating it to all relevant stakeholders.</p>	<p>[Head of People, Policy & Transformation]</p>
<p>The Council's Constitution is kept up to date following recent legislation.</p>	<p>Consideration needs to be given to further update the Council's Constitution to reflect the Local Government and Elections (Wales) Act 2021.</p>	<p>Head of Law & Standards</p>

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Revised decision making and review/reporting arrangement	Following the new structure, the interim decision making arrangements which have been in place should be formally updated and implemented.	Chief Executive and Executive Team
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7 Conclusion

- 14.1 In conclusion during 2021/22 the Coronavirus pandemic did not lead to significant internal control or governance issues which impacted on the overall review of effectiveness. There are effective governance arrangements in place at Newport City Council. This will be monitored during 2022/23 and reviewed as part of Internal Audit work and future Annual Governance Statements.
- 14.2 We propose over the coming year to continually monitor and review the projects within each service area to mitigate and manage any risks to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that may be identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:Date..... 2022

Councillor Jane Mudd, Leader of Newport City Council

Signed:Date..... 2022

Beverly Owen, Chief Executive of Newport City Council

Independent Auditor's Report to the Members of Newport City Council

Statement of Accounts 2021/22

Newport City Council

Expenditure and Funding Analysis

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Newport City Council

The Expenditure and Funding Analysis (EFA) is a key note to the main financial statements. It demonstrates how the funding available to the council (i.e. Council Tax, Rents, Business Rates and Central Government grants) has been used in providing services in comparison with those resources consumed or earned in accordance with Generally Accepted Accounting Practices (e.g. adjustments made for depreciation, revenue afforded impairment costs etc). It also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. Corporate Services include the services areas Directorate, Finance, People and Business Change and Law and Regulation.

2021/22	Net Expenditure Chargeable to the General Fund £'000	Adjustments between the funding and accounting basis £'000	Net expenditure in the CIES £'000
Children and Young People	24,955	4,930	29,885
Adults and Community	46,887	2,737	49,624
Education	14,807	5,416	20,223
Schools	112,624	12,348	124,972
Regen Investment + Housing	11,682	4,885	16,567
City Services	28,925	12,608	41,533
Corporate Services	19,009	4,662	23,671
Other Non Department Costs (Non Service)	29,123	(29,785)	(662)
Net Cost of Service	288,012	17,801	305,813
Other Income and Expenditure	(293,698)	(32,648)	(326,346)
(Surplus) or Deficit	(5,686)	(14,847)	(20,533)
Opening General Fund as at 31 March 2021	(6,500)		
(Surplus) / Deficit on the General Fund	-		
Transfer between Earmarked reserve and general funds	-		
Closing General Fund as at 31 March 2022	(6,500)		

2020/21	Net Expenditure Chargeable to the General Fund £'000	Adjustments between the funding and accounting basis £'000	Net expenditure in the CIES £'000
Children and Young People	26,226	1,794	28,020
Adults and Community	46,224	2,172	48,396
Education	14,511	3,414	17,925
Schools	106,527	18,432	124,959
Regen Investment + Housing	15,284	(1,716)	13,568
City Services	26,606	9,874	36,480
Corporate Services	21,940	(1,920)	20,020
Other Non Department Costs (Non Service)	10,296	(7,053)	3,243
Net Cost of Service	267,614	24,997	292,611
Other Income and Expenditure	(274,971)	(8,801)	(283,772)
(Surplus) or Deficit	(7,357)	16,196	8,839
Opening General Fund as at 31 March 2020	(6,500)		
(Surplus) / Deficit on the General Fund	-		
Transfer between Earmarked reserve and general funds	-		
Closing General Fund as at 31 March 2021	(6,500)		

Comprehensive Income and Expenditure Statement

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This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

	2020/21				2021/22		
Gross Expenditure	Gross Income	Net Expenditure		Notes	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
			Children's and Young People Services		39,467	(9,582)	29,885
35,243	(7,223)	28,020	Adults and Community Services		94,022	(44,398)	49,624
89,327	(40,931)	48,396	Education		34,434	(14,211)	20,223
30,290	(12,365)	17,925	Schools		160,415	(35,443)	124,972
155,238	(30,279)	124,959	Regeneration, Investment and Housing		44,786	(28,219)	16,567
37,471	(23,903)	13,568	City Services		61,089	(19,556)	41,533
54,445	(17,965)	36,480	Corporate Services		32,524	(8,853)	23,671
26,457	(6,437)	20,020	Other Non Department Costs		42,219	(42,881)	(662)
48,363	(45,120)	3,243					
476,834	(184,223)	292,611	Cost of services		508,956	(203,143)	305,813
25,032	(1,126)	23,906	Other operating expenditure	11	26,813	-	26,813
19,464	(1,055)	18,409	Financing and investment income and expenditure	12	20,762	(1,055)	19,707
-	-	-	(Surplus) / deficit on discontinued operations		-	-	-
-	(326,087)	(326,087)	Taxation and non-specific grant income	13	-	(372,866)	(372,866)
521,330	(512,491)	8,839	(Surplus) / Deficit on Provision of services		556,531	(577,064)	(20,533)
		(33,988)	(Surplus) / deficit on revaluation of Property Plant and Equipment assets				(3,597)
		104,470	Actuarial (gains) / losses on pensions assets / liabilities				(107,175)
		70,482	Other Comprehensive Income and Expenditure				(110,772)
		79,321	Total Comprehensive Income and Expenditure				(131,305)

Movements in Reserves Statement

Statement of Accounts 2021/22

Newport City Council

This statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves.

The (surplus) or deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement (CIES). These are different from the statutory amounts required to be charged to the Council Fund Balance for council tax setting purposes. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory Council Fund (surplus) / deficit before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	Council Fund Balance £'000	Earmarked General Fund Reserves £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at the 31 Mar 2020 carried forward	(6,500)	(72,306)	(8,259)	(87,065)	99,554	12,489
Movement in reserves during 2020/21 (Surplus) / deficit on the provision of services	8,838	-	-	8,838	-	8,838
Other comprehensive Income and Expenditure	-	-	-	-	70,482	70,482
Total Comprehensive Income and Expenditure	8,838	-	-	8,838	70,482	79,320
Adjustments between accounting basis and funding basis under regulations (Note 9)	(31,550)	-	1,506	(30,044)	30,044	-
Net Increase / Decrease before Transfers to Earmarked Reserves	(22,712)	-	1,506	(21,206)	100,526	79,320
Transfer to/ from Earmarked Reserves (Note 10)	22,712	(22,712)	-	-	-	-
(Increase) / Decrease in 2020/21	-	(22,712)	1,506	(21,206)	100,526	79,320
Balance at the 31 Mar 2021 carried forward	(6,500)	(95,018)	(6,753)	(108,271)	200,080	91,809
Balance at the 31 Mar 2021 carried forward	(6,500)	(95,018)	(6,753)	(108,271)	200,080	91,809
Movement in reserves during 2021/22 (Surplus) / deficit on the provision of services	(20,533)	-	-	(20,533)	-	(20,533)
Other comprehensive Income and Expenditure	-	-	-	-	(110,773)	(110,773)
Total Comprehensive Income and Expenditure	(20,533)	-	-	(20,533)	(110,773)	(131,306)
Adjustments between accounting basis and funding basis under regulations (Note 9)	(17,968)	-	(2,637)	(20,605)	20,605	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(38,501)	-	(2,637)	(41,138)	(90,168)	(131,306)
Transfer to/ from Earmarked Reserves (Note 10)	38,501	(38,501)	-	-	-	-
(Increase) / Decrease in 2021/22	-	(38,501)	(2,637)	(41,138)	(90,168)	(131,306)
Balance at the 31 Mar 2022 carried forward	(6,500)	(133,519)	(9,390)	(149,409)	109,912	(39,497)

Balance Sheet

Statement of Accounts 2021/22

Newport City Council

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use, (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31-Mar-21 £'000		Notes	31-Mar-22 £'000
509,327	Property, Plant and Equipment	14	530,401
17,354	Heritage Assets	16	17,362
12,945	Investment Property	17	12,530
447	Long Term Investments	18	447
19,514	Long Term Debtors	18	27,688
559,587	Long Term Assets		588,428
15,294	Short Term Investments	18	56,294
3,046	Assets Held for Sale	22	742
295	Inventories	19	1,032
64,451	Short Term Debtors	20	65,398
141	Deferred Tax Asset	18	131
7,201	Cash and Cash Equivalents	21	5,756
90,428	Current Assets		129,353
(5,648)	Short Term Borrowing	18	(643)
(43,363)	Short Term Creditors	23	(63,019)
(6,501)	Provisions	24	(7,014)
(2,447)	Other Short Term Liabilities	18	(2,257)
(57,959)	Current Liabilities		(72,934)
(12,627)	Long Term Creditors	18	(11,608)
(11,078)	Long Term Provisions	24	(11,364)
(145,725)	Long Term Borrowing	18	(140,464)
(475,116)	Pension Liability	26	(403,203)
(39,320)	Other Long Term Liabilities	18	(38,716)
(683,866)	Long Term Liabilities		(605,353)
(91,810)	Net Assets / Liabilities		39,494
(108,271)	Usable Reserves	25	(149,409)
200,081	Unusable Reserves	26	109,913
91,810	Total Reserves		(39,494)

Cash Flow Statement

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Newport City Council

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The Statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2020/21		Note	2021/22
£'000			£'000
8,839	Net (surplus) / deficit on the provision of services as shown on the Comprehensive Income and Expenditure Statement		(20,533)
(62,014)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	27	(80,312)
19,720	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	27	40,975
(33,455)	Net cash flows from Operating Activities		(59,870)
3,234	Investing Activities	28	50,011
15,830	Financing Activities	29	11,304
(14,391)	Net (increase) or decrease in cash and cash equivalents		1,445
(7,189)	Cash and cash equivalents at the beginning of the reporting period	21	7,201
7,202	Cash and cash equivalents at the end of the reporting period	21	5,756

Notes to the Statement of Accounts

Statement of Accounts 2021/22

Newport City Council

1 ACCOUNTING POLICIES

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014, and in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and is supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments which are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Discontinued Operations

Discontinued operations arise where an activity has permanently ceased; terminates during the period or within three months of the period end; has a material impact on the Council's service provision or on the Council's net

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Newport City Council

expenditure; and the operation has clearly defined assets, liabilities, income and expenditure on operations for operational and financial reporting purposes.

Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the Notes to the Statement of Accounts, depending on how significant the items are to an understanding of the Council's financial performance.

Prior Period Adjustments, Changes in Accounting Policies, and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or when the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Charges to Revenue for Non-Current Assets

Service revenue accounts and central support services are debited with the following amounts to recognise the real cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

The Council is not required to raise council tax to cover these charges but instead has to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. This charge is known as the minimum revenue provision (MRP) and is calculated in accordance with an annual MRP policy approved by the Council.

Depreciation, impairment losses and amortisations are therefore replaced by the MRP in the Movement of Reserves Statement, by way of an adjusting transaction with the Capital Adjustment Account.

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end.

They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or

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Newport City Council

Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers, or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Council Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of the Council are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pension on behalf of the Department for Education.
- The Local Government Pension Scheme, administered by Torfaen County Borough Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Schools and Education lines in the Comprehensive Income and Expenditure Statement are charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Torfaen County Borough (Greater Gwent) pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions around areas such as mortality rates and employee turnover rates, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate (based on the indicative rate of return on high quality corporate bonds).
- The assets of the Torfaen County Borough (Greater Gwent) pension fund attributable to the Council are included in the Balance Sheet at their bid value.
 - Equity securities – quoted prices in active markets
 - Real Estate, investment funds and unit trusts, cash & cash equivalents = quoted prices not in active markets
- The change in the net pensions liability is analysed into the following components:

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Service Costs

- **current service cost** – the increase in liabilities as a result of years of service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- **past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. Debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- **net interest on the net defined benefit liability (asset)** - the net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements

- **the return on plan assets** – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- **actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

Contributions paid to the Torfaen County Borough (Greater Gwent) pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Council Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits that are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Full pensions details are included in Notes 41 and 42.

Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events;

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- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as borrowings and investments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is

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Newport City Council

managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Financial Assets measured at Fair Value through other Comprehensive Income (FVOCI)

The Council has equity instruments designated at fair value through other Comprehensive Income (FVOCI), held as a long-term investment.

The Council has made an irrevocable election to designate one of its equity instruments as FVOCI on the basis that it is held for non-contractual benefits, it is not held for trading but for strategic purposes. The asset was transferred to the new asset category on 1 April 2018.

The asset is initially measured and carried at fair value.

The value is based on the principal that the equity shares have no quoted market prices and is based on an independent appraisal of the company valuation.

Dividend income is credited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Changes in fair value are posted to Other Comprehensive Income and Expenditure and are balanced by an entry in the Financial Instruments Revaluation Reserve.

When the asset is de-recognised, the cumulative gain or loss previously recognised in Other Comprehensive Income and Expenditure is transferred from the Financial Instruments Revaluation Reserve and recognised in the Surplus or Deficit on the Provision of Services.

The same accounting treatment was adopted previously for the asset which was classified in the Transport Realisation account. The balance on this reserve was transferred to the new Financial Instruments Revaluation Reserve as at 1 April 2018.

Government Grants and Contributions

Grants and contributions relating to capital and revenue expenditure are accounted for on an accruals basis and recognised immediately in the Comprehensive Income and Expenditure Statement as income. Capital Grants are reversed out to the capital adjustment account as expenditure is incurred. Grants or contributions requiring return if conditions are not satisfied, are held on the balance sheet within creditors until the conditions are met at which point they are recognised in the Comprehensive Income and Expenditure Statement.

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Tangible and Intangible Heritage Assets

(described in this summary of significant accounting policies as heritage assets)

The Council's Heritage Assets are held in a number of collections in varying locations across the Council. The Council holds collections of heritage assets in order to increase the knowledge, understanding and appreciation of the history and culture of the Council's local area.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some measurement rules are relaxed in relation to heritage assets as detailed below. The Council's collections of heritage assets are accounted for as follows.

Museum Collection

The Museum collection includes paintings (both oil and watercolour) and lithographs which are reported in the Balance Sheet at market value. The collection is generally re-valued every five years by the most appropriately deemed method. On occasion assets will be re-valued outside of this where they are loaned to other organisations. The assets within the collection are deemed to have indeterminate lives, and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation, with valuations made with reference to appropriate commercial markets for the assets using the most relevant and recent information from sales at auctions.

Library Collection

The Central Library is home to a special book collection, which is reported in the Balance Sheet at market value. The collection is generally re-valued every five years by the most appropriately deemed method. The assets within the collection are deemed to have indeterminate lives, and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

The collection is relatively static, with acquisitions and donations very rare. Where they do occur acquisitions are recognised at cost and donations are recognised at a valuation made with reference to appropriate commercial markets.

Tredegar House – Property and Contents

Tredegar House is a 17th century Charles II mansion and grounds which is leased to the National Trust to manage and maintain and does not appear on the Council's balance sheet.

Conversely the contents of the property include paintings, furniture and other artefacts of the time period remain in the ownership of the Council. These items are reported in the balance sheet at insurance value which is based on market values. These insurance valuations will be updated every five years. The artefacts within the collection are considered to have indeterminate lives; hence the Council does not consider it appropriate to charge depreciation.

The collection is relatively static, with acquisitions and donations very rare. Where they do occur acquisitions are initially recognised at cost and donations are recognised at a valuation ascertained by the museum's curators in accordance with the Council's policy on valuations of art collections.

Public Art and Features

The Council holds a large number of public art features, such as murals and statues, on public display throughout the local area. These are reported in the Balance Sheet at market value. The collection is re-valued every five years by the Council's internal experts based on anticipated replacement costs of the art, which is considered to closely represent their market value. The assets within the Public Art collection are deemed to have indeterminate lives, and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

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Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation, with valuations made with reference to appropriate commercial markets.

Archaeology

The Council does not consider that reliable cost information can be obtained for the items held within its archaeological collection. This is because of the diverse nature of the assets held and the lack of comparable market values. Consequently, the Council does not generally recognise these assets on the balance sheet. However, where specific costs can be identified, these will be capitalised, for example the freeze drying requirements of the Newport Ship. Depreciation on these items is considered on a case by case basis. The Council's acquisitions principally relate to the ancient ship discovered in the early 1990's. The Council does not normally make any purchases of archaeological items.

Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for these assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see impairment note in this summary of significant accounting policies.

The Council will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the Statement of Accounts and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (again see later notes in this summary of significant accounting policies).

Interest in Companies and Other Entities

The Council has considered the status of its relationships with its partner organisations and where not material these interests in other companies and entities are shown in a disclosure note in the notes to the Statement of Accounts. Newport Transport Ltd are consolidated with Newport City Councils statements in the group accounts.

Inventories and Long Term Contracts

The value of stocks at the year-end is recorded in the Statement of Accounts at historical cost. This valuation is not in accordance with IAS2 or the Code of Practice, which requires the value to be stated as the lower of cost and net realisable value (NRV). Any difference between cost and NRV is considered to be negligible and historical cost has been used for all valuations.

Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are re-valued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

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Jointly Controlled Operations and Jointly Controlled Assets

Joint operations are arrangements undertaken by the Council in conjunction with other ventures that make use of its assets and resources. Joint Committees are examples of Jointly Controlled Operations. Where material, the relevant proportion of the transactions and balances for Joint Committees are included within the Council's Financial Statements. These reflect the transactions and balances as per the draft accounts prepared for each Joint Committee.

A joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy, where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

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Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council utilises external care home facilities to support its customers' needs. In most instances occupancy is relatively small. However, there are two homes of 4 and 6 beds where occupancy is significant. Notwithstanding this, the valuation of these two properties is small compared to the total PPE asset base and therefore is not included in the figures shown in Note 14.

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment (PPE), Investment Properties, or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), and matched by a lease (long-term debtor) asset in the Balance Sheet. The Council currently recognises two such lease debtors in the accounts.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the Council Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the Council Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the Council Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

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Overhead and Support Service

The costs of overheads and support services are no longer charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Code of Practice. The Statement of Accounts are now disclosed as per the management reporting structure of the Council. The overheads are now reported against where the budget for that spend is sat.

Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. The Council maintains a de minimis cost of £10,000 for any asset to be capitalised. However, where groups of assets e.g. PCs are purchased individually fall below the de minimis level, these will be considered for capitalisation as a group of assets on a case by case basis.

Where the acquisition or creation of IT systems incorporates both physical hardware and licences to use the system, judgement is made as to whether this will be classified wholly as Property, Plant and Equipment or Intangible Assets, as per the CIPFA Code of Practice on Local Council Accounting.

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using the following measurement bases:

- Land and buildings – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV);
- Non-specialised operational properties – existing use value (EUV);
- Specialised operational properties (such as schools) – depreciated replacement cost (DRC);
- Vehicles, plant and equipment – depreciated historical cost as a proxy for current value on materiality grounds;
- Infrastructure assets – depreciated historical cost or nominal value if unavailable;
- Community assets – historic cost where available, or existing use value (EUV);
- Assets under construction – historical cost; and
- Investment properties and surplus assets – fair value, estimated at highest and best use from a market participant's perspective.

Assets are included in the balance sheet at current value and are re-valued where there have been material changes in the value, but as a minimum every five years. When Assets under Construction are completed, they are valued at the date of completion in line with the appropriate valuation method for the asset type. Valuations are

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on the basis recommended by CIPFA and in accordance with the statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS).

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

Where decreases in value are identified, they are accounted for by:

- where there is a balance in the Revaluation Reserve the difference between the historic carrying value of the asset and its re-valued value is written off against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance the difference between the historic carrying amount of the asset and its re-valued value (impaired value) is written down against the relevant service line(s) in the Comprehensive income and Expenditure Account.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account. Consequently, these revisions exhibit no impact upon taxpayer funded services.

Valuations are undertaken through an agency arrangement by Newport Norse Ltd.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the Council Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Adopted roads built by developers are in many respects seen as donated assets. Whilst donated assets are required to be measured at fair value at recognition, infrastructure assets are measured initially at historical cost and subsequently at depreciated historical cost rather than fair value.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance in the Revaluation Reserve the difference between the historic carrying value of the asset and its re-valued value is written off against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance the difference between the historic carrying amount of the asset and its re-valued value (impaired value) is written down against the relevant service line(s) in the Comprehensive income and Expenditure Account.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

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Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

Asset	Policy	Life
Land	No depreciation charge	
Buildings	Straight line depreciation on estimated remaining life	As advised by Valuer
Infrastructure Assets	Straight line depreciation on estimated remaining life	10 to 60 years
Vehicles & Plant	Straight line depreciation on estimated remaining life or over the term of the lease in the case of assets acquired by finance leases	5 - 7 years
Computer Equipment	Straight line depreciation on estimated remaining life	Usually 5 years

No depreciation is charged in the year of acquisition or enhancement of an asset, and a full year's depreciation is charged in the year of disposal of a depreciating asset.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Componentisation

Assets purchased or re-valued during the year are reviewed to confirm whether any part of the asset will have a significantly different useful life. Where this is the case the asset will be 'componentised' and the differing parts will be depreciated over their respective useful lives.

However, property assets will only be componentised where the total asset value is £2.5m or greater. These assets are componentised into Buildings, Land, Mechanical and Electrical plant and Externals elements on revaluation.

Non-current Assets Held for Sale and Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

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Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Some asset sales, like vehicles, tend to be amalgamated when considering against the £10,000 de minimis capital receipt level. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of non-current assets has been charged as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Movement in Reserves Statement so there is no impact on the level of council tax. This expenditure does form part of the Council's Capital Financing Requirement.

Private Finance Initiative (PFI)

PFI contracts are agreements to receive services, where responsibility for making available the required property, plant and equipment needed to provide services passes to the contractor. The Council is deemed to control the services provided under its PFI schemes and as ownership of the property, plant and equipment passes to the Council at the end of the contract, the Council carries the assets used under the contracts within its own balance sheet as part of property, plant and equipment.

The recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) is balanced by a liability for amounts due to the scheme operator to pay for the assets. Non-current assets recognised on the balance sheet are re-valued and depreciated in the same way as property, plant and equipment directly owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of the services received during the year which recognises performance achieved – charged to the relevant service in the Income and Expenditure Account;
- Finance cost – an interest charge on the outstanding balance sheet liability, charged to Financing and Investment Income and Expenditure in the Income and Expenditure Account;
- Contingent rent – an amount paid in respect of the property during the contract, charged to Financing and Investment Income and Expenditure in the Income and Expenditure Account;
- Payment toward liability – used to write down the balance sheet liability towards the operator;

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- Lifecycle replacement costs – recognising elements of the assets require regular replacement and therefore charged to fixed assets on the balance sheet, or revenue as appropriate.

The Council receives government grants to support its financing liabilities each year. In the early years of such contracts this income exceeds the Council's net expenditure on these schemes. The Council has agreed that it will transfer any consequential Income and Expenditure surpluses arising from its PFI arrangements, together with any additional revenue provision deemed necessary to a PFI Reserve. The reserve funds are released in the later years of the contract when payments exceed available revenue support.

Provisions

Provisions are shown where a past event has placed the Council in a position where it has an obligation that is likely to lead to it incurring a cost. The precise timing and value of the cost may be unknown but can be reliably estimated.

Provisions are charged to the Comprehensive Income and Expenditure Statement to the appropriate service revenue account in the year that the Council becomes aware of the obligation, based on the best estimate of the likely settlement.

Estimates are reviewed at the end of each financial year and any changes are reflected within relevant service revenue accounts. When payments related to the obligation are eventually made they are charged to the provision set up in the Balance Sheet.

Contingent Assets / Liabilities

Contingent Assets and Liabilities are obligations or assets arising from past events where:

- The existence or value of the obligation is dependent on future events which are outside the control of the Council;
- It is not probable that a flow of economic benefits will be required to settle the obligation; and
- The obligation/contingent asset cannot be measured reliably.

Contingent Liabilities and Assets are not recognised in the Balance Sheet but are disclosed in Notes 44 and 45. The disclosure sets out the scale of potential costs and likelihood of these being realised.

Reserves

The Council maintains a range of reserves, reflecting both the extent to which its assets exceed its liabilities and any restrictions (statutory or voluntary) which are placed upon the usage of these balances. The main unrestricted reserve used to hold available Council funds is the Council Fund. Expenditure to be financed from an earmarked reserve is initially shown as a cost in the Comprehensive Income and Expenditure Statement. An offsetting transfer is then recorded in the Movement in Reserves Statement to ensure that there is no impact on General Fund or Council Tax.

Council Fund Balance: The Council holds a Council Fund Balance to meet future funding requirements and as a hedge against any unforeseen financial losses. The adequacy of the level of this reserve is reviewed annually by the Chief Finance Officer as part of the Council's budget approval process.

Earmarked Reserves:

The Council has discretion to set aside specific amounts as reserves where they wish to earmark available funds for future policy purposes; to cover contingencies or manage cash flows. These are summarised in Note 10. The most significant reserve is the Southern Distributor Road PFI which will meet future liabilities over the lifetime of the PFI scheme.

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Unusable Reserves:

A number of reserves exist to manage the accounting for non-current assets, financial instruments and employee benefits; these do not represent usable funds for the Council, these are explained in the relevant policies and notes and are classed as Unusable Reserves, found in Note 26.

Schools Accounting Policy

The Code confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not in the group accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

Value Added Tax (VAT)

Income and expenditure excludes any amounts related to VAT, as all VAT collected on income is paid over to HM Revenue and Customs, and all VAT paid on expenditure is recovered from them. Income and expenditure arising from changes in legislation affecting amounts claimed are included against services unless significant in which case, they appear as Exceptional Items on the Comprehensive Income and Expenditure Statement.

2 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

The Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

IFRS 16 is a new International Financial Reporting Standard for lease accounting which came into force on 1 January 2019. It replaced the existing IAS 17 accounting standard.

CIPFA/LASAAC which governs local authority financial standards has deferred formal implementation date and the latest position is a potential adoption date of April 23 or April 24.

The future effect of IFRS 16 will require local authorities that lease/rent assets to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities. There is an exception for low value (£5k) and short life arrangements (1 year or less).

Based on early work, it is currently anticipated that fixed assets, through the creation of on use assets, would be increased by £10.14million if it were applicable to 2021-22 Accounts.

3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The Statement of Accounts can contain estimated figures, particularly where it is necessary to base costs and income on assumptions made by the Authority about the future or that are otherwise uncertain. So figure work can include an anticipation of future interest rates or inflation and are mitigated through techniques like discounted cash flows or internal rate of return. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. For instance:

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- The Government has made fundamental changes in respect of the provision of public sector pensions in recent years, and last year the Council also absorbed the net Newport Transport pension liability for those staff still accessing Superannuation scheme. The LGPS triennial valuation continues to affirm the affordability of the scheme through its revision of current and future contribution rates.
- In line with accounting standards the Authority continues to make a significant provision in respect of final remedial work and future maintenance/monitoring of its major waste disposal site. Assumptions regarding remediation and aftercare costs have been based on legal requirements to monitor the site for a period of 60 years following closure and have been adjusted for the time value of money.
- From an asset point of view, schools remain the most significant class in the portfolio. The Council is required to report any material expenditure, income, assets and liabilities of schools within its primary statements. It may have to rely upon information derived from outside sources. Specific consideration has to be given as to whether the assets from which these schools operate meet the necessary criteria (in terms of access to services and control) to be recognised as Council assets under IAS16.
- In Newport's case it has been judged that faith schools (voluntary aided or controlled) which are not sited on Council land and over which it has no long term guarantees of availability do not meet the criteria for recognition as an asset under IAS16. This results in the exclusion of 9 schools from the Council's non-current assets.
- The Authority also undertook a fundamental review in 2012/13 of its Schools portfolio with a view to both rationalising and significantly improving the quality of school premises available across the City and County (21st Century Schools Programme). In the light of this scheme and the outline timescale for implementation, the useful lives of some school buildings were re-evaluated and considerably reduced from that previously used. The effect of this was to accelerate residual depreciation affecting both the Comprehensive Income and Expenditure Statement and the net book value as shown on the Balance Sheet.
- The Council's fixed asset valuation process involves a rolling programme of examination over a 5 year period. Consequently, it is necessary to consider whether any changes in valuation experienced in the current year are perceived to also have a bearing upon other classes of assets that weren't examined and their values also adjusted accordingly.
- There remains a high degree of uncertainty about future levels of funding for local government. The Council's Accounts continue to be recorded on the basis of going concern.

4 EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Head of Finance on 12th July 2022. Any events taking place after this date are not reflected in the statement of accounts or notes and there are no specific issues or events that are expected to change this.

5 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contain estimated figures that are based on assumptions made by the Council about the future, or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

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The impact of the Covid-19 pandemic has altered demand, supply and the approach to the provision of services over the last 2 years. It is unclear whether such changes will prove temporary or more permanent, such that any future assumptions and estimation used in the Statement of Accounts which is based upon current activity is potentially less reliable and more volatile than it has been traditionally.

The items in the Council's Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
Provisions	<p>The Council makes a number of provisions for liabilities that it may face where a reasonable estimate of value can be made.</p> <p>In most cases these are subject to legal claims such as Insurance claims and other items as disclosed in the provisions note. Provisions relating to landfill sites, due to their significant value and long life are subject to a high level of estimation of future liabilities, this is detailed further in the provisions note.</p>	<p>The provisions are based on information known at the Balance Sheet date and best estimates and professional internal and external advice is used to determine value and number of provisions. The outcomes of such issues will have an impact on the outturn of the Council in future years, however due to the uncertain nature of these events, these are difficult to quantify.</p>
Provisions in relation to Arrears of Debt	<p>At 31 March 2022, the Council had amounts it was owed for items such as sundry debtors, Council Tax, Non Domestic Rates (NDR) and rents. After taking into account trends in past collection experience and other relevant changes that may impact on collectability such as the economic climate, a level of impairment is assumed which may or may not be deemed to be sufficient.</p>	<p>Beneficial collection activity will improve the future reported outturn position, however where customers are finding it difficult to pay for Council services, this will require increases in the level of provisions currently set aside. Common with 2020/21 the Council continues to make an additional provision for non payment as a result of Covid-19 pandemic/UK economic situation. Future years will necessitate a similar consideration as to whether recent cost of living increases felt on other goods and services (e.g. food, utilities, fuel etc) are impactful into the medium term upon disposable income and limits potential payment to the Council, but this will be informed by any uptick in arrears.</p> <p>Property, plant and equipment</p> <p>In the effect box add a sentence that</p> <p>These revisions exhibit no impact upon taxpayer funded services.</p>

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<p>Property, Plant and Equipment</p>	<p>Assets are depreciated over their useful lives which are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Due to the uncertainty about the actual useful life of an asset there is uncertainty of this charge if the useful life was to change.</p>	<p>If the useful life of assets is reduced, depreciation increases and the net carrying value of the assets falls.</p>
<p>Fair value measurements</p>	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model.) Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities.</p> <p>Where level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the senior external valuer).</p>	<p>The Council uses a selection of valuation methods to measure the fair value of its surplus assets, investment properties and financial assets and liabilities.</p> <p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets).</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement particularly for the investment properties.</p>

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<p>Valuation of operational property</p>	<p>Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets.</p> <p>The outbreak of Covid-19 has impacted global financial markets and as at the valuation date, less weight can be attached to previous market evidence to inform opinions of value. There is an unprecedented set of circumstances on which to base a judgement.</p> <p>Valuations are therefore reported on the basis of 'material valuation uncertainty'. Consequently, less certainty and a higher degree of caution should be attached to the valuation.</p> <p>The Council undertakes a rolling 5 year valuation schedule to review the value of the assets held in the balance sheet. This process is managed by RICS qualified personnel through an agency contract. Given the length of time between valuations and the perceived impact of recent inflation upon replacement cost figures this introduces an increased uncertainty as to gross book values.</p> <p>At the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy. Therefore, values have been based on the situation prior to Covid-19, on the assumption that values will be restored when the real estate market becomes more fluid. The estimated remaining useful life of all operational assets is reviewed annually based on the advice from the Council external valuers.</p>	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p> <p>Depreciation charges for operational buildings will change in direct relation to changes in estimated current value.</p>
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<p>Fair value measurement of investment property</p>	<p>The Council's external valuers use valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available.</p> <p>The outbreak of Covid-19 has impacted global financial markets and as at the valuation date, less weight can be attached to previous market evidence to inform opinions of value. There is an unprecedented set of circumstances on which to base a judgement.</p> <p>Valuations are therefore reported on the basis of 'material valuation uncertainty'. Consequently, less certainty and a higher degree of caution should be attached to the valuation.</p> <p>The Council undertakes a rolling 5 year valuation schedule to review the value of the assets held in the balance sheet. This process is managed by RICS qualified personnel through an agency contract. Given the length of time between valuations and the perceived impact of recent inflation upon replacement cost figures this introduces an increased uncertainty as to gross book values.</p> <p>At the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy. Therefore, it has been difficult to value property assets. Values have been based on the situation prior to Covid-19, on the assumption that values will be restored when the real estate market becomes more fluid.</p>	<p>Estimated fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date.</p>
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Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.</p> <p>To account for the McCloud Judgement (public service pensions age discrimination cases) the actuary has made an estimated adjustment to these liabilities from the 2019 valuation data to ensure that it is captured in the 31 March 2022 IAS19 balance sheet figures. The final impact on the pension scheme will not be known until the required changes in legislation have been made.</p>	<p>A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>
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The Pensions actuary has provided a table of the variables and the estimated effect upon the fund from a change in current predictions:

Change in assumptions at 31 March 2022:	Approximate effect on liability (£000)	Approximate resultant % increase to Defined Benefit Obligation
0.1% decrease in Real Discount Rate	21,514	2%
1 year increase in member life expectancy	41,858	4%
0.1% increase in the Salary Increase Rate	2,136	0%
0.1% increase in the Pension Increase Rate (CPI)	19,217	2%
<i>Source: Actuarial Report for NCC 31st March 2022</i>		

6 MATERIAL ITEMS OF INCOME AND EXPENSE

Information is material if omitting, misstating or obscuring it could be reasonably expected to alter the reader's decisions/opinion in respect of the financial statements. The Council has captured material transactions within the various notes, it does not consider that there are any other material items of income and / or expense that were incurred and / or received in the normal day to day provision of the services.

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7 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2021/22	Adjustments for Capital Purposes	Net change for Pension Adjustments	Accumulated Absences	Other Adjustments	Total Adjustments
	£'000	£'000	£'000	£'000	£'000
Adjustments from General Fund to arrive at CIES amounts					
Children and Young People	1,110	3,492	(41)	368	4,929
Adults and Community	(262)	3,571	(37)	(535)	2,737
Education	2,590	1,785	326	716	5,417
Schools	11,038	7,936	-	(6,626)	12,348
Regen Investment + Housing	3,132	2,515	(44)	(718)	4,885
City Services	10,264	3,194	(9)	(841)	12,608
Corporate Services	1,021	4,266	(68)	(556)	4,663
Other Non Department Costs (Non Service)	50	(1,245)	-	(28,590)	(29,785)
Net Cost of Service	28,944	25,513	126	(36,782)	17,801
Other Income and Expenditure from Funding Analysis	(46,286)	9,749	-	3,889	(32,648)
Difference between General Fund surplus or deficit and CIES Surplus or Deficit	(17,342)	35,262	126	(32,893)	(14,847)

2020/21	Adjustments for Capital Purposes	Net change for Pension Adjustments	Accumulated Absences	Other Adjustments	Total Adjustments
	£'000	£'000	£'000	£'000	£'000
Adjustments from General Fund to arrive at CIES amounts					
Children and Young People	632	1,403	(93)	(149)	1,793
Adults and Community	847	1,459	(104)	(30)	2,172
Education	3,885	690	(50)	(1,111)	3,414
Schools	23,666	3,191	(829)	(7,596)	18,432
Regen Investment + Housing	2,735	1,063	(224)	(5,290)	(1,716)
City Services	11,288	1,293	(98)	(2,609)	9,874
Corporate Services	1,051	1,638	(124)	(4,485)	(1,920)
Other Non Department Costs (Non Service)	31	(5)	-	(7,079)	(7,053)
Net Cost of Service	44,135	10,732	(1,522)	(28,349)	24,996
Other Income and Expenditure from Funding Analysis	(18,147)	8,084	-	1,263	(8,800)
Difference between General Fund surplus or deficit and CIES Surplus or Deficit	25,988	18,816	(1,522)	(27,086)	16,196

Adjustments for Capital Purposes

- 1) Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:
 - a. Other operating expenditure – adjusts for capital disposals with a transfer of income on the disposal of assets and the amounts written off for those assets
 - b. Financing and investment income and expenditure – the statutory charges for capital financing such as Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices

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- c. Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Changes for Pension adjustments

- 2) Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income
 - a. For services this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service cost
 - b. For financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES

Adjustments for Accumulated Absences

- 3) Adjustments for accumulated absences – this column recognises when employees render the services which increase their entitlement to future paid absences. Accumulated paid absences are those that can be carried forward for use in future periods if the current period's entitlement are not used in full, such as carry forward of unused annual leave.

Other Adjustments

- 4) This column reflects any other differences between the amounts debited / credited to the Comprehensive Income and Expenditure Statement and amounts payables / receivable to be recognised under statute:
 - a. For financing and investment income and expenditure the other differences column recognises adjustments to the general fund for the timing differences for premiums and discounts
 - b. The other differences that are recognised is any adjustment which is required to be completed to reconcile the reported outturn to Cabinet, to that which is it classified with the accounts. The adjustment of £3,889k under 'Other Non-Department Costs (Non service)' includes adjustments for Levies, Council Tax Reduction Scheme, reserve balances, minimum revenue provision, Private Finance Initiatives and any other income and expenditure.

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8 EXPENDITURE AND INCOME ANALYSED BY NATURE

The Council's expenditure and income is analysed as follows:

	2020/21	2021/22
	£'000	£'000
Expenditure		
Employee Benefits Expenses	201,961	234,329
Other Services Expenditure	232,325	245,619
Depreciation, Amortisation, Impairment	43,567	28,115
Interest Payments	18,446	20,762
Precepts and Levies	25,032	26,463
(Gain)/Loss on Disposal of assets	-	350
Total Expenditure	521,330	555,638
Income		
(Gain)/Loss on Disposal of assets	(1,126)	
Fees, Charges and other service income	(24,575)	(29,713)
Interest and investment income	(1,056)	(1,055)
Income from Council tax and non-domestic rates	(122,903)	(130,256)
Government grants and contributions	(362,832)	(416,041)
Total Income	(512,492)	(577,065)
(Surplus) or Deficit on the Provision of Services	8,839	(21,427)

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9 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Council in the year, in accordance with proper accounting practice, to the resources that are specified by statutory provisions, as being available to the Council to meet future capital and revenue expenditure.

	Usable Reserves		
	Council Fund Balance	Capital Receipts Reserve	Movement in Unusable Reserves
2021/22	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:	14,660	-	(14,660)
Reversal of Items debited or credited to the Comprehensive Income and Expenditure Account	3,956	-	(3,956)
Charges for depreciation and impairment of non-current assets	(25,513)	-	25,513
Revaluation losses on PPE & Assets Held for Sale	(2,606)	-	2,606
Movements in the fair value of Investment Properties & Assets held for sale	(478)	-	478
Capital grants and contributions applied	39,235	-	(39,235)
Revenue expenditure funded from capital under statute	(4,169)	-	4,169
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	(2,922)	-	2,922
Cardiff City Region Aggregated Unuseable Reserves (NCC share)	408	-	(408)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:	10,704	-	(10,704)
Statutory provision for the financing of capital investment	10,008	-	(10,008)
Capital expenditure charged against the General Fund	696	-	(696)
Adjustments primarily involving the Capital Receipts Reserve:	2,655	(2,637)	-
Transfer of cash sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure statement	2,655	(2,655)	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	18	(18)
Transfer from Deferred Capital Receipts Reserve on receipt of cash	-	-	-
Use of Capital Receipts to fund Premium	-	-	-
Adjustments primarily involving the Deferred Capital Receipts Reserve:	-	-	-
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-

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Adjustment primarily involving the Financial Instruments Adjustment Account:

	105	-	(105)
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Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements

105	-	(105)
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Adjustments primarily involving the Pensions Reserve:

(35,262)	-	35,262
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Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 42)

(54,057)	-	54,057
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Employer's pensions contributions and direct payments to pensioners payable in the year

18,795	-	(18,795)
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Adjustment primarily involving the Accumulated Absences Account:

(126)	-	126
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Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements

(126)	-	126
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TOTAL ADJUSTMENTS

(17,968)	(2,637)	20,605
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2020/21 Comparative figures

	Usable Reserves		
	Council Fund Balance	Capital Receipts Reserve	Movement in Unusable Reserves
	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:	(15,441)	-	15,441
Reversal of Items debited or credited to the Comprehensive Income and Expenditure Account	(26,828)	-	26,828
Charges for depreciation and impairment of non-current assets	(23,573)	-	23,573
Revaluation losses on Property Plant and Equipment	(18,108)	-	18,108
Movements in the market value of Investment Properties	(77)	-	77
Capital grants and contributions applied	19,935	-	(19,935)
Revenue expenditure funded from capital under statute	(4,681)	-	4,681
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(324)	-	324
Cardiff City Region Aggregated Unuseable Reserves (NCC share)	-	-	-
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:	11,387	-	(11,387)

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Statutory provision for the financing of capital investment	10,888	-	(10,888)
Capital expenditure charged against the General Fund	499	-	(499)
Adjustments primarily involving the Capital Receipts Reserve:	(1,482)	1,506	(24)
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	548	(548)	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	24	(24)
Transfer from Deferred Capital Receipts Reserve on receipt of cash	-	-	-
Use of Capital Receipts to fund Premium	(2,030)	2,030	-
Adjustments primarily involving the Deferred Capital Receipts Reserve:	-	-	-
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-
Adjustment primarily involving the Financial Instruments Adjustment Account:	2,666	-	(2,666)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	2,666	-	(2,666)
Adjustments primarily involving the Pensions Reserve:	(18,817)	-	18,817
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 42)	(35,240)	-	35,240
Employer's pensions contributions and direct payments to pensioners payable in the year	16,423	-	(16,423)
Adjustment primarily involving the Accumulated Absences Account:	1,522	-	(1,522)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,522	-	(1,522)
TOTAL ADJUSTMENTS	(31,552)	1,506	30,046

Notes to the Statement of Accounts

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10 TRANSFERS TO / FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund as balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet Council Fund expenditure in 2021/22.

	Movements between Reserves		Via Comprehensive I&E Account		Balance at 31-Mar-22	
	Balance at 31-Mar-21	Transfers Out	Transfers In	Transfers Out		Transfers In
	£'000	£'000	£'000	£'000	£'000	
Council Fund	(6,499)	-	-	-	(1)	(6,500)
Balances held by schools for future use	(9,558)	-	-	-	(6,179)	(15,737)
Risk Reserves						
Music Service	(127)	-	-	-	-	(127)
Pay Reserve	(1,418)	-	-	-	-	(1,418)
Insurance Reserve	(1,162)	-	-	-	-	(1,162)
MMI Insurance Reserve	(602)	-	-	-	-	(602)
Health & Safety	(16)	16	-	-	-	-
Education Achievement Service	(92)	-	-	-	-	(92)
Schools Redundancies	(985)	-	-	-	(113)	(1,098)
General Investment Risk Reserve	(1,188)	64	-	-	(1,443)	(2,567)
European Funding I2A & CFW	(984)	-	-	36	(450)	(1,398)
Metro Bus	(9)	9	-	-	-	-
GEMS Redundancies	(78)	-	-	-	-	(78)
COVID Risk Reserve	-	-	(1,884)	-	-	(1,884)
Enabling Reserves						
Capital Expenditure	(9,927)	-	-	-	-	(9,927)
Displacement headroom	-	-	-	-	(10,279)	(10,279)
Capital Grants Unapplied	-	-	-	-	(3,210)	(3,210)
Invest to Save	(8,464)	-	-	897	-	(7,567)
Super Connected Cities	(298)	-	-	128	-	(170)
Landfill Reserve	(332)	-	-	-	-	(332)
School Works	(432)	-	-	-	(497)	(929)
School Reserve Other	(27)	-	-	-	-	(27)
Schools ICT Sustainability	-	-	-	-	(50)	(50)
Investment Reserve	(497)	497	-	-	-	-
Usable Capital Receipts	(6,753)	-	-	18	(2,655)	(9,390)
Streetscene Manager Support	(66)	-	-	55	-	(11)
Smoothing Reserves						
Municipal Elections	(164)	-	-	-	(16)	(180)
Local Development Plan	(688)	55	-	118	-	(515)
Glan Usk PFI	(1,607)	-	-	-	-	(1,607)
Southern Distributor Road PFI	(40,392)	-	-	452	-	(39,940)
Building Control	(81)	-	-	-	(43)	(124)
Loan modification IFRS 9	(513)	-	-	-	-	(513)
Kingsway	(64)	-	-	-	-	(64)
Other Reserves						
Works of art	(21)	-	-	-	-	(21)

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Theatre & Arts Centre	(232)	-	-	-	-	(232)
Cymorth Income	(25)	25	-	-	-	-
Blaen-y-plant remodelling	(4)	4	-	-	-	-
Homeless Prevention	(38)	38	-	-	-	-
Environmental Health - Improve Air Quality	(49)	-	-	-	-	(49)
Refurbishment of a Children / Older People Homes	(41)	41	-	-	-	-
Apprenticeship Scheme Reserve	(17)	10	-	-	-	(7)
City Economic Development Reserve	(90)	-	-	-	-	(90)
Welsh Language Standards	(129)	2	-	-	-	(127)
Port Health	(16)	-	-	-	(4)	(20)
CRM	(52)	-	-	52	-	-
Financial System Upgrade	(600)	-	-	-	-	(600)
Events	(216)	-	-	-	(59)	(275)
MTFP Reserve	(5,117)	1,185	-	943	(6,412)	(9,401)
Voluntary Sector Grants	(43)	16	-	-	-	(27)
Bus Wifi	-	-	-	-	-	-
Bus Subsidy	(15)	15	-	-	-	-
Feasibility Reserve	(54)	-	-	-	-	(54)
IT Development	(53)	-	-	-	-	(53)
Leisure Delivery Plan	(103)	-	-	103	-	-
Chartist Tower	(256)	-	-	-	-	(256)
Joint Committee City Deal Reserve	(289)	-	-	-	(373)	(662)
Civil Parking Enforcement	(245)	-	-	52	-	(193)
Community COVID Recovery Fund	(500)	-	-	-	-	(500)
Clean & Green	(500)	-	-	481	-	(19)
Green Recovery Task Force	(1,000)	-	-	-	-	(1,000)
Business Development Grants	(250)	-	-	-	-	(250)
Business Support	(56)	-	-	-	(25)	(81)
Children's Service legal fees	(150)	-	-	150	-	-
Community Occupational Therapy	(53)	-	-	-	-	(53)
Directly Managed Community Centres Maintenance	(50)	-	-	-	-	(50)
IT Infrastructure	(120)	-	(95)	-	(432)	(647)
PSB Contribution	(40)	-	-	-	-	(40)
COVID Reserve	(596)	95	-	75	-	(426)
Highways road repairs [potholes]	(116)	-	-	116	-	-
Homelessness Prevention	(289)	-	(38)	-	-	(327)
Chief Education Grant	(765)	-	-	197	-	(568)
Home to School Transport	(801)	-	-	302	-	(499)
Housing Supply review	(25)	-	-	-	-	(25)
Anniversary tree planting / green canopy	(20)	-	-	17	-	(3)
Cariad Casnewydd	(170)	-	-	-	-	(170)
Soft Loan interest equalisation reserve	(1,861)	-	-	213	-	(1,648)
Community Gardening Schemes	(180)	-	-	-	-	(180)
SS COVID Recovery Reserve	-	-	-	-	(563)	(563)
Market Arcade Owner contributions	-	-	-	-	(51)	(51)
Strategic Development Plan	-	-	(55)	-	(55)	(110)
Parks & Open Spaces	-	-	-	-	(2,500)	(2,500)
Discretionary Rate Relief	-	-	-	-	(900)	(900)
Domiciliary Care Service Capacity	-	-	-	-	(500)	(500)
Social Services PPE Reserve	-	-	-	-	(212)	(212)
Prior year Underspend - 21-22	-	-	-	-	(7,895)	(7,895)

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Communications Corporate Requirement	-	-	-	-	(232)	(232)
Decarbonisation Projects	-	-	-	-	(90)	(90)
St Andrew's Primary	-	-	-	-	(305)	(305)
Total	(108,270)	2,072	(2,072)	4,405	(45,544)	(149,409)

Key Reserves to note are:

- **Invest to save reserve** - established to enable funding of specific projects which demonstrate savings to the revenue budget within pay-back period of 3 years;
- **School reserves** - these are balances held by schools for their future use;
- **Capital Expenditure reserve** - established to fund specific capital schemes and risks included in the Capital Programme;
- **Insurance reserve** - to assist in the management of the Council's insurance risks. To meet excesses and costs of claims against the Council and to provide cover on self-insured risks;
- **MMI Insurance reserve** - The Council manages the residual insurance fund of the former Gwent County Council on behalf of Torfaen, Blaenau Gwent, Caerphilly and Monmouth Councils. Municipal Mutual Insurance Limited (MMI) covers some of the claims of both ex- authorities (Gwent CC and Newport Borough Council). Following a High Court case in March 2012, MMI has now confirmed that they will be unable to settle the remaining claims in total, and each Council is now required to meet a balance of the remaining claims. The Council holds an earmarked reserve to mitigate this risk.
- **Pay reserve** - established to fund potential pay liabilities in future years should any annual pay award be greater than what has been provided in the annual budget;
- **Usable capital receipts reserve** - holds proceeds from sale of property, plant and equipment, used to finance new capital expenditure;
- **Southern Distributor Road and Glan Usk PFI reserves** – the funding for these two projects were received from Welsh Government upfront, and is held in a reserve to pay the annual capital repayments to the contractor over the life of the project;
- **General Investment Risk Reserve** – the Council are involved in providing support towards regeneration activities within the city. This reserve has been established to provide limited mitigation where assessed to be required / prudent against any potential risks arising from any support the council has given.

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11 OTHER OPERATING EXPENDITURE

31-Mar-21		31-Mar-22
£'000		£'000
	Precepts and levies:	
418	Community Councils	437
7,408	South Wales Fire Authority	7,855
755	Natural Resources Wales	755
16,451	Police and Crime Commissioner for Gwent	17,417
(1,103)	(Gains) and Losses on assets held for sale	66
(23)	Loss / (Profit) on the disposal of non-current assets	283
<u>23,906</u>	Total	<u>26,813</u>

12 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

31-Mar-21		31-Mar-22
£'000		£'000
10,360	Interest Payable and similar charges	11,013
8,084	Pensions interest cost and expected return on pensions assets	9,749
(180)	Interest receivable and similar income	(564)
146	Income and expenditure in relation to investment properties and changes in their fair value	(491)
<u>18,410</u>	Total	<u>19,707</u>

13 TAXATION AND NON SPECIFIC GRANT INCOME

31-Mar-21		31-Mar-22
£'000		£'000
(76,467)	Council tax income	(80,785)
(46,436)	Non domestic rates	(49,472)
(185,517)	Non-ring fenced government grants	(195,120)
(17,667)	Capital grants and contributions	(47,489)
<u>(326,087)</u>	Total	<u>(372,866)</u>

National Non-Domestic Rates (NNDR)

The total rateable value for non-domestic rates was £142,849,300 at 31 March 2022 (£142,324,592 at 31 March 2021). The rate poundage for occupied properties was 53.5p per £ of rateable value (53.5p in 2020/21) with empty properties being charged at 53.5p (53.5p in 2020/21).

In 2021/22 Newport received £49.4m from the Welsh NNDR pool in support of its services (£46.4m – 2020/21).

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Local Taxation

	31-Mar-21	31-Mar-22
	£'000	£'000
INCOME		
Council Taxes (net of Council Tax benefits)	(77,899)	(81,907)
Council Tax benefits	(12,273)	(12,346)
Total income	(90,172)	(94,253)
EXPENDITURE		
Precepts payable		
- Gwent Police Authority	16,451	17,417
- Community Councils	418	437
Newport Council Fund requirement	72,193	75,134
Council tax written off and provided for	1,432	1,122
Total expenditure	90,494	94,110
Net surplus for the year	322	(143)

Council Tax Requirement

	Dwellings	31-Mar-21 Tax Base	Dwellings	31-Mar-22 Tax Base
Total number of properties on valuation list	69,295	69,295	69,619	69,619
Adjusted as follows				
Less exempt properties @ 100%	2,044	(2,044)	1,824	(1,824)
Less single discounts @ 25%	25,328	(6,332)	25,124	(6,281)
Less multiple discounts @ 50%	87	(44)	80	(40)
Band D conversion		63		(7)
Losses on collection		(671)		(983)
Tax Base		60,267		60,484
		£		£
Council tax requirement		89,060,765		92,986,892
Less payable to Gwent Police		(16,450,480)		(17,416,973)
Less payable to Community Councils		(417,650)		(436,694)
Net requirement Newport City Council		72,192,635		75,133,225
Band D tax for the year		1,205		1,249

This basic amount of £1,249.42 for a band D property (£1,204.81 in 2020/2021) is multiplied by the proportion specified for the particular band to give the individual amount due:

Band:	A	B	C	D	E	F	G	H	I
Multiplier:	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9

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14 PROPERTY, PLANT AND EQUIPMENT

	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets within PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2021	350,566	43,629	234,056	179	2,636	4,826	635,892	67,720
Additions	5,714	4,473	10,004	222	0	24,940	45,354	1,504
Donations	-	-	915	-	-	-	915	-
Re-classifications	993	-	-	9	1,851	(3,195)	(341)	-
Revaluations	(3,608)	-	-	-	1,936	-	(1,671)	-
Impairments	(3,787)	(54)	(104)	(158)	(0)	-	(4,103)	-
Disposals	(320)	(552)	-	-	-	-	(872)	-
At 31 March 2022	349,559	47,496	244,871	252	6,424	26,571	675,173	69,224
Accumulated Depreciation								
At 1 April 2021	(8,346)	(31,760)	(86,459)	-	-	-	(126,565)	(22,802)
Depreciation Charge in Year	(12,777)	(3,062)	(7,202)	-	-	-	(23,041)	(1,709)
Re-classifications	418	-	-	-	-	(14)	404	-
Revaluation Impact	3,817	-	-	-	-	-	3,817	-
Disposals	73	540	-	-	-	-	614	-
At 31 March 2022	(16,815)	(34,282)	(93,661)	-	-	(14)	(144,771)	(24,511)
Net Book Value								
At 1 April 2021	342,220	11,869	147,597	179	2,636	4,826	509,327	44,918
At 31 March 2022	332,744	13,214	151,211	252	6,424	26,557	530,401	44,713

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	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets within PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2020	370,801	41,198	228,473	179	2,636	1,780	645,067	72,880
Additions	9,288	3,389	6,045	31		2,092	20,845	1,196
Donations	-	-	127	-	-	-	127	-
Re-classifications	(4,177)	141	(141)	-	-	954	(3,223)	-
Revaluations	(23,661)	-	65	-	-	-	(23,596)	(6,356)
Impairments	(1,125)	-	(513)	(31)	-	-	(1,669)	-
Disposals	(560)	(1,099)	-	-	-	-	(1,659)	-
At 31 March 2021	350,566	43,629	234,056	179	2,636	4,826	635,892	67,720
Accumulated Depreciation								
At 1 April 2020	(35,041)	(29,518)	(79,444)	-	-	-	(144,003)	(23,867)
Depreciation Charge in Year	(12,168)	(3,341)	(7,015)	-	-	-	(22,524)	1,065
Re-classifications	280	-	-	-	-	-	280	-
Revaluation Impact	38,472	-	-	-	-	-	38,472	-
Disposals	111	1,099	-	-	-	-	1,210	-
At 31 March 2021	(8,346)	(31,760)	(86,459)	-	-	-	(126,565)	(22,802)
Net Book Value								
At 1 April 2020	335,760	11,680	149,029	179	2,636	1,780	501,064	49,013
At 31 March 2021	342,220	11,869	147,597	179	2,636	4,826	509,327	44,918

The Council also has a number of schools located within the Newport area which are Voluntary Aided and Voluntary Controlled and which are not owned by the Council. Although these schools are recognised as located within the Council's boundary, they are not disclosed within the Balance Sheet as they are not Council owned assets.

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Capital Commitments

The Council continued its programme of capital investment in 2021/22 to improve the infrastructure and facilities in Newport. Of this programme, the Council is contractually committed to carry out works as follows:

	31-Mar-21	31-Mar-22
	£'000	£'000
Education	13,406	29,037
City Services	38	1,185
RIH	23	379
Total	13,467	30,601

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is re-valued at least every five years. All valuations were carried out externally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

	Other Land & buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at Historic Cost	144	46,480	244,870	64	-	26,083	317,641
Valued at current value as at:							
31 March 2022	105,295	-	-	-	6,424	-	111,719
31 March 2021	172,815	-	-	-	-	-	172,815
31 March 2020	1,174	-	-	-	-	-	1,174
31 March 2019	61,008	-	-	188	-	-	61,196
31 March 2018	7,811	-	-	-	-	-	7,811
Total Cost or Valuation	348,247	46,480	244,870	252	6,424	26,083	672,356

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Fair Value Measurement of Surplus Assets

Details of the Council's surplus assets and information about the fair value hierarchy as at 31 March 2022 are as follows:

<i>Recurring fair value measurements using:</i>	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2022
	£'000	£'000	£'000
Residential properties	-	5,809	5,809
Commercial units/Land	-	615	615
Total	-	6,424	6,424

Comparative figures as at 31 March 2021 were:

<i>Recurring fair value measurements using:</i>	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2021
	£'000	£'000	£'000
Residential properties	-	2,021	2,021
Commercial units/Land	-	615	615
Total	-	2,636	2,636

There were no transfers between any of the levels during the year.

Significant Observable Inputs – Level 2: There are no assets included in Level 2.

Significant Unobservable Inputs – Level 3: The remainder of the residential properties and commercial units/land located in the area are measured using the best information available and using the Valuer's experience to make assumptions on how the market would assess the value of the asset. These are therefore categorised as Level 3 in the fair value hierarchy as significant unobservable inputs are used in determining the fair value measurement.

In estimating the fair value of the Council's surplus assets, the highest and best use of these assets has been considered. This is not necessarily the existing use and assumptions have been made to arrive at this assessment of value. However, from the list of relevant assets for 2021/22, there has been no change in the valuation techniques used during the year for surplus assets.

The fair value of the Council's surplus assets portfolio is measured annually at each reporting date. All valuations are carried out by an external Valuer, Newport Norse Ltd, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The valuation experts work closely with the Council's Finance Officers.

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15 IMPAIRMENT LOSSES

Impairment losses and impairment reversals by class of assets are disclosed within the Property, Plant and Equipment balances consolidated in Note 14. The amounts are charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure dependent on the class of impairment.

During 2021/22 the Council has recognised the following impairment losses:

	31-Mar-21	31-Mar-22
	£'000	£'000
Land & Buildings	1,125	3,787
Community Assets	30	158
Infrastructure Assets	513	104
Vehicles Plant & Equipment	-	54
Total	1,668	4,103

16 HERITAGE ASSETS

Reconciliation of the carrying value of heritage assets held by the Council

	Museum & Library Collections	Tredegar House & Park	Public Art & Features	Archaeology	Total Heritage Assets
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
At 1 April 2021	12,914	1,280	3,057	103	17,354
Revaluations / Additions	8	-	-	-	8
At 31 March 2022	12,922	1,280	3,057	103	17,362
Depreciation charge in year	-	-	-	-	-
At 31 March 2022	-	-	-	-	-
Net Book Value					
At 1 April 2021	12,914	1,280	3,057	103	17,354
At 31 March 2022	12,922	1,280	3,057	103	17,362

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	Museum & Library Collections	Tredegar House & Park	Public Art & Features	Archaeology	Total Heritage Assets
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
At 1 April 2020	12,914	1,280	3,057	103	17,354
Revaluations	-	-	-	-	-
At 31 March 2021	12,914	1,280	3,057	103	17,354
Depreciation charge in year	-	-	-	-	-
At 31 March 2021	-	-	-	-	-
Net Book Value					
At 1 April 2020	12,914	1,280	3,057	103	17,354
At 31 March 2021	12,914	1,280	3,057	103	17,354

Further information on the collections held

Museum Collection

The Council has developed its collection since 1888. The collection now illustrates the changing face of the South Wales rural and industrial landscape and includes donations from the Arts Council of Wales and the Contemporary Art Society for Wales.

Elements of the collection are regularly exhibited at the museum on a rotating basis. Key elements of the collection include:

- 19th and 20th century mainly British oil paintings, watercolours, drawings and prints with particular attention directed to topographical works relating to Newport. The collection represents the work of a large number of artists including James Flewitt Mullock, David Cox, Dame Laura Knight, Stanley Spencer, William Roberts, Merlyn Evans and William Russell Flint;
- Contemporary paintings by Welsh artists or artists living in Wales. These include works by Falcon Hildred, Harry Holland, Thomas Rathmell, Evan Charlton, Felicity Charlton, Ernest Zobole and Jack Crabtree;
- Contemporary prints including work by Patrick Caulfield, Derek Boshier, John McFarlane, Chris Orr, Terry Millington, Anthony Davies and Norman Ackroyd;
- Decorative arts including Staffordshire figures, commemorative ware and studio ceramics. These include the Iris and John Fox collection, the John Wait teapot collection and works by Jane Hamlyn, Lucie Rie, Nicholas Homoky, Geoffrey Swindell and Morgan Hall.

Library Local Studies Collection

The Local Studies Collection stored within the Central Library contains published and archival materials relating to the history, geography and literature of South East Wales. Key elements within the collection are:

- The Delaney Letters** – A collection of nine volumes of correspondence containing the bulk of the papers of Mary Delaney (1700-1788). Among the papers are a number by distinguished contemporaries; including three fine autograph letters signed by Mary's friend Jonathan Swift, one by her suitor John Wesley, two by the Anglo

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Saxon scholar Elizabeth Elstob and one by the bluestocking Elizabeth Montagu. Also present is an autograph epitaph by Horace Walpole.

- B. Papers of Sir Charles Hanbury Williams (1702 – 1759)** – These comprise some eighteen volumes of Hanbury Williams’s secretarial letterbooks and original correspondence from his postings as Minister or Ambassador to Dresden Poland and Russia; plus his autograph “Journal begun at Berlin in June 1750”, two volumes of autograph verse, a volume containing twelve autograph letters to him by Horace Walpole (1744-45), as well as by Lord Chesterfield, Hardwicke and others.
- C. The Haines Collection** – A collection of over 2,000 books, pamphlets and manuscripts relating to Monmouthshire, compiled by William Haines and donated to the library by Sir Garrod Thomas in 1924.
- D. The Chartist Collection** – A collection of printed books, pamphlets and manuscripts relating to the uprising of 1839. The key element of the collection is the 25 volumes of original trial depositions.

Tredegar House & Park

Tredegar House is one of the best examples of a 17th century Charles II mansion in Britain. The contents of the property include paintings, furniture and other artefacts of the time period. From 16 March 2012 the property has been leased to the National Trust for Wales. Further information on the preservation and management of this property can be found on their website at <http://www.nationaltrust.org.uk>.

Public Arts & Fixtures

The Council holds a large number of public art features, such as murals and statues, on public display throughout the local area.

Archaeology

There are a number of archaeological sites within the Council area, and as a result, over the last 25 years this collection has substantially increased in size.

The archaeology collections of the Newport Museum and Art Gallery include:

- ❖ Prehistoric material from the old County of Gwent most notably the Severn Estuary;
- ❖ Roman material mostly from the Roman sites of Caerwent and Caerleon, Mill Street;
- ❖ Medieval material representing mostly castles and abbeys;
- ❖ Collections of local and non-local prehistoric flints; and
- ❖ Associated archive material.

In addition, some material originating from excavations carried out on historic monuments on behalf of the Welsh Office (CADW), and excavations prior to new developments is held – most significantly, the Newport Ship timbers and associated artefacts.

The management of the collections is overseen by the Museum and Art Gallery Manager. The Museum and Arts Gallery manager manages a small team of professional staff which curates the collections and monitors its wellbeing. A project to establish a full computerised inventory of the collections began in 2006 and encompasses all collections cared for by the Museums & Heritage Service. Completing the documentation plan remains an important goal for the museum, but due to staffing resourcing issues the timetable for completion has slipped drastically and it cannot be determined when it will be completed. This programme of work allows for improvements in storage conditions and highlights specific conservation needs of objects and collections. While the in-house focus is on preventive conservation measures which aim to stabilise an object’s condition, specialist active conservation treatment is out-sourced and generally sought before objects are displayed.

The Curatorial team are also responsible for all acquisitions and disposals of collections’ objects. Each potential acquisition is assessed against a number of criteria set out in the Museums Acquisitions and Disposals Policy and in some cases specifically approved by the Cabinet Member for Leisure and Culture. Most objects added to the

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collections are donated by individuals or organisations. Purchases are few and far between and are often carried out with grant aid from external bodies such as The Art Fund or the V&A Purchase Grant Fund. The disposal process follows ethical guidelines published by the Museums Association, an umbrella organisation for museums and museum professionals in the UK. It favours the transfer of objects to other organisations within the public domain.

17 INVESTMENT PROPERTIES

The following table summarises the movement in the value of investment properties over the year:

	31-Mar-21	31-Mar-22
	£'000	£'000
Balance at start of the year	10,897	12,945
Additions	-	1
Disposals	-	(5)
Net gains/ (losses) from fair value adjustments	(77)	(411)
Transfers:		
- to / from Property, Plant and Equipment	2,847	-
- to / from Assets Held for Sale	(722)	-
- to / from Public Conveniences	-	-
- to / from Commercial Properties	-	-
Balance at end of the year	12,945	12,530

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	31-Mar-21	31-Mar-22
	£'000	£'000
Rental income from investment property	(1,576)	(1,370)
Direct operating expenses arising from investment property	1,642	1,302
Net (gain) / loss	66	(68)

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or undertake repairs, maintenance or enhancement.

Fair Value Measurement of Investment Property

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2022 are as follows:

	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2022
	£'000	£'000	£'000
<i>Recurring fair value measurements using:</i>			
Office units	601	39	640
Commercial units	1,413	7,634	9,047
CCRC Investment Properties		2,847	2,847
Total	2,015	10,520	12,535

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Comparative figures as at 31 March 2021 were:

<i>Recurring fair value measurements using:</i>	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31st March 2021
	£'000	£'000	£'000
Office units	339	273	612
Commercial units	3,262	6,224	9,486
CCRCD Investment Properties	-	2,847	2,847
Total	3,601	9,344	12,945

There were no transfers between any of the levels during the year.

Significant Observable Inputs – Level 2: The fair value for some of the commercial units has been based on an income approach in the current market, having regard to the passing rent being adopted and utilising comparable evidence of other similar lettings in close proximity where rent reviews are due. Where appropriate, rent has been capitalised in line with what the market is currently demanding, following research into appropriate yields and multipliers relevant to local conditions. The level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Unobservable Inputs – Level 3: The office units and many of the commercial units in the local Council area are also based on rent information where it exists, but in the absence of comparable evidence for specific properties, having to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels and bad debt levels. These properties are therefore categorised as Level 3 in the fair value hierarchy as significant unobservable inputs are used to determine the measurements.

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use. There has been no change in the valuation techniques used during the year for investment properties.

Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs – Level 3:

	31-Mar-22 £'000	Valuation technique used to measure fair value	Unobservable inputs and Sensitivity
Office Units	39	Hardcore and Topslice*	Rental growth, Collection of rent, Discount rate, Basis of occupation
Commercial Units	7,634	Term and Reversion, Hardcore and Topslice	Rental growth, Special purchaser, Discount rate

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out by an external valuer, Newport Norse Ltd, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The valuation experts work closely with the Council's finance officers.

*Term and Reversion and Hardcore and Topslice are form of valuation methods

Term and Reversion capitalises the rent received at an appropriate yield derived from comparables up until the next lease event; rent review or lease renewal. Then an ERV (Estimated Rental Value) is determined again from comparables and this is capitalised (usually at a slightly higher yield to reflect the risk of the uncertainty of the ERV) in perpetuity deferred for the amount of time until the next lease event. Both values are added together to give the whole capital value.

Hardcore and Topslice is an alternative method to using term and reversion. The 'Hardcore' or the rent received is capitalised in perpetuity at an appropriate yield. An ERV is assumed and the Hardcore is deducted from this figure

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to determine the 'Topslice'. This is then also capitalised in perpetuity at the same yield as the Hardcore and then deferred for the amount of time until the next lease event. Both values are added together to give the whole capital value.

18 FINANCIAL INSTRUMENTS

a) Financial Instruments – Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grant, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

The Council's non-derivative financial liabilities held during the year measured at amortised cost comprised:

- Long-term loans from Public Works Loan Board and commercial lenders
- Short-term loans from other local authorities
- Any overdraft facility is also treated in a similar fashion to short term loans
- Finance leases detailed in Note 38
- Private Finance Initiative contracts detailed in Note 39
- Trade payables for goods and services received

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset. The financial assets held by the Council during the year and held under the following classifications.

Loans and receivables (financial assets that have fixed or determinable payments and are not quoted in an active market) comprising:

- Cash in hand
- Bank current and deposit accounts with Santander bank
- Loans to companies and individuals as detailed in the note
- Transferred debt from a number of local authorities as a result of local government reorganisation
- Trade receivables for goods and services delivered

Unquoted equity investments held at cost, comprising:

- Equity investments in Newport Transport Ltd

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b) Financial Instruments – Balances

The following categories of financial instrument are carried in the Balance Sheet:

Financial Assets

	Non-Current		Current	
	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22
	£'000	£'000	£'000	£'000
Financial assets at amortised cost:				
- Investments	-	-	15,294	56,294
- Debtors:				
- Financial assets held at contract amount	-	-	9,591	11,858
- Tredegar house lease premium	7,083	9,321	241	241
- Finance Leases	5,825	5,825	-	-
- Other long-term debtors	6,606	12,542	-	-
- Cash & Cash Equivalents	-	-	7,201	5,756
Amortised Cost Total	19,514	27,688	32,327	74,149
Financial assets at Fair Value through other comprehensive income - designated equity instrument	447	447	-	-
Total Financial Assets	19,961	28,135	32,327	74,149

Financial Liabilities

	Non-Current		Current	
	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22
	£'000	£'000	£'000	£'000
Financial liabilities at amortised cost:				
- Borrowing	145,725	140,464	5,648	643
- Creditors*	12,627	11,608	18,962	34,238
- PFI & Lease liabilities	39,320	38,716	2,447	2,257
Total Financial Liabilities	197,672	190,788	27,057	37,139

*Current debtors excludes £56.8m of non-contractual current debtors that do not meet the definition of financial assets at amortised cost.

Current creditors excludes £28.6m of non-contractual current creditors that do not meet the definition of financial liabilities at amortised cost.

Deferred Tax Asset (CCRCO)

	31-Mar-21	31-Mar-22
	£'000	£'000
Deferred Tax Asset	141	131
Total Deferred Tax Asset	141	131

c) Financial Instruments – Fair Values

Financial assets classified as loans and receivables and all non-derivative financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2022, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local Council loans.

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- The value of “Lender’s Option Borrower’s Option” (LOBO) loans have been increased by the value of the embedded options. Lenders’ options to propose an increase to the interest rate on the loan contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity at 31st March.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness.

d) Financial Assets - Fair Value

Fair values of the Council’s financial assets is not significantly different to the amortised cost as recognised on the balance sheet.

e) Financial Liabilities - Fair Value

For the purpose of fair value calculations, short term borrowing is comprised of temporary loans and accrued interest and isn't subject to fair value consideration where as PWLB loans that involve equal instalment of principal repayments have been treated as a long term borrowing liability despite appreciating a short term repayment component.

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		Restated	Restated	Balance Sheet	Fair Value
	Fair Value Level	Balance Sheet 31-Mar-21 £'000	Fair Value 31-Mar-21 £'000	Balance Sheet 31-Mar-22 £'000	Fair Value 31-Mar-22 £'000
Financial liabilities held at amortised cost:					
Long-term loans from PWLB	2	101,973	126,979	97,064	109,542
Long-term LOBO loans	2	30,000	49,578	30,000	44,520
Other long-term loans	2	5,000	7,957	5,000	6,644
Long term interest free loans	2	8,628	7,869	8,432	8,310
Lease payables and PFI liabilities	3	39,320	70,180	38,716	60,852
Total		184,921	262,563	179,212	229,868
Liabilities for which fair value is not disclosed*		39,808		48,715	
Total Financial Liabilities		224,729		227,927	
Recorded on balance sheet as:					
Short-term creditors		18,962		34,238	
Long-term creditors		12,627		11,608	
Short-term borrowing		5,648		643	
Long-term borrowing		145,725		140,464	
Other short-term liabilities		2,447		2,257	
Other long-term liabilities		39,320		38,716	
Total Financial Liabilities		224,729		227,927	

* This predominantly reflects long term creditors and short-term financial liabilities including trade payables assumed to approximate to the carrying amount.

19 INVENTORIES

Inventories are purchased and used by the Council at historical cost. Work in progress is included at cost.

	31-Mar-21 £'000	31-Mar-22 £'000
Stocks		
Building Services	272	269
Leisure & Catering	2	3
Museum Shop	-	-
Printing/Stationery	10	7
Social enterprise (Monwel Hankinson)	11	14
Social Services	-	739
	295	1,032

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Newport City Council

20 SHORT TERM DEBTORS

Short term debtors are shown in the Balance Sheet net of provisions for bad and doubtful debts:

	31-Mar-21			31-Mar-22		
	Gross	Provision	Net	Gross	Provision	Net
	£'000	£'000	£'000	£'000	£'000	£'000
General	14,133	(4,543)	9,590	16,281	(4,423)	11,858
Council tax payers	9,272	(5,482)	3,790	9,877	(6,365)	3,512
NHS bodies	2,862	-	2,862	2,444	-	2,444
Central government bodies*	42,098	-	42,098	44,387	-	44,387
Other local authorities	6,111	-	6,111	3,197	-	3,197
	74,476	(10,025)	64,451	76,186	(10,788)	65,398

* Central government bodies debtors include grants issued by Welsh Government that were initially issued to other Local Authorities, who act as banking facilities, but relate to funds directly for Newport City Council.

21 CASH AND CASH EQUIVALENTS

The cash held by the Council represents petty cash balances held by numerous establishments throughout the Council and any credit bank balances that are not included within our "pooled account" with Santander.

The bank current accounts includes un-cleared payments within the banking system. In practice, the treasury management policy of the Council is to maintain the pooled bank account balance as near to zero as possible to minimise interest charges on overdrawn balances and maximise interest earned by short-term lending of surplus funds. The actual pooled bank balance at the close of business on 31 March 2022 was £153k in credit, (31 March 2021 – £1,108k in credit).

The balance of Cash and Cash Equivalents is made up of the following elements:

	31-Mar-21	31-Mar-22
	£'000	£'000
Cash held by the authority	14,759	9,760
Bank Current accounts	(7,558)	(4,004)
Total Cash and Cash Equivalents	7,201	5,756

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Newport City Council

22 ASSETS HELD FOR SALE

	31-Mar-21	31-Mar-22
	£'000	£'000
Assets at the start of the year	1,284	3,046
New Appropriations	94	90
Assets newly classified as held for sale:	722	350
Surplus Assets	-	-
Investment Properties	-	-
Property, Plant and Equipment	-	-
Revaluation losses	(1)	(66)
Revaluation gains	1,104	-
Assets declassified as held for sale:	-	(9)
to Property, Plant and Equipment	-	-
Community Land	-	-
to Surplus Assets	-	-
Assets sold	(157)	(2,669)
Assets at year-end	<u>3,046</u>	<u>742</u>

23 SHORT TERM CREDITORS

The following is an analysis of the short term creditors shown in the Balance Sheet:

	31-Mar-21	31-Mar-22
	£'000	£'000
General	(18,962)	(34,238)
Central government bodies	(13,577)	(14,738)
Prepayments of council tax	(1,397)	(1,449)
NHS bodies	(358)	(583)
Other local authorities	(9,069)	(12,011)
	<u>(43,363)</u>	<u>(63,019)</u>

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Newport City Council

24 PROVISIONS

Provisions represent sums set aside for liabilities or losses which are likely to be incurred or certain to be incurred, but where the amount or timing of such liability is not certain. In the case of each of the provisions listed below, the amount of the liability and the timing of the resulting transfer of economic benefits are uncertain.

	31-Mar-21 £'000	Unused amounts reversed £'000	Amounts used £'000	Further provisions £'000	31-Mar-22 £'000
Current Provisions					
Accumulated absence provision	(2,831)	2,831	-	(2,958)	(2,958)
Social Care Tasks	(230)	230	-	-	-
Insurance / MMI Provision	(2,494)	-	935	(745)	(2,304)
Energy Provision	(30)	-	-	-	(30)
Chartist tower	(264)	-	264	-	-
Other	(152)	152	-	-	-
Friar's Walk	(500)	-	500	(500)	(500)
Health & Safety Fine	-	-	-	(1,100)	(1,100)
Overpaid Court Fees reimbursement	-	-	-	(122)	(122)
	(6,501)	3,213	1,699	(5,425)	(7,014)
Long Term Provisions					
Landfill Capping	(5,873)	-	-	(747)	(6,620)
Friar's Walk	(5,002)	-	500	-	(4,502)
Cardiff City Region	(203)	-	-	(39)	(242)
	(11,078)	-	500	(786)	(11,364)

Accumulated Absences	Accounting provision to recognise impact of accruing leave at the end of the year. No payment is made as employees have to take leave prior to leaving the Council. This is therefore not cash backed.
Social Care Settlement	Social Care Tasks provision which was set up in 2017/18 for the estimated liability for Local Authorities to settle historical liabilities stemming from the Supreme Court ruling August 2017 on the funding of tasks performed by a registered nurse. Welsh Government provided additional funding to assist such that no transactions have been drawn from the provision in last 2 years and the potential is remote, so balance has been transferred back to Social Services and provision closed.
Insurance / MMI	Provision for known insurance claims which currently being made against the Council for a variety of incidents. These insurance claims have been assessed as having either a 'likely' or 'reasonable' chance of pay out.
Energy Provision	Estimated value of historic utility bills not yet invoiced by provider.
Chartist Tower	This provision was to recognise the potential liability of non payment of rent 2021/22, this has been utilised in year and the provision exhausted.
Health & Safety Fine	A fine may be levied following a potential duty of care failing
Court Cost Reimbursement	The Council has received a receipt from HM Courts for the overpayment of court fees between period 2014-2018. Those fees would have been recharged to court attendees, so an exercise will be undertaken to trace individuals affected to make a reimbursement

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Landfill Capping	Provision to comply with recommended practice in respect of costs relating to the future capping of Landfill sites once they have been fully utilised. The estimation for the landfill provision is made up of two elements, the estimated cost of capping the site and the aftercare costs once the site has been capped. The Council undertakes a review of potential liability every 5 years, with the last being undertaken in 2021-22.
Friar's Walk	This relates to an income subsidy agreement until 2032, and is split between short and long term consideration
City Deal Joint Venture	Reflects the provisions communicated by the 10 Authority regenerative partnership

In addition to the above the authority also has bad debt provisions in relation to Debtors, Council Tax and Housing Benefits. These are detailed separately within the specific notes.

25 USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Note 10.

26 UNUSABLE RESERVES

	Restated 31-Mar-21	31-Mar-22
	£'000	£'000
Revaluation Reserve	(197,843)	(200,168)
Capital Adjustment Account	(76,880)	(92,422)
Financial Instruments Adjustment Account	1,150	1,045
Deferred Capital Receipt Reserve	(21)	(21)
Financial Instruments Revaluation Reserve	(251)	(251)
Pensions Reserve	475,114	403,202
Accumulated Absence Account	2,834	2,958
Cardiff City Region Aggregated Unuseable Reserves (NCC share)	(4,022)	(4,430)
	200,081	109,913

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Re-valued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation or;
- Disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated in the Capital Adjustment Account.

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	31-Mar-21	31-Mar-22
	£'000	£'000
Balance at 1 April	(163,939)	(197,843)
Upward revaluation of assets	(79,933)	(6,735)
Downward revaluation of assets and impairment losses not charged to provision of services	45,948	3,138
Surplus or deficit on revaluation of non-current assets not charged to provision of services	(33,985)	(3,597)
Difference between fair value depreciation and historic cost depreciation	-	-
Accumulated gains on assets sold or scrapped	81	1,272
Amount written off to the Capital Adjustment Account	81	1,272
Balance at 31 March	(197,843)	(200,168)

Capital Adjustment Account

The Capital Adjustment Account is predominantly an accounting mechanism used to reconcile the different rates at which assets are depreciated under proper accounting practice and are financed. For example, the credit balance on the Account shows that an authority has generally financed capital investment in advance of receiving the benefits of that investment. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

	Restated 31-Mar-21	31-Mar-22
	£'000	£'000
Balance at 1 April	(96,232)	(76,881)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	23,565	25,513
Revaluation losses/gains on Property, Plant and Equipment	18,108	2,606
Amortisation of intangible assets	-	-
Revenue Expenditure Funded from Capital under Statute	4,681	4,169
Amount of non-current assets written off on disposal or sale as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	324	2,922
	46,678	35,209
Adjusting amounts written out of the Revaluation Reserve	(81)	(1,272)
Net written out amount of the cost of non-current assets consumed in the year	46,597	33,937
Capital financing applied in the year:		
Use of Capital Receipts Reserve to finance new capital expenditure	(25)	(18)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing - Non REFCUS	(19,935)	(39,235)
Statutory provision for the financing of capital investment charged against the Council Fund balances	(10,888)	(10,008)
Capital expenditure charged against the Council Fund balance	(499)	(696)
	(31,347)	(49,958)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	77	412
Movements in the market value of Assets Held for Sale debited or credited to the Comprehensive Income and Expenditure Statement	-	66
Movement of Cardiff City Region entries to explicit reserve	4,024	-
Balance at 31 March	(76,881)	(92,423)

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Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenditure relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

The Council uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the Council Fund Balance through the Movement in Reserves Statement. Over time, the expense is posted back to the Council Fund Balance in accordance with statutory arrangements for spreading the burden on the Council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the account at the end of the year will be charged to the Council Fund over the next 39 years.

	31-Mar-21	31-Mar-22
	£'000	£'000
Balance at 1 April	3,816	1,150
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	(2,030)	-
Proportion of premiums incurred in previous financial years to be charged against the Council Fund Balance in accordance with statutory requirements	(636)	(105)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(636)	(105)
Balance at 31 March	1,150	1,045

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gain recognised on the disposal of non-current assets for which a cash settlement has yet to be received. Under statutory arrangements, the Council does not treat these gains as usable for financing capital expenditure until they are backed by cash receipts. When the deferred cash settlement takes place, amounts are transferred to the Capital Receipts Reserve.

	31-Mar-21	31-Mar-22
	£'000	£'000
Balance at 1 April	(21)	(21)
Transfer of deferred sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Account	-	-
Transfer to Capital Receipts Reserve	-	-
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-	-
Balance at 31 March	(21)	(21)

Financial Instrument Revaluation Reserve

This reflects the Council's interest in Newport Transport Bus Company. There have been no changes / movements in value during 2021-22.

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Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	31-Mar-21	31-Mar-22
	£'000	£'000
Balance at 1 April	351,827	475,114
Actuarial gains or losses on pensions assets and liabilities	104,470	(107,175)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	35,240	54,057
Employer's pensions contributions and direct payments to pensioners payable in the year	(16,423)	(18,795)
Balance at 31 March	475,114	403,201

Accumulated Absences Reserve

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	Restated 31-Mar-21	31-Mar-22
	£'000	£'000
Balance at 1 April	4,354	2,832
Settlement or cancellation of accrual made at the end of the preceding year	(4,353)	(2,832)
Amounts accrued at the end of the current year	2,833	2,958
Movement of Cardiff City Region entries to explicit reserve	(2)	-
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,522)	126
Balance at 31 March	2,832	2,958

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Cardiff City Region City Deal Aggregated Unusable Reserves

Cardiff City Region is a 10 authority regenerative partnership administered by Cardiff County Council on behalf of the other Councils. The following balances have been extracted from the draft City Deal annual accounts reflective of Newport CC share.

	Restated 31-Mar-21 £'000	31-Mar-22 £'000
Balance at 1 April	-	(4,022)
Capital adjustment account	(4,024)	(390)
Accumulated absences	2	2
Accumulated interest	-	(20)
Balance at 31 March	(4,022)	(4,430)

27 CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	31-Mar-21 £'000	31-Mar-22 £'000
Interest received	(56)	(21)
Interest paid	10,339	11,050
	10,283	11,029

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

	31-Mar-21 £'000	31-Mar-22 £'000
Depreciation	(22,524)	(23,041)
Impairment and downward valuations	(19,157)	(5,078)
(Increase) / Decrease in creditors	(5,402)	(15,232)
Increase / (Decrease) in debtors	1,738	848
Increase / (Decrease) in stock	94	737
Pensions liability	(18,817)	(35,262)
Carrying amount of non-current assets sold	(324)	(2,922)
Other non cash adjustments	2,378	(362)
	(62,014)	(80,312)

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

	31-Mar-21 £'000	31-Mar-22 £'000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	548	2,655
Any other items for which the cash effects are investing or financing cash flows	19,172	38,320
Net cash flows from operating activities	19,720	40,975

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28 CASH FLOW STATEMENT – INVESTING ACTIVITIES

	31-Mar-21	31-Mar-22
	£'000	£'000
Purchase of property, plant and equipment, investment property and intangible assets	19,612	41,713
Purchase of short-term and long-term investments	3,040	41,000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(548)	(2,655)
Other receipts from investing activities	(18,870)	(30,047)
Net cash flows from investing activities	3,234	50,011

29 CASH FLOW STATEMENT - FINANCING ACTIVITIES

	31-Mar-21	31-Mar-22
	£'000	£'000
Cash receipts of short- and long-term borrowing	(25,775)	(190)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	1,571	1,038
Repayments of short- and long-term borrowing	40,035	10,456
Net cash flows from financing activities	15,831	11,304

30 MEMBERS' ALLOWANCES AND EXPENSES

All Councils are required to publish details of the amounts paid to elected Members each year. Information on the amounts actually paid to each Council Member is published on the Council's web site. The Council has 53 Members. The total allowances and expenses paid in the financial year was £964,064 (2020/21 – £951,689). All Members are entitled to the same basic allowance of £14,368 per annum (2020/21 - £14,218). Each Member holding the following positions are also paid additional responsibility allowances as detailed below:

	31-Mar-21	31-Mar-22
	£	£
Leader of the Council	35,232	35,606
Deputy Leader	20,732	20,952
Mayor	8,700	8,793
Deputy Mayor	3,700	3,740
Cabinet Member (x7)	16,232	16,405
Chair of Scrutiny Forum (x4)	8,700	8,793
Chair of Planning (x1)	8,700	8,793
Chair of Democratic Services (x1)	8,700	8,793
Chair of Licensing (x1)	8,700	8,793
Opposition Leader	8,700	8,793

During the 2021/22 financial year, a total of 8 Lay (unelected) Members served for the Authority. 8 of these Lay Members claimed a total of £5,628, including both fees and expenses (2020/21: £2,543 claimed by seven Lay (unelected) Members) to sit on a number of committees.

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31 OFFICER REMUNERATION

The remuneration paid to the Council's senior employees was as follows:

2021 / 22 Post Holder Information	Salary/ Payment* £	Car Allowances & Mileage £	Termination Benefits £	Pensions contributions £	Total £
Chief Executive	133,754	-	-	28,356	162,110
Strategic Director - Environment & Sustainability (appointed 11th Oct 2021)	51,380	-	-	10,892	62,272
Strategic Director - Social Services (appointed 11th Oct 2021)	51,380	-	-	10,892	62,272
Strategic Director - Transformation & Corporate Centre (appointed 11th Oct 2021)	51,380	-	-	10,892	62,272
Chief Education Officer (post redesignated to Head of Education on 29th June 2021)	20,778	-	-	4,405	25,183
Head of Education	65,499	-	-	13,886	79,385
Head of Law and Regulation (Monitoring Officer) (post redesignated to Head of Law & Standards on 29th June 2021)	20,778	-	-	4,405	25,183
Head of Law & Standards	65,499	-	-	13,886	79,385
Head of Finance (Section 151 Officer)	86,277	-	-	18,291	104,568
Head of People & Business Change (post redesignated to People, Policy & Transformation on 29th June 2021)	24,007	-	-	5,090	29,097
Head of People, Policy & Transformation, appointed to Strategic Director - Transformation & Corporate Centre (11th Oct 2021)	21,450	-	-	4,547	25,998
Head of People, Policy & Transformation (appointed 22nd Feb 2022)	8,585	-	-	1,820	10,404
Acting Head of Regeneration, Investment & Housing Services - (post split between Head of Regeneration & Economic Development and Head of Housing & Communities 13th Feb 2022)	74,518	-	-	15,798	90,316
Head of Regeneration & Economic Development (appointed 14th Feb 2022)	7,610	-	-	1,613	9,223
Head of Housing & Communities (no appointment made during remainder of 21-22)	-	-	-	-	-
Head of Environment & Public Protection (appointed on 21st Feb 2022)	8,585	-	-	1,820	10,404
Head of Adult & Community Services * (post redesignated to Head of Adult Services on 29th June 2021)	23,527	-	-	4,988	28,515
Head of Adult Services * # (left Authority of 31st Oct 2021)	34,110	-	-	6,884	40,994
Head of Adult Services (appointed on 1st Nov 2021)	33,384	-	-	7,077	40,462
Head of Children & Young People Services # (post redesignated to Head of Children Services on 29th June 2021)	21,450	-	-	4,547	25,998
Head of Children Services (appointed to Strategic Director - Social Services 11th Oct 2021)	24,007	-	-	5,090	29,097
Head of Children Services (appointed on 21st Feb 2022)	8,585	-	-	1,820	10,404
Head of Prevention & Inclusion (appointed on 28th Feb 2022)	6,915	-	-	1,466	8,381
Head of City Services ** (appointed to Strategic Director - Environment & Sustainability 11th Oct 2021)	45,458	-	-	9,637	55,095
Head of City Services - No appointment made during remainder of 21-22	-	-	-	-	-
TOTAL	888,915	-	-	188,103	1,077,018

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2020 / 21 Post Holder Information	Salary / Payment*	Car Allowances & Mileage	Termination benefits	Pensions contributions	Total
	£	£	£	£	£
Chief Executive - (Appointed 29 July 2020)	86,068	525	-	18,246	104,839
Strategic Director - Place - (appointed to Chief Executive 29th July 2020)	37,809	300	-	8,016	46,125
Chief Education Officer	85,001	605	-	18,020	103,626
Head of Law and Regulation (Monitoring Officer)	85,001	403	-	18,020	103,424
Head of Finance (Section 151 Officer)	85,001	-	-	18,020	103,021
Head of People & Business Change	85,001	605	-	18,020	103,626
Head of Regeneration, Investment & Housing Services - (left Authority 7th September 2020)	37,070	471	37,407	7,859	82,807
Acting Head of Regeneration, Investment & Housing Services - (appointed 11th May 2020)	69,710	-	-	14,779	84,489
Head of Adult & Community Services *	92,001	605	-	19,504	112,110
Head of Children & Young People Services #	85,001	968	-	18,020	103,989
Head of City Services **	85,001	605	-	16,453	102,059
TOTAL	832,664	5,087	37,407	174,957	1,050,115

Note* There were no employees whose salary, excluding pension contributions, exceeded £150,000 per annum.

Note** Social Care staff have been provided with additional payment by Welsh Government during 2021-22. For clarity and consistency, these amounts have been excluded from the calculation to complete the above table.

Note*** The Head of Adult & Community Service / Head of Adult Services was paid additional sums (£6,414 Salary and £1,360 Pension Contribution) for undertaking the additional Statutory role of Director of Social Services (£7,000 salary and £1,484 Pension Contribution during 2020-21). The Statutory role of Director of Social Services is ordinarily undertaken by the current vacant post of Strategic Director - People.

Note**** Salary for the Strategic Director - Environment & Sustainability are recorded Gross. Included within these figures are the effective salary sacrifice for the purchase of a car (Salary £12,675.24) during 2021/22, (in 2020/21 salary of £7,393.89).

In addition to the above the Chief Executive acts as the Returning Officer. During 2021/22 the Chief Executive received £9,529.48 for their role as the Authorities Returning Officer. (In 2020/21, the position received £0.00).

The ratio between the Council's highest paid employee and the median position for 2021/22 was 1:5.5 (2020/21 was 1:5.3). The median position for the Council for 2021/22 is £24,920 (2020/21 was £24,012). These figures do not include taxable expenses and benefits in kind as this is not likely to make a material difference to the ratios.

The Council's other employees, these exclude those posts mentioned in the previous table, receiving more than £60,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts, the figures below include amounts that are paid to employees on redundancy.

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	31-Mar-21		31-Mar-22	
	Teaching	Other	Teaching	Other
£105,000 - £109,999	2	-	-	-
£100,000 - £104,999	1	-	3	-
£95,000 - £99,999	3	-	1	-
£90,000 - £94,999	1	-	2	-
£85,000 - £89,999	3	-	2	-
£80,000 - £84,999	5	-	2	-
£75,000 - £79,999	10	1	7	-
£70,000 - £74,999	11	-	10	1
£65,000 - £69,999	20	4	15	2
£60,000 - £64,999	14	2	21	3
Total	70	7	63	6

Note: Social Care staff have been provided with additional payment by Welsh Government during 2021-22. For clarity and consistency, these amounts have been excluded from the calculation to complete the above table.

The number of exit packages, with the total cost per band and the total cost of the compulsory and other redundancies are set out below:

The table below shows the cost of redundancies that took place during the 2021/22 financial year.

	Number of compulsory redundancies 31-Mar-22	Number of other departures agreed 31-Mar-22	Total number of exit packages 31-Mar-22	Total Cost of exit packages in each band 31-Mar-22 £
£0 - £20,000	6	49	55	376,406
£20,001 - £40,000	4	17	21	559,198
£40,001 - £60,000	1	3	4	185,771
£60,001 - £80,000	-	-	-	-
£80,001 - £100,000	-	-	-	-
Total	11	69	80	1,121,375

	Number of compulsory redundancies 31-Mar-21	Number of other departures agreed 31-Mar-21	Total number of exit packages 31-Mar-21	Total Cost of exit packages in each band 31-Mar-21 £
£0 - £20,000	1	26	27	229,767
£20,001 - £40,000	-	12	12	369,281
£40,001 - £60,000	1	5	6	275,598
£60,001 - £80,000	-	-	-	-
£80,001 - £100,000	-	-	-	-
Total	2	43	45	874,646

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32 TERMINATION BENEFITS

The Council completed redundancies of 80 employees in 2021/22, incurring liabilities of £1.1m (45 employees at £0.9m in 2020/21). See Note 31 for the number of exit packages and total cost per band. All balances were payable to Council officers, as part of the Council's general services rationalisation and efficiencies programme.

33 EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and for any non-audit services provided by the Council's external auditors:

	31-Mar-21	31-Mar-22
	£'000	£'000
Fees payable with regard to external audit of accounts	192	198
Fees payable in respect of local government measure	103	106
Fees payable for the certification of grant claims and returns for the year	56	56
Fees payable for other financial audit work	1	1
Total	352	361

34 GRANTS INCOME

The Council credited the following grants, contributions and donations to the Revenue Comprehensive Income and Expenditure Statement in 2021/22:

	31-Mar-21	31-Mar-22
	£'000	£'000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	181,641	194,380
Other Non-ring fenced government grants	3,876	740
Contribution from Non-Domestic Rate	46,436	49,472
Total	231,953	244,592
	31-Mar-21	31-Mar-22
	£'000	£'000
Credited to Services		
Education Grants		
COVID19 Related Grants	6,523	5,250
Education Improvement Grant	5,989	6,498
Post 16	6,481	8,154
Pupil Deprivation	5,697	5,687
LA Education Grant	3,804	9,672
Teachers' Pensions Grant	109	-
Maintenance Grant	2,387	2,446
Accelerated Learning Programme	1,967	-
Other	1,181	1,375
Education Contributions		
Gwent Music	1	327
Other	2,289	3,809
Education Donations	205	200
Social Services		
COVID19 Related Grants	9,233	9,247
Supporting People	6,464	8,003

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Substance Misuse	6,184	5,225
Children & Communities Grant - Families First Preventions	575	615
Children & Communities Grant - Families First	909	1,032
Youth Offending Service	395	435
Regional Domestic Violence	636	804
Home First	1,101	1,799
Sustainable Social Services	2,008	4,538
Training	375	389
Other	2,180	2,978
Social Services Contributions		
Section 28A funding	2,095	2,095
Intermediate care fund	2,497	2,802
Substance Misuse	1,728	1,784
Other	2,957	3,065
Regeneration, Investment & Housing Grants		
COVID19 Related Grants	1,685	3,429
Children & Communities Grant - Communities First Grants	534	459
Childcare Offer Delivery	8,805	8,320
Children & Communities Grant - Flying Start	5,691	5,851
Children & Communities Grant - Families First Youth	303	308
Communities for Work	1,214	1,357
Inspire to Achieve	859	1,646
Inspire to Work	238	493
Adult Education	398	361
Other	2,678	3,298
Regeneration, Investment & Housing Contributions	649	2,518
Regeneration, Investment & Housing Donations	5	-
City Services Grants		
COVID19 Related Grants	4,336	4,209
Housing Benefit Subsidy	652	666
Sustainable Waste	911	995
Concessionary Fares	2,518	2,614
Other	2,719	2,958
City Services Contributions	63	145
Corporate Services Grants		
COVID19 Related Grants	2,017	2,801
Housing Benefit Subsidy	41,352	38,287
NNDR	331	317
Other	4,751	2,148
Corporate Service Contributions		
Other	1,419	3,497
	160,098	174,906

Where grants, contributions and donations are given, subject to conditions being met, they are held as Capital Grants Received in Advance (Unapplied) until the conditions are met.

Notes to the Statement of Accounts

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Newport City Council

35 AGENCY EXPENDITURE AND INCOME

The Council acted as an agent on behalf of the following in the provision of goods and services:

Non Domestic Rates collection.

A net debtor of £1.532m at 31 March 2022 (£2.875m at 31 March 2021) is included in the balance sheet which represents the amount by which the cash paid over to Welsh Government exceeds the amount collected from ratepayers.

Covid 19 Hardship Support Grants

The Council received a Covid hardship grant payment from Welsh Government totalling £19.75million, the majority of which is reported in note 34. However, there are 3 items in below table that have been separated out of that holistic sum as being agency arrangements where the Council is not providing services directly but instead is being used by Welsh Government as a means of distributing its support to recipients. Where an admin fee has been provided for this service by Welsh Government that income is shown as grant under note 34. There were no specific awards agreed in respect of these 3 aspects, and grant is paid in arrears based on claim expenditure. As at 31st March the final claims of the year hadn't been settled and the debtor balance is reflective of the level of funding accrued and not yet paid.

The below table details the financial extent of each grant based agency scheme operated on behalf of Welsh Government

Grant scheme	Narrative	Amount Received in 2021/22 £'000	Amount Spent in 2021/22 £'000	Debtor 2021/22 £'000	Creditor 2021/22 £'000
Social Care					
Social care bonus scheme (£500 and £735)	Bonus payment for individual care workers.	(3,117)	3,116	-	1
Non Domestic Rates Reliefs & Business Grants					
NDR rate relief grants	Additional funding given to LAs to provide the relief so essentially a grant to businesses. Relief given to retail, leisure and hospitality sector	(19,158)	18,476	-	682
Business Grants	Grants to support businesses during lockdown closures.	(41,564)	40,404	-	1,160
Freelancer grants culture	Payment available for freelancers in the culture sector of up to £2.5k	(75)	75	-	-
Covid Hardship Grant					
SSP Enhancement	To top up to full salary where employees only receive statutory sick pay when off sick with Covid or having to self isolate as an infection control measure.	(132)	244	111	-
Self isolation payments	£500 for eligible individuals who have to self isolate.	(661)	1,416	754	-
Winter fuel support payment	A payment of up to £200 per eligible households to put towards their on-grid fuel bills.	(623)	1,705	1,082	-

Notes to the Statement of Accounts

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Newport City Council

36 RELATED PARTIES

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently, or might have secured the ability to limit another party's ability to bargain freely with the Council.

Welsh Government

The Welsh Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits).

Grants received from government departments are set out in the analysis in Note 34.

Other Public Bodies

Precepts and Levies – details of precepts collected on behalf of other organisations and an analysis of amounts levied on the Council by other bodies can be found in Note 11 to these accounts.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2021/22 is shown in Note 30. During 2021/22, works and services to the value of £22.2m were commissioned from or paid to companies in which 19 Members had an interest. This would include Wastesavers Ltd, Newport Live, Newport Norse, Newport City Homes and Newport Transport as detailed below. (2020/21: £23.7m where 22 Members had an interest). As at 31st March 2022, the balances outstanding for related parties were debtors of £1.99m (2020/21 £1.96m) and creditors of £3.64m (2020/21 £2.49m).

Newport Norse has invited one Member of the Council on the board in their capacity as an elected Member, not as a private individual. Financial information in relation to Newport Norse is disclosed in the table on the next page

There were payments of £3.8m made to Waste Savers Ltd in 2021/22 (£3.8m in 2020/21). This company is independent from the Council. As at 31st March 2022, the balances outstanding for Wastesavers were debtors of £0 (£10k in 2020/21) and creditors of £270k (2020/21 £110k). There are no Members on the board of Wastesavers Ltd but, there is one Member of the Council on the board of Wastesavers Charitable Ltd, the parent company of Wastesavers Ltd. The council contract with the company for waste recycling services.

Newport City Council also made payments to Newport Live amounting to £618k excluding the subsidy in 2021/22 (2020/21 £405k), this is a company that has charitable status and is independent from the Council. The company has invited three Members of the Council on the board, in their capacity as elected Members, not private individuals. Newport Live is contracted by the Council to run its sport and leisure services. As at 31st March 2022, the balances outstanding for Newport Live were debtors of £236k (£26k in 2020/21) and creditors of £1.70m (2020/21 £364k).

Officers

There are two Senior Officers (Chief Executive and Strategic Director of Corporate Services) who have been elected to the board of Newport Norse and NPS Newport Limited. No other Senior Officers hold any other positions of seniority within any other Public Sector body.

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Entities Controlled or Significantly Influenced by the Council

Entities which are controlled or significantly influenced by the Council include two limited companies. The South East Wales Education Achievement Service Ltd and Newport Norse Ltd. The South East Wales Education Achievement Service Ltd is a company limited by guarantee, with the five Local Authorities in the Gwent area each being a member of the company. The objectives of the company are to provide services to the participating authorities in relation to their functions in the field of education and, subject to the participating authorities' unanimous prior approval, to other local authorities and other persons exercising functions in the field of education.

Newport Norse Ltd oversees the Council's property maintenance, estates, facilities management and capital projects design functions. Newport Norse and their subsidiary NPS Newport Limited, are Joint Venture Companies in which the Council has a 20% share and minority representation on the Board. The Council has a 50% "gain share" in the profits, which reduces the Council's service charge.

The Council has two pooled budget arrangements in the form of Section 33 Partnership Agreements between the five local authorities in the Gwent area and the Aneurin Bevan Local Health Board. The first of which is The Gwent Wide Integrated Community Equipment Service (GWICES) which is for the provision of an efficient and effective integrated community equipment service to users who are resident in the partner localities. This agreement came into effect on 1 October 2008.

The second is The Gwent Frailty Programme for the delivery of a range of services to avoid hospital admissions, facilitate early discharge and help individuals remain "happily independent". The Community Resource Teams (CRTs) provide integrated Urgent Response, Re-enablement and Falls services within each locality in line with agreed Locality Annual Commissioning Plans (LCPs).

The Council also participates in four joint ventures;

- Gwent Joint Records Committee which is the official archive service for the local authorities in the Monmouthshire area, the recognised place of deposit for public records and ecclesiastical parish records for the Diocese of Monmouth.

The Greater Gwent Cremation Committee oversees the management of the Gwent Cremation facilities.

The Project Gwyrdd is a partnership between, Caerphilly Borough County Council, The County Council of the City and County of Cardiff, Monmouthshire County Council, Newport Council and Vale of Glamorgan Council. This partnership has been set up to deliver long term, environmental, sustainable and cost effective solution for waste after recycling and composting has been maximised through economy of scale.

The Cardiff Capital Region City Deal was entered into by the Council in 2017. This is a £1.28 billion programme which will aim to achieve a 5% uplift in the region's Gross Value Added (GVA) by delivering a range of programmes which will increase connectivity, improve physical and digital infrastructures, as well as regional business governance.

The table below shows the receipts and the payments that Newport City Council has with each related party throughout the 2021/22 financial year. It also shows any outstanding balances as at 31st March 2022.

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	2020/21			2021/22		
	Receipts	Payments	Outstanding Balances/ Commitments	Receipts	Payments	Outstanding Balances/ Commitments
	£'000	£'000	£'000	£'000	£'000	£'000
Limited Companies						
The South East Wales Education Achievement Service Ltd Newport Norse	(370)	991	(370)	-	1,083	-
Newport Norse	(1,486)	11,021	131	(1,756)	11,688	1,472
Pooled Budgets						
The Gwent Wide Integrated Community Equipment Service (GWICES)	-	388	-	-	414	-
The Gwent Frailty Programme	(1,793)	1,846	-	(1,834)	1,824	-
Joint Ventures						
Gwent Joint Records Committee	-	289	-	-	289	-
Greater Gwent Cremation Committee	(518)	536	-	(394)	239	-
Project Gwyrdd	-	2,106	-	-	2,096	-
Cardiff Capital Region City Deal (from 2017/18)	-	411	(303)	(492)	239	-

Subsidiary Company

Newport Transport Ltd is a company wholly owned by the Council. Newport Transport's board includes five Council Members nominated by the Council. As at 31st March 2022, the balances outstanding for Newport Transport Ltd were debtors of £0 and creditors of £185k and expenditure of £3.3m and income of £269k. There was also a bad debt provision balance of £206k.

Trust Funds and Third Party Assets

The Council passed a number of its trust fund holdings to the Community Foundation in Wales and with the agreement of the Charities Commission, passed the management of a number of other dormant funds to schools in 2008/09. The Council acts as sole trustee for the remaining Education trust funds which had a value of £33,434 as at 31 March 2022. (2021: £38,964)

The Council operates 184 (2020/21: 179) appointee bank accounts holding £1,511,483 (2020/21: £1,593,374). These relate to third party monies held by the Council on behalf of its Social Service clients. These figures have been excluded from cash and cash equivalent figures reported in the accounts.

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37 CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

	31-Mar-21 £'000	31-Mar-22 £'000
Opening Capital Financing Requirement	277,704	274,278
<u>Capital investment</u>		
Property, Plant and Equipment	20,972	46,096
Heritage Assets	-	8
Short term lease liability		323
Revenue Expenditure Funded from Capital Under Statute	4,681	4,169
Long Term Debtors (Loans to external companies)	2,268	4,688
<u>Sources of finance</u>		
Capital receipts	(25)	(18)
Government grants and other contributions	(19,935)	(49,442)
Sums set aside from revenue	(462)	8,932
Direct revenue contributions	(37)	(600)
Minimum Revenue Provision	(10,888)	(10,008)
Closing Capital Financing Requirement	274,278	278,426
Explanation of movements in year		
Increase in underlying need to borrow:		
Supported by government financial assistance	4,097	4,072
Un-supported by government financial assistance	1,729	8,330
Assets acquired under finance leases	447	251
Bullet Repayment of PFI Liability	-	-
Assets acquired under PFI contracts	1,196	1,504
Minimum Revenue Provision	(10,888)	(10,008)
Increase/ (Decrease) in Capital Financing Requirement	(3,419)	4,149

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38 LEASES

Council as Lessee

Finance Leases

The Council has acquired a number of vehicles and equipment under finance leases. The assets acquired under these leases are included in Property Plant and Equipment in the balance sheet at the following net amounts as these are cancellable.

	31-Mar-21 £'000	31-Mar-22 £'000
Vehicle, Plant, Furniture	725	725
Equipment		245
	<u>725</u>	<u>970</u>

The Council is committed to making minimum payments under these leases, comprising settlement of the long-term liability for the interest in the asset acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The outstanding minimum lease payments are made up of the following amounts:

	31-Mar-21 £'000	31-Mar-22 £'000
Finance lease liabilities (net present value of minimum lease payments)		
-current	320	134
-non current	81	136
Finance costs payable in future years	5	19
Minimum lease payments	<u>406</u>	<u>289</u>

The minimum lease payments will be payable over the following periods:

	31-Mar-21 £'000	31-Mar-22 £'000
Not later than one year	321	141
Later than one year and not later than five years	85	148
	<u>406</u>	<u>289</u>

Operating Leases

The Council has acquired some of its buildings and fleet by operating leases. All vehicles acquired are now within the secondary rental period of the lease agreement and therefore payments due are excluded from the table below. The minimum lease payments due on properties under non-cancellable leases in future years are:

	31-Mar-21 £'000	31-Mar-22 £'000
Not later than one year	1,260	1,198
Later than one year and not later than five years	3,536	3,585
Later than five years	8,210	7,591
	<u>13,006</u>	<u>12,374</u>

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NB. These figures have not been adjusted for future inflation or any anticipation of the outcome of a future rent review.

Council as Lessor

Finance Leases

The Council has finance leases with the Kingsway Shopping Centre with a remaining term of 238 years and for Chartist Tower with remaining life of 246 years. The Council has a gross investment in these leases, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	31-Mar-21 £'000	31-Mar-22 £'000
Finance lease debtor (net present value of minimum lease payments)		
- current	-	-
- non-current	5,824	5,824
Unearned finance income	122,719	122,190
Unguaranteed residual value of property	-	-
Gross Investment in the lease	<u>128,543</u>	<u>128,014</u>

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Minimum Lease Payment 31-Mar-21 £'000	Gross Investment in the Lease 31-Mar-21 £'000	Minimum Lease Payment 31-Mar-22 £'000	Gross Investment in the Lease 31-Mar-22 £'000
Not later than one year	-	529	-	529
Later than one year and not later than five years	-	2,116	-	2,116
Later than five years	5,824	125,898	5,824	125,369
	<u>5,824</u>	<u>128,543</u>	<u>5,824</u>	<u>128,014</u>

Operating Leases

The Council leases out some property under operating leases for the following purposes:

- to enable the Council to provide services for the local community; or
- to provide an income stream to help support the council tax levy.

The future minimum lease payments receivable under non-cancellable leases in future years are:

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The Council leases out a number of farms on a life tenancy basis. These leases have been assumed to have a 99 year lease term.

	31-Mar-21 £'000	31-Mar-22 £'000
Not later than one year	900	876
Later than one year and not later than five years	2,898	2,751
Later than five years	12,039	11,556
	<u>15,837</u>	<u>15,183</u>

Tredegar House Lease

Tredegar House is managed by National Trust under a lease arrangement from the Council. This results in the Council making periodic contributions to assist with the repairing responsibilities. The payments due to the National Trust over the remaining life of the lease are as follows:

	31-Mar-21 £'000	31-Mar-22 £'000
Not later than one year	2,005	-
Later than one year and not later than five years	-	-
Later than five years	472	472
	<u>2,477</u>	<u>472</u>

39 PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS

Southern Distributor Road PFI Scheme

Newport City Council entered into a 40 year contract with Morgan Vinci Ltd to design, build, operate and finance the Southern Distributor Road. The contract specifies minimum standards of performance over a range of areas including reductions in journey time, reduction in the level of congestion, accident levels, improvements in road safety and road availability. The contractor took on the obligation to construct and maintain the road to an acceptable minimum standard.

The road was opened on 13th December 2004 and the agreement has a 40 year life.

Property Plant and Equipment

The assets used to provide services on the Southern Distributor Road are recognised on the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 14.

Payments

The Council makes an agreed annual payment which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments, remaining to be made under the PFI contract at 31 March 2022 (excluding any estimation of inflation and availability/performance deductions), are as follows:

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	Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total £'000
Payable in 2022/23	808	1,632	4,884	7,323
Payable within two to five years	3,444	7,255	19,715	30,414
Payable within six to ten years	5,004	10,677	24,948	40,629
Payable within eleven to fifteen years	5,477	12,203	25,494	43,173
Payable within sixteen to twenty years	6,338	13,107	24,118	43,562
Total	21,071	44,874	99,159	165,101

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable. The liability outstanding is as follows:

	31-Mar-21 £'000	31-Mar-22 £'000
Balance outstanding at start of year	33,761	33,351
Net payments during the year	(410)	(1)
Balance outstanding at year-end	33,351	33,350

Glan Usk Primary School

2021/22 was the thirteenth year of a 25 year PFI contract for the construction and facilities management of Glan Usk Primary School.

The school operates its core areas 44 weeks per annum including a multi-use gaming area and an artificial turf pitch. The multi-use gaming area and the artificial turf pitch are also available to the community during non-school hours.

The contract operates minimum standards for the services to be provided by the contractor, with deductions from the fees payable being made if facilities are unavailable or performance is below minimum standards.

Property Plant and Equipment

The assets used to provide services on the Glan Usk Primary School are recognised on the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 14.

Payments

The Council makes an agreed annual payment which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2022 (excluding any estimation of inflation and availability/performance deductions) are as follows:

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	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£'000	£'000	£'000	£'000
Payable in 2022/23	742	625	751	2,119
Payable within two to five years	4,030	2,015	2,699	8,744
Payable within six to ten years	5,164	2,870	3,558	11,591
Payable within eleven to fifteen years	2,606	1,843	2,066	6,516
Total	12,542	7,353	9,074	28,970

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable. The liability outstanding is as follows:

	31-Mar-21	31-Mar-22
	£'000	£'000
Balance outstanding at start of year	8,540	7,971
Net payments during the year	(569)	(619)
Balance outstanding at year-end	7,971	7,352

40 CAPITALISATION OF BORROWING COSTS

There was no capitalisation of borrowing costs in 2020/21 or 2021/22

41 PENSIONS SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore, accounted for on the same basis as a defined contribution scheme.

In 2021/22 the Council paid £14.1m to the Teachers' Pension Scheme in respect of teachers' retirement benefits, representing 23.67% of pensionable pay. The figures for 2020/21 were £13.5m and 23.68% of pensionable pay. As at the 31 March 2022 contributions of £1.2m were payable (31 March 2021: £1.1m).

42 DEFINED BENEFITS PENSIONS SCHEMES

Participation in Pension Scheme

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Torfaen County Borough Council – this is a funded defined benefit salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets over the long term.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement (Unfunded Teachers Discretionary Benefits) – this is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Council Fund Balance via the Movement in Reserves Statement during the year:

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	Local Government Pension Scheme 31-Mar-21	Unfunded Teachers Discretionary Benefits 31-Mar-21	Local Government Pension Scheme 31-Mar-22	Unfunded Teachers Discretionary Benefits 31-Mar-22
	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement				
Cost of Services:				
Current service cost	27,081	-	44,061	-
Past service cost (including curtailments)	75	-	247	-
Effect of settlements	-	-	-	-
Financing and Investment Income and Expenditure				
Interest income on plan assets	(10,411)	-	(12,123)	-
Interest cost on defined benefit obligation	18,284	211	21,683	189
Total Post Employment Benefit Charged to the Surplus/Deficit on Provision of Services	35,029	211	53,868	189
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:				
Remeasurement of the net defined benefit liability comprising:				
Changes in Demographic Assumptions	14,232	134	(5,641)	(83)
Return on assets excluding amounts included in net interest	(128,078)	-	(24,017)	-
Changes in financial assumptions	230,387	817	(78,628)	(217)
Other experience	(8,298)	(46)	1,742	(331)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	108,243	905	(106,544)	(631)
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services post employment benefits in accordance with the Code	35,029	211	53,868	189
Actual amount charged against the Council Fund Balance for pensions in the year				
Employer contributions	16,616	-	17,554	-
Contributions in respect of unfunded benefits	1,345	(916)	1,241	(840)
Effect of business combinations and disposals	(1,538)	-	-	-
	16,423	(916)	18,795	(840)

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Assets and Liabilities in Relation to Retirement Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Funded liabilities: Local Government Pension Scheme 31-Mar-21 £'000	Unfunded liabilities: Teachers Discretionary Benefits 31-Mar-21 £'000	Funded liabilities: Local Government Pension Scheme 31-Mar-22 £'000	Unfunded liabilities: Teachers Discretionary Benefits 31-Mar-22 £'000
Opening balance at 1 April	(806,996)	(9,647)	(1,071,254)	(9,847)
Current service cost	(27,081)	-	(44,061)	-
Interest cost on defined benefit obligation	(18,284)	(211)	(21,683)	(189)
Plan participants contributions	(4,800)	-	(5,031)	-
Actuarial gains and losses arising on changes in financial assumptions	(230,387)	(817)	78,628	217
Changes in Demographics Assumptions	(14,232)	(134)	5,641	83
Other experience	8,298	46	(1,742)	331
Benefits paid	21,657	916	21,862	840
Past service cost (including curtailments)	(75)	-	(247)	-
Effect of business combinations and disposals	646	-	-	-
Closing balance at 31 March	(1,071,254)	(9,847)	(1,037,887)	(8,565)

Reconciliation of fair value of scheme assets

Local Government Pension Scheme

	31-Mar-21 £'000	31-Mar-22 £'000
Opening balance at 1 April	464,815	605,986
Interest income on plan assets	10,411	12,123
Return on assets excluding amounts included in net interest	128,078	24,017
Employer contributions	17,961	18,795
Contributions by scheme participants	4,800	5,031
Benefits paid	(22,573)	(22,702)
Effect of business combinations and disposals	2,494	-
Closing balance at 31 March	605,986	643,250

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years' dependent on assumptions about mortality rates, salary levels, etc. The Actuary will periodically review its assumptions about how long fund beneficiaries will live to be able to predict scheme obligations. Simplistically this equates to benefit obligations being provided until 87.65 years on average. Both the Teachers' Discretionary Benefits and Greater Gwent (Torfaen) Pension Fund liabilities have been

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assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Greater Gwent (Torfaen) Pension Fund being based on the latest full valuation of the scheme as at 31 March 2019.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Unfunded Teachers Discretionary Benefits	
	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22
Mortality assumptions:				
Longevity at 65 for current pensioners:				
- Men (years)	20.7	20.5	20.7	20.5
- Women (years)	23.4	23.2	23.4	23.2
Longevity at 65 for future pensioners:				
- Men (years)	22.1	21.8	22.1	21.8
- Women (years)	25.4	25.1	25.4	25.1
Other Assumptions:				
Rate of CPI Inflation	2.85%	3.20%	2.85%	3.20%
Rate of increase in salaries	3.15%	3.50%	N / A	N / A
Rate of increase in pensions	2.85%	3.20%	2.85%	3.20%
Rate for discounting scheme liabilities	2.00%	2.70%	2.00%	2.70%
Take-up of option to convert annual pension	50.00%	50.00%	N / A	N / A

The Teachers' Pension Scheme has no assets to cover its liabilities. The Local Government Pension Scheme assets consist of the following categories.

	31-Mar-21 £'000	31-Mar-22 £'000
Equity Securities	89,632	-
Real Estate	15,252	14,721
Investment Funds & Unit Trusts	495,777	625,120
Cash	5,326	3,409
	605,986	643,250

43 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council's activities expose it to a number of financial risks:

- Credit risk - failure to receive amounts due to the Council;
- Liquidity risk - insufficient funds to meet its commitments;
- Market risk - financial instability arising from changes in interest rates and stock markets.

The economic impact of the Covid-19 pandemic presents challenges to the financial services industry and its institutions. The main risk to the Council is credit risk, its ability to raise finance and to a limited degree the interest rate payable and receivable on new loans and investments. However, these risks are mitigated as described in this note.

The Council's overall risk management programme focuses on unpredictability of financial markets and minimises any adverse effects on the resources available to fund services. Risk management is undertaken by the central treasury team, under policies approved by the Council in its treasury management and investment strategy. Specifically, it manages the risks listed as follows:

Credit Risk

The assessment of credit losses is based on information about past events, current conditions but also future forecasts. The economic outlook for the Councils' financial assets (investments and debtors) as a result of the COVID-19 pandemic must be taken into account when making this assessment, based on the available information. The Council needs to consider the risk of default of its financial assets, the exposure to that default risk and the estimated loss as a result of the default. This will be dependent on the nature of the financial assets held at amortised cost and the impact of the pandemic in its local area (as well as national economic events). Note 18 indicates that majority of financial assets are short term in nature such that their carrying value and fair value remain aligned.

Arising from deposits with banks and financial institutions, as well as credit exposure to the Council's customers, this risk is minimised by only making deposits with financial institutions once they meet minimum credit criteria. Details are included in the annual investment strategy. The strategy requires the Council to invest its funds prudently and to have regard to security and liquidity of its investments before seeking the highest rate of return or yield. The Council's objective when investing funds is to strike an appropriate balance between risk and return minimising the risk of incurring losses from default and the risk of receiving unsuitably low investment income. This Council has no recent experience of non-payment of its investments and therefore assesses its credit risk in this area as negligible.

The Council formally reviews its approved counterparties which are formalised in its treasury management strategy. In addition, the approved counterparties credit ratings are regularly reviewed in conjunction with the treasury management advisors, Arlingclose Ltd.

Arlingclose provides the Council with credit services which use sophisticated modelling approaches with credit ratings from the major credit rating agencies. These counterparty listings are based on credit ratings and by counterparty type (Secured and Unsecured banks, Government, Corporate and Registered Providers).

The Annual Investment Strategy documents the maximum amounts and time limits in respect of each financial institution. The credit limits were not exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council does not currently apply credit ratings to its council tax and trade debtors although this is always under review. Its exposure to non-payment of these debts is summarised as:

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	Estimated Exposure at 31 Mar 2021	Amount at 31 Mar 2022	Historic experience of default	Estimated Exposure to non- repayment Mar 2022
	£'000	£'000	%	£'000
Council tax debts	213	9,877	2.30	227
Trade debtors	75	9,515	0.80	76
	288			303

The Council expects repayment of its general debt within 30 days. However, £4m (42%) of £9.5m trade debt is past this due date. The equivalent 2020/21 comparison indicated 40% of debts exceeded 30 day period. Reasonable forbearance in recovery action has been applied whilst the electorate cope with the economic effects of Covid 19 pandemic. The trade debt is analysed as:

	31-Mar-21	31-Mar-22
	£'000	£'000
Less than thirty days	5,476	5,491
Less than three months	803	801
Three months to one year	1,192	1,414
More than one year	1,966	1,809
	9,437	9,515

Additionally, the Council has also provided loan agreements to third party organisations who are undertaking city regeneration, currently this amounts to £10.6m. These loans are subject to the usual commercial warranties to ensure security of assets. The Council are not aware of any historical default issues. These loans are expected to be paid back in full on the agreed dates, but in mitigating against longer term credit/investment risk the Council also has access to a general risk reserve for investments, totalling £2,567k.

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. The Council has ready borrowing access to the money market and the Public Works Loans Board to cover short term unforeseeable events. However, there is a risk that the Council may need to replenish significant borrowings at a time that interest rates are not favourable. Consequently, under its Treasury Management Strategy it sets limits on the proportion of variable rate borrowings in accordance with CIPFA's Treasury Management recommended practice, currently all of the borrowing is on fixed rate.

	31-Mar-21	31-Mar-22
	£'000	£'000
Loan maturity		
Less than one year	12,401	4,406
Between one and two years	4,102	4,250
Between two and five years	32,495	35,155
More than five years	102,316	96,685
	151,314	140,497

All trade and other payables are repayable in less than or equal to one year.

Market Risk

Market risk comprises interest rate, price and foreign exchange considerations.

Interest Rate Risk

The Council is exposed to risk in terms of its exposure to changes in interest rates on its borrowings and investments. These are very complex to the extent that an increase in interest rates would have the following effects:

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- Borrowing at variable rates will see an increase in the expenses interest charged to the Income and Expenditure account;
- Investments at variable rates will see an increase in the income interest shown on the Income and Expenditure account.

In terms of the financial impact of the Covid-19 situation it has been recognised that it will have a significant impact upon ongoing operations and the finances associated with providing services. The Council will continue to work closely with partnering organisations such as Welsh Government, other councils and bodies which help it to deliver the services.

The impact of interest rate changes in borrowing and investment held at variable interest rates will impact on the Council's Income and Expenditure account and therefore it's Council Fund Balances.

The Council has a number of strategies to manage the interest rate risk, as contained within its treasury management and investment strategy. Where it is economically sound to do so the Council will, during falling interest rates, repay early high cost fixed rate loans to limit loss exposure.

The treasury management team actively assesses the Council's interest rate exposure and feeds this into its medium term financial planning process. This minimises any adverse effects. The Council does not currently have any borrowing at variable interest rates.

Price Risk

The Council does not generally invest in equity shares and therefore has no exposure to movement in share price.

Foreign Exchange Risk

The Council has a small Euro bank account of approximately €2,000. The exposure to losses arising from movement in exchange rates is therefore negligible.

44 CONTINGENT LIABILITIES

There are a number of contingent liabilities identified as at 31 March 2022:

- **MMI Insurances** - The Council manages the residual insurance fund of the former Gwent County Council on behalf of Torfaen, Blaenau Gwent, Caerphilly and Monmouth Councils. Municipal Mutual Insurance Limited (MMI) covers some of the claims of both ex- authorities (Gwent CC and Newport Borough Council). Following a High Court case in March 2012, MMI has now confirmed that they will be unable to settle the remaining claims in total, and each Council is now required to meet a balance of the remaining claims.

In April 2013, Ernst & Young, the Scheme Administrators advised that the levy to be paid by Members had been set 15% of the Council's claim value. In 2013/14 a levy of £463k was paid (based on claims value of £3.1m). In 2016/17 an additional levy of £347k (10% levy) was required by the scheme administrators, making the total levy paid to date (£810k) 25%. There is a risk that a further levy could be applied, the Council holds an earmarked reserve to mitigate this risk. No transactional activity was evident against that reserve in 2021/22.

- **Insurance Claims** - The Council manages current insurance claims made against it on an on-going basis. There are a number of claims against the Council that are not included within its general insurance cover. These relate to discrimination, employment tribunals, copyright claims and civil litigation. As at 31 March 2022 the total claims outstanding particular to NCC is estimated at £3.7m. A provision has been made for

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claims totalling £2.3m as detailed in Note 24, as these have been assessed as being probable in terms of likely settlement.

The Council also has an insurance reserve to mitigate against a percentage of the balance of claims as it is difficult to quantify the amount of these claims and the likelihood of the liability, and the Council is disputing all of the claims.

- **Newport City Homes** - As part of the legal agreements associated with the transfer of the housing stock in 2008, the Council provided a number of property-related, employment, planning, environmental and other warranties to Newport City Homes and its funders which are for a period of 35 years from the date of transfer. The property-related warranties are limited to £9,000 per property (as at 2008 index linked to RPI), and cover 9,144 separate properties. Other warranties and indemnities would only apply after Newport City Homes has committed pre-determined levels of expenditure within its Business Plan. To date there has been no call on these warranties.
- **Financial Guarantees** – The Council has entered into a number of agreements to act as guarantor; in particular regarding the safeguarding of former employees' pension rights when their employment was transferred to third party organisations. There is no quantifiable liability to the Council; however, there remains a potential liability in future years.
- **Council Investments** – The Council have made loans to a small number of external developers. Despite the financial uncertainty which surrounds the impact of Covid-19, repayment of any outstanding debt is still expected. However, due to the fact that it is difficult to quantify the long term impact of Covid-19, there is a risk attached to the repayment of this debt. The council will closely monitor the situation over the next 12 months.
- **Landfill Tax (WRA)** - In July 2019, the Welsh Revenue Authority (WRA) opened an enquiry into the 2018/19 financial year in relation to Landfill Tax and the Loss of Ignition (LOI) tests required as part of the return. Newport City Council have worked with WRA to provide all information requested and have been issued with an assessment in relation to unpaid tax, part of which has been settled. The balance of the assessment remains subject to an ongoing legal process and, therefore, there is still uncertainty as to whether any further payments will be required and to what value those payments may amount. In addition to the WRA enquiry, HMRC have also opened their own enquiry and have issued the Council with an assessment of Landfill Tax to be repaid in relation to the 2017/18 financial year. As with the WRA assessment, until the legal process has been concluded, it will not be known whether any repayment will be made and to what value it could amount.

45 CONTINGENT ASSETS

The Authority recorded a contingent asset as at 31st March 2021 for the first time in relation to income from Residential Home Care fees following conversation with Audit Wales staff. This equated to an estimate of £2m and resulted from situations where individuals are in residential care and a contribution is expected from property that the individual owns towards their care. The recoverable amount (if any) is dependent on the value of the user's capital at the time of death and this is not within the control of the authority, and is also dependent upon who else is living in the property and their rights. Given the complexities of trying to estimate a realistic amount that the council could actually recover, it is included as a contingent asset. This calculation has been revised as at 31st March 2022 to a prediction of £2.2m based on average current market value of house prices and £50k capital disallowance available to social care customers when affording their fees.

INTRODUCTION

The group accounts that follow comply with the requirement of the 2021/22 Code that a Local Council with interests in subsidiaries, associates and joint ventures should prepare group accounts in addition to its single entity accounts. These accounts consolidate the operating results and balances of Newport City Council and its subsidiary Newport Transport Limited. At the point of consolidation, the draft accounts were available and are what are included within the Group Accounts.

Where a note is identical to Newport City Councils individual accounts, no further disclosure has been made.

For 2020/21, the group accounts have been restated. This is due to the fact that the final audited set of Newport Transport accounts were not published until after the deadline for Local Authorities final 2020/21 accounts. All notes have been restated where necessary to correspond to the final 2020/21 Newport Transport Accounts.

ACCOUNTING POLICIES APPLICABLE TO THE GROUP ACCOUNTS

Basis of Consolidation

The group accounts have been prepared on the basis of full consolidation of the financial transactions and balances of Newport City Council and Newport Transport Ltd. Inter-group transactions and balances between the Council and its subsidiary have been eliminated in full.

Accounting policies

The accounting policies for both Newport City Council and Newport Transport are materially aligned.

Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The Group Statement of Accounts and associated notes have been prepared using unaudited draft accounts provided by Newport Transport. A degree of estimation and assumption was required to complete these Group accounts within the required timescales.

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

Gross Expenditure	Group Total 2020/21		Net Expenditure		Group Total 2021/22		Net Expenditure
	Gross Income	Restated			Gross Expenditure	Gross Income	
£'000	£'000	£'000	£'000		£'000	£'000	£'000
35,243	(7,223)	28,020		Children's and Young People Services	39,467	(9,582)	29,885
89,327	(40,931)	48,396		Adults and Community Services	94,022	(44,398)	49,624
30,290	(12,365)	17,925		Education	34,434	(14,211)	20,223
155,238	(30,279)	124,959		Schools	160,415	(35,443)	124,972
37,471	(23,903)	13,568		Regeneration, Investment and Housing	44,786	(28,219)	16,567
54,159	(24,177)	29,982		City Services	63,882	(28,851)	35,031
26,457	(6,437)	20,020		Corporate Services	32,524	(8,853)	23,671
48,363	(45,120)	3,243		Other Non Department Costs	42,219	(42,881)	(662)
476,548	(190,435)	286,113		Cost of services	511,749	(212,438)	299,311
30,979	(1,126)	29,853		Other operating expenditure	32,388	-	32,388
19,477	(1,055)	18,422		Financing and investment income and expenditure	20,838	(1,055)	19,783
-	-	-		(Surplus) / deficit on discontinued operations	-	-	-
-	(326,087)	(326,087)		Taxation and non-specific grant income	-	(372,866)	(372,866)
527,004	(518,703)	8,301		(Surplus) / Deficit on Provision of services	564,975	(586,359)	(21,384)
		(33,989)		(Surplus) / deficit on revaluation of Property Plant and Equipment assets			(3,597)
		104,470		Actuarial (gains) / losses on pensions assets / liabilities			(107,175)
		-		Other gains / losses required to be included in the Comprehensive Income and Expenditure Statement			-
		-		Share of other comprehensive income and Expenditure of Subsidiaries			-
		70,481		Other Comprehensive Income and Expenditure			(110,772)
		78,782		Total Comprehensive Income and Expenditure			(132,156)

GROUP BALANCE SHEET AS AT 31 MARCH 2022

Restated

Total 2020/21		Notes	Total 2021/22
£'000			£'000
515,908	Property, Plant and Equipment	5	540,453
17,354	Heritage Assets		17,362
12,945	Investment Property		12,530
196	Long Term Investments		196
19,514	Long Term Debtors		27,688
565,917	Long Term Assets		598,229
15,294	Short Term Investments		56,294
3,046	Assets Held for Sale		742
476	Inventories		1,305
65,200	Short Term Debtors	8	67,074
141	Deferred Tax Asset		131
11,462	Cash and Cash Equivalents	10	7,293
95,619	Current Assets		132,839
(5,648)	Short Term Borrowing		(643)
(46,103)	Short Term Creditors	9	(64,858)
(6,501)	Provisions		(7,014)
(7,331)	Other Short Term Liabilities		(9,192)
(65,583)	Current Liabilities		(81,708)
(14,477)	Long Term Creditors	7	(13,223)
(11,078)	Long Term Provisions		(11,364)
(145,725)	Long Term Borrowing		(140,464)
(475,116)	Pension Liability		(403,203)
(39,320)	Other Long Term Liabilities		(38,716)
-	Deferred tax liability		-
(685,716)	Long Term Liabilities		(606,970)
(89,763)	Net Assets		42,390
(108,271)	Usable Reserves		(149,409)
198,035	Unusable Reserves	16	107,016
89,764	Total Reserves		(42,393)

GROUP MOVEMENTS IN RESERVE STATEMENT FOR YEAR ENDING 31 MARCH 2022

GROUP	Council Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Restated						
Balance at the 31 Mar 2020 carried forward	(6,500)	(72,306)	(8,259)	(87,065)	98,046	10,981
Movement in reserves during 2020/21 (Surplus) / deficit on the provision of services	8,838	-	-	8,838	(538)	8,300
Other comprehensive Income and Expenditure	-	-	-	-	70,482	70,482
Total Comprehensive Income and Expenditure	8,838	-	-	8,838	69,944	78,782
Adjustments between accounting basis and funding basis under regulations	(31,550)	-	1,506	(30,044)	30,044	-
Net Increase / Decrease before Transfers to Earmarked Reserves	(22,712)	-	1,506	(21,206)	99,988	78,782
Transfer to/ from Earmarked Reserves	22,712	(22,712)	-	-	-	-
(Increase) / Decrease in 2020/21	-	(22,712)	1,506	(21,206)	99,988	78,782
Balance at the 31 Mar 2021 carried forward	(6,500)	(95,018)	(6,753)	(108,271)	198,034	89,763
Balance at the 31 Mar 2021 carried forward	(6,500)	(95,018)	(6,753)	(108,271)	198,034	89,763
Movement in reserves during 2021/22						
(Surplus) / deficit on the provision of services	(20,533)	-	-	(20,533)	(851)	(21,384)
Other comprehensive Income and Expenditure	-	-	-	-	(110,773)	(110,773)
Total Comprehensive Income and Expenditure	(20,533)	-	-	(20,533)	(111,624)	(132,157)
Adjustments between accounting basis and funding basis under regulations	(17,968)	-	(2,637)	(20,605)	20,605	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(38,501)	-	(2,637)	(41,138)	(91,019)	(132,157)
Transfer to/ from Earmarked Reserves	38,501	(38,501)	-	-	-	-
(Increase) / Decrease in 2021/22	-	(38,501)	(2,637)	(41,138)	(91,019)	(132,157)
Balance at the 31 Mar 2022 carried forward	(6,500)	(133,519)	(9,390)	(149,409)	107,015	(42,394)

GROUP CASH FLOW STATEMENT FOR YEAR ENDING 31 MARCH 2022

Total 2020/21 £'000		Note	Total 2021/22 £'000
8,301	Net (surplus) / deficit on the provision of services as shown on the Comprehensive Income and Expenditure Statement		(21,384)
(57,335)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	12	(76,559)
19,697	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	12	40,886
(29,337)	Net cash flows from Operating Activities		(57,057)
6,427	Investing Activities	13	54,440
4,906	Financing Activities	14	6,785
(18,004)	Net (increase) or decrease in cash and cash equivalents		4,168
(6,541)	Cash and cash equivalents at the beginning of the reporting period	10	11,462
11,463	Cash and cash equivalents at the end of the reporting period	10	7,293

Group Accounts

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The notes to the Council's Core Financial statements apply also to the Group Accounts with the following additions and exceptions.

1 REMUNERATION

The number of employees of the Council and its subsidiary whose remuneration is over £60,000 per annum is shown below.

	31-Mar-20	31-Mar-21
£135,000 - £139,999	-	-
£130,000 - £134,999	-	1
£125,000 - £129,999	-	-
£120,000 - £124,999	-	-
£115,000 - £119,999	1	-
£110,000 - £114,999	-	-
£105,000 - £109,999	2	1
£100,000 - £104,999	1	3
£95,000 - £99,999	3	1
£90,000 - £94,999	2	2
£85,000 - £89,999	3	2
£80,000 - £84,999	5	3
£75,000 - £79,999	12	7
£70,000 - £74,999	11	11
£65,000 - £69,999	24	18
£60,000 - £64,999	17	24
Total	81	73

Further information regarding the remuneration of the employees of Newport Transport is contained within the company's 2021/22 Financial Statements.

The disclosure for Members allowances is the same as for the single entity accounts.

2 RELATED PARTY DISCLOSURE

Related party transactions and balances of the group are as contained in Note 36 to the single entity financial statements.

3 EXTERNAL AUDIT COSTS

In 2021/22 the following fees were paid by the council and its subsidiary in respect of audit and inspection.

	31-Mar-20 £'000	31-Mar-21 £'000
Fees payable with regard to external audit of accounts	207	213
Fees payable in respect of local government measure	103	106
Fees payable for the certification of grant claims and returns for the year	57	57
Fees payable for other financial audit work	1	1
Total	368	377

4 LEASES

Operating leases

The Group has acquired some of its buildings and fleet by operating leases. Newport Transport also has commitments under non-cancellable operating leases. The minimum lease payments due under non-cancellable leases in future years for the Group are:

	31-Mar-21	31-Mar-22
	£'000	£'000
Not later than one year	1,875	1,797
Later than one year and not later than five years	5,716	5,634
Later than five years	12,109	11,188
	19,700	18,619

Finance Leases

Both the Council and Newport Transport have acquired a number of vehicles and equipment under finance leases. The assets acquired under these leases are included in Property Plant and Equipment in the balance sheet at the following net amounts as these are cancellable:

	31-Mar-21	31-Mar-22
	£'000	£'000
Vehicle, Plant, Furniture	766	725
Equipment	-	245
	766	970

Both the Council and Newport Transport are committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31-Mar-21	31-Mar-22
	£'000	£'000
Finance lease liabilities (net present value of minimum lease payments)		
- current	361	134
- non-current	81	136
Finance costs payable in future years	5	19
Minimum lease payments	447	289

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22
	£'000	£'000	£'000	£'000
Not later than one year	366	153	361	134
Later than one year and not later than five years	81	136	81	136
	447	289	442	270

5 PROPERTY, PLANT & EQUIPMENT

2021/22	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets within PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2021	352,004	58,508	234,056	179	2,636	4,826	652,209	67,720
Additions	5,714	4,611	10,004	222	0	29,301	49,853	1,504
Donations	-	-	915	-	-	-	915	-
Re-classification	993	275	-	9	1,851	(3,470)	(341)	-
Revaluations	(3,608)	-	-	-	1,936	-	(1,671)	-
Impairments	(3,787)	(54)	(104)	(158)	(0)	-	(4,103)	-
Disposals	(320)	(2,211)	-	-	-	-	(2,531)	-
At 31 March 2022	350,997	61,129	244,871	252	6,424	30,657	694,330	69,224
Accumulated Depreciation and Impairment								
At 1 April 2021	(8,346)	(41,495)	(86,459)	-	-	-	(136,300)	(22,802)
Depreciation Charge in Year	(12,851)	(3,933)	(7,202)	-	-	-	(23,986)	(1,709)
Re-classification	418	-	-	-	-	(14)	404	-
Revaluation Impact	3,817	-	-	-	-	-	3,817	-
Disposals	73	2,116	-	-	-	-	2,190	-
At 31 March 2022	(16,889)	(43,312)	(93,661)	-	-	(14)	(153,875)	(24,511)
Net Book Value								
At 1 April 2021	343,658	17,013	147,597	179	2,636	4,826	515,909	44,918
At 31 March 2022	334,108	17,817	151,211	252	6,424	30,643	540,454	44,713

Group Accounts

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Newport City Council

2020/21	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property Plant and Equipment	PFI Assets within PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2020	373,180	53,037	228,473	179	2,636	1,792	659,297	72,880
Additions	9,291	6,580	6,045	31	-	2,092	24,039	1,196
Donations	-	-	127	-	-	-	127	-
Re-classification	(4,177)	154	(141)	-	-	942	(3,222)	-
Revaluations	(24,605)	-	65	-	-	-	(24,540)	(6,356)
Impairments	(1,125)	-	(513)	(31)	-	-	(1,669)	-
Disposals	(560)	(1,263)	-	-	-	-	(1,823)	-
At 31 March 2021	352,004	58,508	234,056	179	2,636	4,826	652,209	67,720
Accumulated Depreciation and Impairment								
At 1 April 2020	(35,898)	(38,653)	(79,444)	-	-	-	(153,995)	(23,867)
Depreciation Charge in Year	(12,256)	(4,095)	(7,015)	-	-	-	(23,366)	1,065
Re-classification	280	-	-	-	-	-	280	-
Revaluation Impact	39,417	-	-	-	-	-	39,417	-
Disposals	111	1,253	-	-	-	-	1,364	-
At 31 March 2021	(8,346)	(41,495)	(86,459)	-	-	-	(136,300)	(22,802)
Net Book Value								
At 1 April 2020	337,282	14,384	149,029	179	2,636	1,792	505,302	49,013
At 31 March 2021	343,658	17,013	147,597	179	2,636	4,826	515,909	44,918

6 FINANCIAL INSTRUMENTS

Newport Transport only enters in basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payables, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

7 LONG TERM CREDITORS

	Restated 31-Mar-20	31-Mar-21
	£'000	£'000
Section 106 deposits	-	-
Other long term creditors	(14,477)	(13,223)
	(14,477)	(13,223)

In addition to the financial instruments disclosures in the single entity accounts it should be noted, on consolidation, the Council's shareholding in Newport Transport ceases to be a financial instrument, as the consolidation balance

Group Accounts

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Newport City Council

sheet includes the net assets of the subsidiary and their corresponding net worth. The increase in the fair value is eliminated in the consolidation process.

8 DEBTORS

	Restated 31-Mar-21			31-Mar-22		
	Gross £'000	Provision £'000	Net £'000	Gross £'000	Provision £'000	Net £'000
General	14,882	(4,543)	10,339	17,957	(4,423)	13,534
Council tax payers	9,272	(5,482)	3,790	9,877	(6,365)	3,512
NHS bodies	2,862	-	2,862	2,444	-	2,444
Central government bodies *	42,098	-	42,098	44,387	-	44,387
Other local authorities	6,111	-	6,111	3,197	-	3,197
	75,225	(10,025)	65,200	77,862	(10,788)	67,074

9 CREDITORS

	Restated		31-Mar-22 £'000
	31-Mar-21 £'000		
General	(21,702)		(36,077)
Central government bodies	(13,577)		(14,738)
Prepayments of council tax	(1,397)		(1,449)
NHS bodies	(358)		(583)
Other local authorities	(9,069)		(12,011)
	(46,103)		(64,858)

10 CASH AND CASH EQUIVALENTS

The balance of Cash and Cash equivalents is made up of the following elements;

	Restated	
	31-Mar-21 £'000	31-Mar-22 £'000
Short-Term Investments classified as cash equivalent	-	-
Cash held by the authority	14,759	9,760
	14,759	9,760
Bank Current accounts	(3,297)	(2,467)
Total Cash and Cash Equivalents	11,462	7,293

11 PROVISIONS

There are no provisions to include, other than those detailed in the Single Entity accounts.

12 CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	Restated	
	31-Mar-21	31-Mar-22
	£'000	£'000
Interest received	(56)	(21)
Interest paid	10,326	10,974
Loss on disposal of tangible assets	(10)	(13)
Taxation	-	-
	10,260	10,940

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

	Restated	
	31-Mar-21	31-Mar-22
	£'000	£'000
Depreciation	(23,366)	(23,986)
Impairment and downward valuations	(19,157)	(5,078)
(Increase) / Decrease in creditors	(5,489)	(14,974)
Increase / (Decrease) in debtors	2,040	943
Increase / (Decrease) in stock	126	829
Pensions liability	(18,817)	(35,262)
Carrying amount of non-current assets sold	(324)	(2,922)
Other non cash adjustments	7,652	3,892
	(57,335)	(76,558)

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

	Restated	
	31-Mar-21	31-Mar-22
	£'000	£'000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	548	2,655
Any other items for which the cash effects are investing or financing cash flows	19,149	38,231
Net cash flows from Operating activities	19,697	40,886

13 CASH FLOW STATEMENT – INVESTING ACTIVITIES

	Restated	
	31-Mar-21	31-Mar-22
	£'000	£'000
Purchase of property, plant and equipment, investment property and intangible assets	22,806	46,212
Purchase of short-term and long-term investments	3,040	41,000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(548)	(2,655)
Other receipts from investing activities	(18,871)	(30,117)
Net cash flows from investing activities	6,427	54,440

14 CASH FLOW STATEMENT - FINANCING ACTIVITIES

	Restated	
	31-Mar-21	31-Mar-22
	£'000	£'000
Cash receipts of short- and long-term borrowing	(27,866)	545
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	1,739	1,079
Repayments of short- and long-term borrowing	40,035	10,456
Government Grant Income	(9,002)	(5,295)
Net cash flows from financing activities	4,907	6,785

15 TAXATION

Newport Transport Tax Liability is as follows:

	31-Mar-21	31-Mar-22
	£'000	£'000
Corporation tax		
Current tax on profits for the year	-	-
Total Current Tax	-	-
Deferred Tax		
Origination and reversal of timing differences	-	-
Changes to tax rates	-	-
Adjustment in respect of prior periods	-	-
Total deferred tax	-	-
Taxation on loss on ordinary activities	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	Restated	
	31-Mar-21	31-Mar-22
	£'000	£'000
Loss on Ordinary Activities before Tax	538	851
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	102	162
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	7	11
Capital allowances for year in excess of depreciation	15	13
Changes in deferred tax rate	-	-
Adjustments to tax charge in respect of prior periods	-	-
Rate difference regarding other comprehensive income	-	-
Deferred tax not recognised	(124)	(186)
Other timing differences leading to an increase (decrease) in taxation	-	-
Changes in provisions leading to an increase (decrease) in the tax charge	-	-
Total tax charge for the year	-	-

16 Unusable Reserves

	Restated	
	31-Mar-21	31-Mar-22
	£'000	£'000
NT Profit and loss	(2,710)	(3,561)
Revaluation Reserve	(197,430)	(199,755)
Capital Adjustment Account	(76,880)	(92,422)
Financial Instruments Adjustment Account	1,150	1,045
Deferred Capital Receipt Reserve	(21)	(21)
Pensions Reserve	475,114	403,202
Accumulated Absence Account	2,834	2,958
Cardiff City Region Aggregated Un-useable Reserves (NCC share)	(4,022)	(4,430)
	198,035	107,016

GLOSSARY OF TERMS

- **Accruals Basis**
The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.
- **Actuarial Gains and Losses Re-measurement of Net Defined Benefit Liability**
Actuaries assess financial and non-financial information provided by the Council to project levels of future pension fund requirements. Changes in actuarial deficits or surpluses can arise leading to a loss or gain because events have not coincided with the actuarial assumptions made for the last valuation and the actuarial assumptions have changed.
- **Agency Services**
These are services that are performed by or for another Council or public body, where the principal (the Council responsible for the service) reimburses the agent (the Council carrying out the work) for the costs of the work.
- **Appointed Auditors**
The Audit Commission appoints external auditors to every Local Council, from one of the major providers of registered auditors. The Welsh Audit Office is the Council's appointed Auditor.
- **Authorised Limit**
This represents the legislative limit on the Council's external debt under the Local Government Act 2003.
- **Balances**
The balances of the Council represent the accumulated surplus of income over expenditure on any of the Funds.
- **Capital Adjustment Account**
The Account accumulates (on the debit side) the write-down of the historical cost of Property, Plant and Equipment as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (revenue expenditure funded by capital under statute). The balance on the account thus represents timing differences between the amount of the historical cost of fixed assets that has been consumed and the amount that has been financed in accordance with statutory requirements.
- **Capital Expenditure**
This is expenditure on the acquisition of property, plant and equipment, or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.
- **Capital Financing Charges**
This is the annual charge to the revenue account in respect of interest and principal repayments and payments of borrowed money, together with leasing rentals.
- **Capital Receipts**
Income received from the sale of land or other capital assets, a proportion of which may be used to finance new capital expenditure, subject to the provisions contained within the Local Government Act 2003.

Glossary of Accounting Related Terminology

Statement of Accounts 2021/22

Newport City Council

- **Carrying Amount**
The Balance Sheet value recorded of either an asset or a liability.
- **Chartered Institute of Public Finance and Accountancy (CIPFA)**
CIPFA is the leading professional accountancy body for public services.
- **Community Assets**
This is a category of Property, Plant and Equipment that the Council intends to hold in perpetuity which have no determinable finite useful life and, in addition, may have restrictions on their disposal. Examples include parks and historical buildings not used for operational purposes.
- **Contingency**
This is money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.
- **Contingent Liabilities or Assets**
These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Council's Statement of Accounts.
- **Council Tax Requirement**
This is the estimated revenue expenditure on General Fund services that needs to be financed from the Council Tax after deducting income from fees and charges, certain specific grants and any funding from reserves.
- **Creditors**
Amounts owed by the Council for work done, goods received or services rendered, for which payment has not been made at the date of the balance sheet.
- **Current Service Cost**
Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.
- **Debtors**
These are sums of money due to the Council that have not been received at the date of the Balance Sheet.
- **Deferred Capital Receipts**
These represent capital income still to be received after disposals have taken place and wholly consists of principal outstanding from the sale of council houses.
- **Depreciation**
This is the measure of the wearing out, consumption, or other reduction in the useful economic life of Property, Plant and Equipment.
- **Derecognition**
Financial assets and liabilities will need to be removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

Glossary of Accounting Related Terminology

Statement of Accounts 2021/22

Newport City Council

- **Discounts**
Discounts represent the outstanding discount received on the premature repayment of Public Works Loan Board loans. In line with the requirements of the Code, gains arising from the repurchase or early settlement of borrowing have been written back to revenue. However, where the repurchase or borrowing was coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect when viewed as a whole, gains have been recognised over the life of the replacement loan.
- **Earmarked Reserves**
The Council holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure.
- **External Audit**
The independent examination of the activities and accounts of Local Authorities to ensure the Statement of Accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Council has made proper arrangements to secure value for money in its use of resources.
- **Fair Value**
Fair value is the price at which an asset could be exchanged in an arm's length transaction, less any grants receivable towards the purchase or use of the asset.
- **Financial Regulations**
These are the written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.
- **Housing Benefit**
This is an allowance to persons on low income (or none) to meet, in whole or part, their rent. Benefit is allowed or paid by Local Authorities but Central Government refunds part of the cost of the benefits and of the running costs of the services to Local Authorities. Benefits paid to the Council's own tenants are known as rent rebate and that paid to private tenants as rent allowance.
- **Impairment**
A reduction in the value of a fixed asset below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a fixed asset's market value and evidence of obsolescence or physical damage to the asset.
- **Infrastructure Assets**
A category of Property, Plant and Equipment which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.
- **International Financial Reporting Standard (IFRS)**
These are the defined Accounting Standards that must be applied by all reporting entities to all Statement of Accounts in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with Statement of Accounts of the other entities.
- **Joint Venture**
A Joint Venture is an arrangement under which two or more parties have contractually agreed to share control, such that decisions about the activities of the arrangement are given unanimous consent from all parties.

Glossary of Accounting Related Terminology

Statement of Accounts 2021/22

Newport City Council

- **Lender Option Borrower Option (LOBO)**
A LOBO is a type of loan instrument. The borrower borrows a principal sum for the duration of the loan period (typically 20 to 50 years), initially at a fixed interest rate. Periodically (typically every six months to 3 years), the lender has the ability to alter the interest rate. Should the lender make this offer, the borrower then has the option to continue with the instrument at the new rate or alternatively to terminate the agreement and pay back the principal sum with no other penalty.
- **Liabilities**
These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.
- **Materiality**
An item would be considered material to the Statement of Accounts if, through its omission or non-disclosure, the Statement of Accounts would no longer show a true and fair view.
- **Minimum Revenue Provision (MRP)**
MRP is the minimum amount which must be charged to a Council's revenue account each year and set aside as a provision for credit liabilities, as required by the Local Government and Housing Act 1989. Net debt is the Council's borrowings less cash and liquid resources.
- **Precept**
The amount levied by various Authorities that is collected by the Council on their behalf.
- **Premiums**
These are discounts that have arisen following the early redemption of long term debt, which are written down over the lifetime of replacement loans where applicable.
- **Prior Period Adjustments**
These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.
- **Private Finance Initiative (PFI)**
A Central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance. The PFI is supported by a number of incentives to encourage Authorities' participation.
- **Public Works Loan Board (PWLB)**
An arm of Central Government which is the major provider of loans to finance long term funding requirements for Local Authorities
- **Related Parties**
Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, all senior officers from Director and above and the Pension Fund. For individuals identified as related parties, the following are also presumed to be related parties:
 - members of the close family, or the same household; and
 - partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

Glossary of Accounting Related Terminology

Statement of Accounts 2021/22

Newport City Council

- **Reporting Standards**

The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a Local Council. It is based on International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS).

- **Revaluation Reserve**

The Reserve records the accumulated gains on the fixed assets held by the Council arising from increases in value as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

- **Service Reporting Code of Practice (SERCOP)**

Prepared and published by CIPFA, the Service Reporting Code of Practice (SERCOP) is reviewed annually to ensure that it develops in line with the needs of modern Local Government, Transparency, Best Value and public services reform. SERCOP establishes proper practices with regard to consistent financial reporting for services in England and Wales, it is given legislative backing by regulations which identify the accounting practices it propounds as proper practices under the Local Government Act 2003.

- **Treasury Management**

This is the process by which the Council controls its cash flow and its borrowing and lending activities.

- **Trust Funds**

These are funds administered by the Council on behalf of charitable organisations and/or specific organisations.

- **Unsupported (Prudential) Borrowing**

This is borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.

Glossary of Acronyms

Statement of Accounts 2021/22

Newport City Council

CAA	Capital Adjustment Account
CERA	Capital Expenditure charged to Revenue Account
CFA	Capital Financing Account
CIPFA	Chartered Institute of Public Finance & Accountancy
Code	CIPFA Code of Recommended Accounting Practice
EIB	European Investment Bank
ERDF	European Regional Development Fund
ERV	Estimated Rental Value
FRS	Financial Reporting Standards
GAAP	Generally Accepted Accounting Practice
GAVO	Gwent Association of Voluntary Organisations
IAS	International Accounting Standard
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standard
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LMS	Local Management of Schools
LOBO	Lender Option Borrower Option
MRP	Minimum Revenue Provision
NCA	Notional Credit Approval
NNDR	National Non-Domestic Rates
NPV	Net Present Value
NRV	Net Realisable Value
PFI	Private Finance Initiative
PWLB	Public Works Loan Board
RICS	Royal Institute of Chartered Surveyors
RSG	Revenue Support Grant
SERCOP	Service Reporting Code of Practice
SEWREC	South East Wales Racial Equality Council
TTF	Treasury Task Force
WIP	Work In Progress
WRA	Welsh Revenue Authority

Further information about the Statement of Accounts is available from:

Head of Finance
Civic Centre
Newport
South Wales
NP20 4UR

This is part of the Council's policy of providing full information about the Council's affairs. In addition, interested members of the public have a statutory right to inspect the Statement of Accounts before the audit is completed. The availability of the Statement of Accounts for inspection is advertised in the local press, as is the notice of completion of the audit.

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Report

Governance and Audit Committee

Part 1

Date: 28th July 2022

Subject Revised - Internal Audit Annual Plan 2022/23

Purpose To inform Members of the Council's Governance and Audit Committee of the Internal Audit Section's Operational Audit Plan for 2022/23.

For the Governance and Audit Committee to approve the 2022/23 Revised Operational Internal Audit Plan.

Author Chief Internal Auditor

Ward General

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

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

The attached report is the Operational Internal Audit Plan for 2022/23 based on an assessment of risk and available audit resources for the 12 months of the financial year. The plan is based on delivering 1073 audit days.

The draft Internal Audit Plan previously presented to Governance and Audit Committee, which was over-planned / under-resourced, has been reviewed, allocated over the Council's new service area structure, audit work further prioritised and resources recalculated to include the support from an external resource. The proposed planned audit days to be delivered in 2022/23 now reconciles with the available audit resources.

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

Proposal That the Revised Internal Audit Annual Plan 2022/23 be noted and approved by the Council's Governance and Audit Committee

Action by The Governance and Audit Committee

Timetable Immediate

This report was prepared after consultation with:

- Chief Financial Officer
- Monitoring Officer
- Head of People, Policy & Transformation

Signed

Background

1. This report aims to inform Members of the Governance and Audit Committee of the work to be undertaken by the Internal Audit Section at an operational level for 2022/23. It identifies why the Council operates an Internal Audit function, the resources currently available and how they will be applied across the services of Newport City Council to give management assurance that systems are working as intended.
2. The background of the Internal Audit planning process was covered in the report presented to Governance & Audit Committee on 26th May 2022, Draft Internal Audit Annual Plan 2022/23 so that will not be repeated within this report.
3. The draft Internal Audit plan presented previously included 1147 audit days to undertake the work during the year, with 998 audit days available to deliver it; the plan was therefore overplanned / under resourced. The Chief Internal Auditor agreed to review the plan, reprioritise the audits to be undertaken and reconcile it to the audit resources available.
4. The Revised Internal Audit Plan for 2022/23 now includes **1073 days** to undertake the audit work which now balances to the audit resources available of 1073 days.

What's changed ?

5. The Plan shows Internal Audit coverage across the new service area structure; the draft plan showed the former service area structure. All service areas have some coverage. [see Appendix 1]
6. The audit resources available have increased to take account of the 75 days of potential additional support from an external provider(s).
7. The number of opinion related audit jobs has reduced from 67 to 62, including grant claims with the number of non-opinion audit jobs reduced from 29 to 28. This will enable the Chief Internal Auditor to provide an overall opinion on the level of assurance at the year end.
8. The audits to be undertaken during 2022/23 are shown at Appendix 2.
9. From time to time the risk profile or priority of audit workload or service area may change so the planning process needs to be flexible enough to accommodate this. Where significant changes to the operational plan are required, the matter will be reported to the Head of Finance for approval; this will subsequently be reported to the Governance and Audit Committee. Internal Audit's performance against this plan will continue to be reported to the Governance and Audit Committee on a regular basis.

Independence

10. Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. It provides assurance or otherwise to management.
11. Independence is achieved through the organisational status of Internal Audit and the objectivity of internal auditors. In order to ensure the objective nature of audit reviews is not compromised, Internal Audit must be seen to be demonstrably independent of all managerial influence. Within Newport City Council this is achieved as follows:

- the Chief Internal Auditor is responsible for the control and direction of Internal Audit;
- the Chief Internal Auditor has a duty to report direct to the Chief Executive and the Leader of the Council on any matter which he feels appropriate, in particular where the Head of Finance appears to be personally involved;
- individual audit reports are sent to service managers and Heads of Service as appropriate in the name of the Chief Internal Auditor; and
- the Chief Internal Auditor submits an annual report to the Governance and Audit Committee giving an overall opinion on the adequacy of internal controls operated within the Council.

Audit Opinion

12. At the end of each audit review an audit opinion is given on the level assurance gained from the internal controls operated within that system or establishment. Taking into account strengths and weaknesses, the current suite of opinions ranges from good through to unsound:

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

Resources

13. Consideration has been given to the appropriate level of resources for Internal Audit at Newport City Council. The current establishment of 7.5 staff remains just about adequate for the current level of assessed risk as outlined above; a greater audit resource could provide a greater assurance to management and allow the section to be even more responsive to changing priorities and risk profiles throughout the year. Currently the team is operating with 5.5 FTEs as a result of current vacancies; additional support from an external provider has been brought in to help deliver the plan. Any unplanned absences such as long term sickness, secondments or prolonged special investigations could significantly affect the audit plan as cover is limited.

14. If the risk profile of the Council significantly changes or if more investigations into allegations of Council staff are required than were planned for, then consideration will need to be given to increasing the resources of the Internal Audit team in order to maintain the current level of service provided.

External Auditor Relations

15. The Council's external auditor is Audit Wales. The Internal Audit team has developed a good working relationship with the team and will continue to do so to work jointly, share good practice and avoid duplication.

16. The Chief Internal Auditor will continue to ensure compliance with the Public Sector Internal Audit Standards.

Service Areas

17. Many of the managers within the Council call upon the Internal Audit Section for financial advice which is incorporated within the plan. Audit staff are more than willing to offer any help and assistance they can to ensure that operations are undertaken properly but this also has an impact on planned audit reviews where time allocations are exceeded.

18. As a service to all levels of management, it is important that Internal Audit is seen as contributing positively to managers undertaking their responsibilities. These are wide ranging but include the prevention of fraud and corruption and securing the efficient and effective delivery of services; part of management obligations under the Council’s Financial Regulations.

19. Service Managers have the responsibility of agreeing what action they will take in order to address any weaknesses identified by Internal Audit and then implementing that action.

Financial Summary

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

Risks

21. If Members are not involved in the process of endorsing the annual Internal Audit Plan then this weakens the governance arrangements and would be non-compliant with the Public Sector Internal Audit Standards, which could then be subject to adverse criticism from the external auditor, currently Audit Wales.

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?
Members not involved in approving the IA Annual Plan	M	L	The Chief Internal Auditor reports regularly into Governance and Audit Committee so its Members are aware of the obligations of Internal Audit and its plans	Chief Internal Auditor

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

22. The work of Internal Audit supports all of the Council’s priorities and plans.

Options Available

23. (1) That the Revised Annual Internal Audit Plan for 2022/23 be approved by the Governance and Audit Committee.

Preferred Option and Why

24. Option (1) as it is requirement of the Public Sector Internal Audit Standards.

Comments of Chief Financial Officer

25. I can confirm that I have been consulted on the Revised Annual Internal Audit Plan 2022/23 and have no additional comments.

Comments of Monitoring Officer

26. There are no specific legal issues arising from the report, which sets out the revised operational Internal Audit plan for 2022/23 and identifies the specific areas of audit work that will be carried out, having regard to the corporate risk profile and available staffing resources. The Council has a statutory duty under the Accounts and Audit (Wales) Regulations 2014 to ensure that it has adequate and effective financial management and a sound system of internal control, which is reviewed regularly. The Governance and Audit Committee has responsibility under the Local Government (Wales) Measure 2011 to keep under review the Council's risk management, internal control and corporate governance arrangements and to oversee the work of the internal audit team. Therefore, the Governance and Audit Committee are required to consider the revised operational plan and satisfy themselves that the annual work programme to be undertaken by the internal audit team is sufficient to discharge this responsibility.

Comments of Head of People, Policy & Transformation

27. Due to the Covid-19 outbreak the Council has had to reassess its strategic priorities and resources. As the Council is moving towards recovery, new / emerging opportunities and risks will need to be considered as part of the audit plan to ensure the Council has adequate internal controls, governance and risk management processes in place. The involvement of the Council's Corporate Management Team to support the Internal Audit team to effectively undertake their role is vital to provide necessary assurance, advice and guidance to meet our statutory duties and protect public finances. This plan will also ensure that the Council can meet its requirements under the Wellbeing of Future Generations Act and ensure sustainable development can meet short and long term objectives of the Council.

Comments of Cabinet Member

28. Not applicable.

Local issues

29. No local issues.

Scrutiny Committees

30. Not appropriate

Equalities Impact Assessment

31. The Equality Act 2010 contains a Public Sector Equality Duty which came into force on 06 April 2011. The Act identifies a number of 'protected characteristics', namely age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation; marriage

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

32. As this is an annual report on planned audit work there is no need for an Equalities Impact Assessment. All audits are undertaken in a non-discriminatory manner.

Children and Families (Wales) Measure

33. Not appropriate.

Wellbeing of Future Generations (Wales) Act 2015

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

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

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

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

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

Involvement - Heads of Service and Senior Managers are invited to contribute to the audit planning process each year in order to prioritise audit resources. The involvement of the Governance & Audit Committee.

Consultation

35. Not applicable

Background Papers

36. Strategic Internal Audit Plan, Draft Internal Audit Annual Plan 2022/23, 2021/22 Annual Internal Audit report, Corporate Plan, Corporate Risk Register, Service Plans.

Dated:

APPENDIX 1

Internal Audit Services		
Operational Audit Plan for 2022/23		
Service Area	Number of days	Percentage of plan
Transformation & Corporate		
Finance	134	12%
People, Policy & Transformation	116	11%
Law & Standards	49	4%
Social Services		
Children Services	83	8%
Adult Services	35	3%
Prevention & Inclusion	19	2%
Chief Executive		
Regeneration & Economic Development	60	6%
Education Services	216	20%
Environment & Sustainability		
City Services	52	5%
Environment & Public Protection	103	10%
Housing & Communities	48	4%
External – SWCAG Training Programme	2	0%
Peer Assessments (PSIAS)	10	1%
Special Investigations	150	14%
Total Days for Operational Plan	1073	100.00%

Total Resources Available within the IA team = 1073 days

Overplanned / under resourced by 0 days

APPENDIX 2

REVISED INTERNAL AUDIT PLAN – 2022/23

The plan will be reviewed throughout 2022/23.

INTERNAL AUDIT SERVICES – REVISED AUDIT PLAN 2022/23

TRANSFORMATION & CORPORATE

Finance		Last Review	Risk	2022/23	Opinion
Accountancy					
	Main Accounting System				
	- New Financial System	New	H	10	
	Capital Programme	2018/19	H	20	Y
Income & Tax					
	Sundry Debtors	2019/20	M	20	Y
Procurement & Payments					
	Purchasing Cards (System)	2017/18	H	15	Y
	Purchasing Cards (Transactions)	2021/22	M	20	Y
Benefits					
	Housing Benefits - B&B / Temporary Accommodation Claims (Follow-Up)	2021/22	H	12	Y
General					
	Annual Governance Statement	Annual		10	
	National Fraud Initiative (NFI)	Annual		12	
	Financial Advice	Annual		10	
	Follow up of Agreed Management Actions 2021/22	Annual		1.5	
	Finalisation of 2021/22 Audits	Annual		3	
Total Planned Days for Finance				134	5

People, Policy & Transformation		Last Review	Risk	2022/23	Opinion
Digital Services & Complaints					
	Document Services				
	- Internal Mobile Telephony (Follow Up)	2021/22	H	8	Y
	- Payment Card Industry Data Security Standards (PCI DSS) (Follow Up)	2016/17	H	8	Y
HR & OD / Health & Safety					
	Employment Services				
	- HR/Payroll CAATs	2018/19	M	15	Y

	- Recruitment & Selection	2020/21	H	20	Y
	Health & Safety	2013/14	H	18	Y
Intelligence Hub			M	18	Y
Policy & Partnership					
	Corporate Governance (Follow Up)	2019/20	M	8	Y
General					
	Financial Advice	Annual		8	
	Financial Regulation Training	Annual		7	
	Follow up of Agreed Management Actions 2021/22	Annual		1.5	
	Finalisation of 2021/22 Audits	Annual		4	
Total Planned Days for People, Policy & Transformation				116	7

Law & Standards		Last Review	Risk	2022/23	Opinion
Electoral Registration					
	Electoral Registration	2012/13	M	15	Y
Legal					
	Land Charges	2014/15	M	12	Y
Registration					
	Registration Services & Coroners	2016/17	M	15	Y
General					
	Financial Advice	Annual		4	
	Follow up of Agreed Management Actions 2021/22	Annual		1.5	
	Finalisation of 2021/22 Audits	Annual		1	
Total Planned Days for Law & Standards				49	3

SOCIAL SERVICES

Children Services		Last Review	Risk	2022/23	Opinion
Children's Social Work Teams					
	Children With Disabilities	2021/22	M	10	Y
Fostering & Adoption					
	Adoption Allowances (Follow Up #2)	2021/22	H	10	Y
	Fostering	2014/15	M	16.5	Y
Residential & Operations					
	- Rose Cottage	Never	M	15	Y
	Control Risk Self-Assessments	Annual	M	3	Y

Safeguarding					
	Children's Money	Never	H	15	Y
General					
	Financial Advice	Annual		8	
	Follow up of Agreed Management Actions 2021/22	Annual		1.5	
	Finalisation of 2021/22 Audits	Annual		4	
Total Planned Days for Children Services				83	6

Adult Services		Last Review	Risk	2022/23	Opinion
Adult Social Work Teams					
	Occupational Therapy Service	2014/15	M	18	Y
	Mental Health Service (2021/22)	Never	H	2	Y
Residential & Day Services					
	Control Risk Self-Assessments	Annual		3	Y
General					
	Financial Advice	Annual		6	
	Follow up of Agreed Management Actions 2021/22	Annual		1.5	
	Finalisation of 2021/22 Audits	Annual		4	
Total Planned Days for Adult Services				35	3

Prevention & Inclusion		Last Review	Risk	2022/23	Opinion
Early Years, Family Information Service & Play					
	Family Information Service	Never	M	15	Y
General					
	Financial Advice	Annual		4	
Total Planned Days for Prevention & Inclusion				19	1

CHIEF EXECUTIVE

Regeneration & Economic Development		Last Review	Risk	2022/23	Opinion
Work & Skills					
	- Skills & Work Contract	2015/16	M	15	Y
City Regeneration					
	Regeneration Initiatives	-	M	15	Y
Planning, Building Control & Development					
	Planning Policy	-			

	- Planning Obligations (S106)	2017/18	M	15	Y
Destination					
	- Transporter Bridge	2012/13	M	10	Y
General					
	Financial Advice	Annual		3	
	Follow up of Agreed Management Actions 2021/22	Annual		1.5	
Total Planned Days for Regeneration & Economic Development				60	4

Education		Last Review	Risk	2022/23	Opinion
Resources & Planning					
	School Admissions & Appeals	2010/11	M	15	Y
	Trips & Visits (Evolve System) (Follow Up #2)	2019/20	H	8	Y
Gwent Music Service					
	Music Support Service (Follow Up)	2019/20	H	8	Y
Inclusion / Additional Learning Needs (ALN)					
	Educational Psychology	2011/12	M	18	Y
	Additional Learning Needs (ALN)	-	H	15	Y
	Education Other Than At Schools (EOTAS)	2005/06	M	15	Y
Grants					
	Education School Improvement Grant (SIG) 2021/22	Annual	M	5	Y
	Pupil Development Grant (PDG) 2021/22	Annual	M	5	Y
Primary Schools					
	Gaer Primary	2012/13	M	10	Y
	Malpas Park Primary	2012/13	M	10	Y
	Rogerstone Primary 2021/22	2012/13	M	7	Y
	Marshfield Primary	2013/14	M	10	Y
	St Mary's RC Primary	2013/14	M	10	Y
	Malpas Church in Wales Primary	2013/14	M	10	Y
	Jubilee Park Primary	Never	M	10	Y
Secondary Schools					
	Ysgol Gyfun Gwent Is Coed	Never	M	12	Y
Special Schools					
	Ysgol Bryn Derw	Never	M	12	Y
Other - School Related					
	CRSA's / Healthcheck - Secondary / Primary / Nursery	Annual	M	12	Y
	Schools Financial Regulations Training / Cluster Meetings	Annual		4	

General					
	Financial Advice	Annual		18	
	Follow up of Agreed Management Actions 2021/22	Annual		1.5	
Total Planned Days for Education				216	18

ENVIRONMENT & SUSTAINABILITY

City Services		Last Review	Risk	2022/23	Opinion
Fleet					
	Fleet / Vehicle Management	2012/13	M	15	Y
	Vehicle Usage & Trackers (Follow Up)	2018/19	H	8	Y
Transport					
	Passenger Transport Unit - Taxi Contracts Follow Up 2021/22	2018/19	H	8	Y
	Traffic, Transport & Road Safety (Car Parks)	Never	H	15	Y
General					
	Financial Advice	Annual		4	
	Follow up of Agreed Management Actions 2021/22	Annual		1.5	
Total Planned Days for City Services				52	4

Environment & Public Protection		Last Review	Risk	2022/23	Opinion
Public Protection					
	Environmental Health				
	- Private Sector Housing (HMO)	2012/13	M	15	Y
	- Neighbourhood - Community Safety Warden Service	2015/16	M	15	Y
	Consumer Protection				
	- Scambusters Grant Claim 2021/22	Annual	M	8.5	Y
	- Newport City Dogs Home (Follow Up)	2019/20	H	8	Y
Climate Change					
	- Carbon Reduction Team 2021/22	Never	M	2	Y
Cemetery & Crematorium					
	- Gwent Crematorium	2016/17	M	15	Y
Waste & Cleansing					
	Waste Collections				
	- Refuse	2015/16	M	15	Y
	Landfill Site				

	- Household Waste Recycling Centre	2013/14	M	15	Y
General					
	Financial Advice	Annual		4	
	Follow up of Agreed Management Actions 2021/22	Annual		1.5	
	Finalisation of 2021/22 Audits	Annual		4	
Total Planned Days for Environment & Public Protection				103	8

Housing & Communities		Last Review	Risk	2022/23	Opinion
HSG / Supporting People					
	Supporting People	2013/14			
	- Housing Support Grant	2021/22	M	7	Y
Strategic Housing					
	- Private Sector Housing (Leasing)	2009/10	M	15	Y
Housing Needs & Homelessness					
	Housing Needs	-	H	20	Y
General					
	Financial Advice	Annual		4	
	Follow up of Agreed Management Actions 2021/22	Annual		1.5	
Total Planned Days for Housing & Communities				48	3
Total Days in IA Plan				1073	
IA Resources Available				1073	

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Report

Governance and Audit Committee

Part 1

Date: 28 July 2022

Subject **SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 3, October to December 2021)**

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

Author Governance Team Leader

Ward General

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

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

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

Action by Audit Committee

Timetable Immediate

This report was prepared after consultation with:

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

Background

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

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

Extract from the OJEC website; EU Procurement thresholds:

UK Public Procurement Thresholds

Public Sector Procurement in the UK is governed by several regulations, which set out detailed procedures for the award of high value contracts – those with values equal to or exceeding specific thresholds. Details of these thresholds, which come into effect on 1st January 2022, can be found below and are inclusive of VAT.

Links to further information about public sector procurement regulations can also be found at the bottom of the page.

Details of current **EU** thresholds can be found on: [EU Public Procurement Thresholds](#)

Public Contracts

Contracts relating to public authorities, which includes government departments, local authorities, and NHS authorities and trusts.

	Supply, services and design contracts	Works contracts	Social and other specific services
Central Government	£138,760	£5,336,937	£663,540
Other contracting authorities	£213,477	£5,336,937	£663,540
Small lots	£70,778	£884,720	n/a

Extract from Newport CC's Contract Standing Orders;

6.2 Thresholds for Procurement

6.2.1 Process One – Quotations (see Gateway Process One)

From **£4,000 to £25,000** written quotations should be sought from either;

- 1) a minimum of three recognised suppliers in the appropriate market, or previously established competitive sources of supply, or
- 2) where it is not possible to identify suppliers, an open and advertised quotation process should be undertaken using the Councils approved eAdvertisement and eSourcing tool.

6.2.2 Process Two – Low Value Tenders (see Gateway Process Two)

From **£25,001 to £75,000** formal tenders must be undertaken using the Councils approved eSourcing tool, either by selecting a minimum of four recognised suppliers in the appropriate market, or previously established competitive sources of supply. Where it is not possible to identify suppliers, an open and advertised tender process must be undertaken.

6.2.3 Process Three – Mid Value Tenders up to EU/UK Procurement Thresholds (see Gateway Process Three)

From £75,001 to current EU/UK Procurement Thresholds (current levels detailed on “link to thresholds on intranet pages”) an openly advertised formal tendering process must be undertaken using the Councils approved eAdvertisement and eSourcing Tools.

6.2.4 Process Four – **High Value Tenders Above EU/UK Procurement Thresholds** (see Gateway Process Four)

Above threshold procurements must be undertaken via an openly advertised formal tendering process using the Councils approved eAdvertisement and eSourcing Tools, and in compliance with the Public Contract Regulations.

6.2.5 For Process One & Two, when selecting suppliers, consideration must be given in regard to supporting opportunities for local suppliers, and the wider Welsh supply base and its ability to meet the needs of the Council.

Financial Summary

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

Risks

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

Options Available / Preferred Option and Why

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

Comments of Chief Financial Officer

See original reports attached.

Comments of Monitoring Officer

See original reports attached.

Comments of Head of People and Business Change

See original reports attached.

Equalities Impact Assessment and the Equalities Act 2010

See original reports attached.

Children and Families (Wales) Measure

See original reports attached.

Wellbeing of Future Generations (Wales) Act 2015

See original reports attached.

Consultation

See original reports attached.

	Subject	Decision & Date	Reason for Urgency/Reason to waive Contract Standing Orders	Comments of Chief Internal Auditor
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1	Housing Support Grant Programme	29 October 2021	<p>This report proposes that the contracts named below are extended for up to a maximum period of two years ie four contracts for one year until 31 March 2023 and three contracts for two years until 31 March 2024. This extension is outside of the contract terms and is not in compliance with Contract Standing Orders but will allow the Council adequate time to implement a remodel and recommissioning of floating support services funded by the Housing Support Programme in Newport by 1 April 2024.</p>	<p>The comments included in the main report from the Council's Procurement Category Manager, Chief Financial Officer and Monitoring Officer confirm that these contracts can be extended as required via the waiving of the Council's Contract Standing Orders and are in line with accepted procurement regulations.</p> <p>There is therefore appropriate justification within the report to waive the Council's Contract Standing Orders.</p> <p>EU Public Procurement Thresholds and the Council's procurement thresholds have been included in this report as background information.</p>
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Background Papers

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

Cabinet Member for

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

Dated: 28 July 2022

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Report

Cabinet Member for Social Services

Part 1

Date: 29 October 2021

Subject **Housing Support Grant Programme**

Purpose To seek the Cabinet Member's approval to waive Contract Standing Orders to extend seven Housing Support Grant funded contracts for up to a maximum period of two years for current (floating support) contracts that are due to expire on 31 March 2022).

Author Nigel Stannard, Supporting People Officer

Ward All

Summary This report proposes that the contracts named below are extended for up to a maximum period of two years ie four contracts for one year until 31 March 2023 and three contracts for two years until 31 March 2024. This extension is outside of the contract terms and is not in compliance with Contract Standing Orders but will allow the Council adequate time to implement a remodel and recommissioning of floating support services funded by the Housing Support Programme in Newport by 1 April 2024.

Proposal **To approve the waiving of Contract Standing Orders to extend seven Housing Support Grant Programme funded contracts (as detailed below) for up to a maximum of two years to allow for the review and recommissioning processes of Housing Support Grant floating support services; this will consolidate some services reducing the total number of contracts thereby improving capacity, effectiveness, resilience and efficiency**

Action by Head of Adult and Community Services

Timetable To be in place by 1 April 2022

This report was prepared after consultation with:

- Strategic Director - People
- Head of Law and Regulation – Monitoring Officer
- Head of Finance – Chief Finance Officer
- Head of Adult and Community Services
- Housing Support Grant Planning Group
- Category Manager – Finance
- Cabinet Member – Social Services

Signed

Background

There are seven fixed term contracts, funded via the Welsh Government's Housing Support Grant (HSG) Programme, due to end on 31 March 2022 (all of these are for floating housing support services and are listed in Table 1, below). By extending these contracts by the period listed in the table, it would allow the Supporting People Team (SPT) time to review, remodel and recommission all HSG floating support services, of which there are 21 in total (listed in Table 2a, below) plus 8 pilots schemes developed using the additional £2.05 million HSG funding received from WG this year (listed in Table 2b, below). The outcome of this process will achieve:

- A streamlined set of support services grouped to recognise service and service user type delivered by support providers with relevant knowledge and experience.
- A smaller number of contracts where contract value and contract duration will encourage on going investment (including in staff) from the support provider.
- Fewer but focused contracts to ensure additional resilience and build capacity within the SPT to manage the contract and partnership arrangements effectively to ensure services comply with contractual and operational requirements.

A realistic and detailed project work plan will be produced to deliver the review, remodel and recommissioning project which will take account of capacity, risk, operational and implementation factors. The outline detail for the floating support services and time frame is shown in Table 3, below.

Table 1 – proposed HSG contracts to be extended

Service	Activity	Support Provider	Contract Start Date	Contract Value (annual)	Proposed Contract End Date
Renoir ASC	Housing support for people with developmental conditions	Pobl Group	16 Sept 2015	£235k	31 Mar 2023 <i>ie 1 year extension</i>
Memory Loss	Housing support for people with memory loss and dementia	Pobl Group	12 Oct 2015	£73.9k	31 Mar 2023 <i>ie 1 year extension</i>
Rough Sleeper service	Rough Sleeper & Outreach support	Eden Gate	1 Apr 2018	£80.4k	31 Mar 2023 <i>ie 1 year extension</i>
European Economic Area	Housing support for people from European Economic Area	Newport Mind	9 Jan 2019	£86k	31 Mar 2023 <i>ie 1 year extension</i>
VALUE OF CONTRACTS TO BE EXTENDED BY 1 YEAR TO 31 MARCH 2023 (annual)				£0.47m	
Family Intervention and Prevention	Housing support for families with children / families with complex needs	Pobl Group	1 Apr 2018	£81.1k	31 Mar 2024 <i>ie 2 year extension</i>
Lighthouse Project	Generic housing support; this contract also includes support for people with physical disabilities/impairments and resettlement support for people moving out of HSG funded hostel provision	Pobl Group	1 Apr 2015	£491.9	31 Mar 2024 <i>ie 2 year extension</i>
Lighthouse Project	Generic housing support; this contract also includes support for refugees, hospital in-patients and for people with sensory impairment	Taff Housing	1 Apr 2015	£550.9	31 Mar 2024 <i>ie 2 year extension</i>
VALUE OF CONTRACTS TO BE EXTENDED BY 2 YEARS TO 31 MARCH 2024 (annual)				£1.12m	
TOTAL VALUE OF EXTENDED CONTRACTS (annual)				£1.59m	

A draft service delivery model design for floating support was developed with a view to presenting a completed proposal at a future meeting of the Housing Support Grant Planning Group / Adult Board. The general direction of the service delivery model design was to recommission all floating support services reducing the number of separate services from 21 to 10, with services grouped more effectively to reflect support type and user needs, and with new contract service specifications within each contract to reflect this.

The SPT's development of a work programme to review, remodel and recommission the HSG funded floating support services and subsequent presentation of this proposal has been delayed for two main reasons:

- Additional work and temporary change of SPT focus as a consequence of the Covid-19 pandemic; and
- Planning, developing and implementation of new / remodelled services to allocate the additional £2.05m in HSG awarded to Newport as of 1 April 2021.

Extending the contracts (as detailed in Table 1) to tie in with the phased remodelling plan will allow the SPT to fully develop a work plan to implement the remodel of floating support services.

The tables below (Table 2a & Table 2b below) show all current floating support services funded by HSG as at August 2021.

- The total contract value (including 2021/2022 pilots) is £4.49m.
- **The contract value of those that are due to expire (Table 2a - blue cells) on 31 March 2022 is £1.59m.**
- The pilot schemes that were developed using the additional HSG awarded to Newport are shown in Table 2b – pink cells. Recommendations on whether these should continue once the initial pilot period has ended will be made, based on performance, need and availability of on-going HSG funding.

These HSG funded services support service users with a wide range of needs in addition to housing-related support. The proposed remodel (detailed in Table 3 below) will group these services into a maximum of 10 contracts, with each group reflecting support type and user needs more effectively. The timeframe specified in Table 3 has also considered current contract type/duration, risks and realistic implementation for the SPT.

Table 2a –current floating support services (2021/2022)

Service	Support Provider	Contract Value (annual)	Contract End Date
Verified Rough Sleeper	The Wallich	£328.6k	31.03.23
Street Homeless Outreach	The Wallich	£76.8k	31.03.23
Street Homeless Drop-in / Outreach	Eden Gate	£80.4k	31.03.22
Renoir (developmental disorders)	Pobl	£235k	31.03.22
Memory Loss	Pobl	£73.9k	31.03.22
Older Persons	Pobl Care & Repair	£68.8k	n/a
Lighthouse 55+	Age Cymru Gwent	£249.8k	31.03.24
European Migrants	Newport Mind	£86k	31.03.22
Lighthouse Main	Pobl	£491.9k	31.03.22
Lighthouse Main (inc sensory) (inc hospital & refugee services)	Taff	£550.9	31.03.22
Ffynnon (substance/offenders)	Pobl	£398.7k	n/a
PREP (prison leavers)	The Wallich	£72.9k	n/a
Hospital to Home (mental health)	Platform	£41.6k	n/a
LIFT (young homeless)	Llamau	£326k	n/a
Mental health floating support	Newport Mind	£316.6k	n/a
Mediation (young homeless)	Llamau	£74k	n/a
FIPP (families)	Pobl	£81.1k	31.03.22
Domestic Abuse	Llamau	£238.6k	31.03.24
Newid (low level generic)	Pobl	£471k	n/a

Table 2b - Pilot Schemes (2021/2022)

Service	Support Provider	Contract Value (annual)	Contract End Date
Refugee Support	The Gap	£17.6k	31.03.22
Male to Male Support Dads Can	Mon Housing	£25.5k	31.03.22
Assessment & Support NCC Preventions	Newport Mind	£32.8k	31.03.22
Assessment & Support CMHT	Platform	£41.6k	22.08.22
Assessment & Support NCC Early Years m	Llamau	£30.4k	31.03.22
Vulnerable Women Maindee Parade	Cyfannol	£30.7k	31.03.22
Assessment & Support ED The Grange	Newport Mind	£31.2k	31.03.22
Assessment & Support GSSMS	Pobl	£24.9k	31.03.22

Table 3 - Proposed floating support remodel (inc timeframe):

<p>Year 1 / 1</p> <p>Rough Sleeper/homeless/street-based lifestyle</p> <p>VRS (2023) Outreach (2023) Eden Gate (2022)</p> <p>Project start - Jan 2022 Contract start April 2023</p> <p>£485k</p>	<p>Year 1 / 2</p> <p>Generic (incl physical /sensory/hospital)</p> <p>Renoir (2022) Lighthouse Hospital (2022) Memory loss (2022) Care and repair (on-going)</p> <p>Project start - April 2022 Contract start April 2023</p> <p>£415k</p>	<p>Year 1 / 3</p> <p>Migrants & Refugees</p> <p>GAP Refuge (2022) Lighthouse Refugee (2022) EEA (2022)</p> <p>Project start – June 2022 Contract start April 2023</p> <p>£254k</p>	
<p>Year 2 / 4</p> <p>Generic</p> <p>Pobl Lighthouse (2022)</p> <p>Project start - Jan 2023 Contract start April 2024</p> <p>£491k</p>	<p>Year 2 / 5</p> <p>Generic</p> <p>Taff Lighthouse Gen (2022) ACG 55+ (2024)</p> <p>Project start - Jan 2023 Contract start April 2024</p> <p>£612k</p>	<p>Year 2 / 6</p> <p>Young people & families</p> <p>Dads Can (2022) Preventions (2022) LIFT ongoing Early years (2022) Mediation (on-going) FIPP (2022)</p> <p>Project start – April 2023 Contract start April 2024</p> <p>£570k</p>	
<p>Year 3 / 7</p> <p>DA / VAWDA SV</p> <p>DAFS (2024+3) Maindee Parade (2022)</p> <p>Project start – tbc Contract start +April 2024</p> <p>£269k</p>	<p>Year 3 / 8</p> <p>Generic (low level inc learning diff)</p> <p>Newid (on-going)</p> <p>Project start – tbc Contract start +April 2024</p> <p>£471k</p>	<p>Year 3 / 9</p> <p>Offending / Substance Misuse</p> <p>GSSMS Pilot (2022) ED Pilot (2022) Ffynnon (on-going) PREP (on-going)</p> <p>Project start – tbc Contract start +April 2024</p> <p>£527k</p>	<p>Year 3 / 10</p> <p>Mental Health</p> <p>H2H (on-going) Mind t/s (on-going) CMHT Pilot (2022)</p> <p>Project start – tbc Contract start +April 2024</p> <p>£399k</p>

Financial Summary (Capital and Revenue)

The HSG funding relevant to this proposal is are detailed in Table 1. In summary:

- The total contract values of contracts requiring a one-year extension is £0.47 million.
- The total contract values of contracts requiring a two-year extension is £1.12 million.
- The total value of all contract requiring an extension is £1.59 million.

All costs above will be met through the Housing Support Grant Programme; this funding is on-going grant via the Welsh Government. There is no cost to the Council’s core budget.

Risks of not extending the HSG contracts (as detailed in Table 1)

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	Risk Mitigation Action(s)	Risk Owner
Inability of SPT to recommission all services within the timeframe –	High – The Authority would then need to complete evaluation followed by a full tender process for all 7 services.	Medium/Low The support providers have indicated they wish to continue with the contracts for up to a period of a further two years.	Maintain an active dialogue with support providers and commence negotiations regarding services as soon as possible. Re-model of floating support services to be planned and implemented on a phased basis to mitigate risk and allow SPT to develop a workplan	NCC SPT
Services ending without adequate or alternative provision in place	High – Access to support could be reduced to vulnerable people	Medium/Low	Maintain an active dialogue with support providers and commence negotiations regarding services as soon as possible.	NCC SPT
Services operating outside of an agreement	High -	Medium/Low	Issue short-term agreements to ensure specification/financial etc measures are in place	NCC SPT
Missed opportunity to streamline/consolidate all existing contracts	Medium -	Medium/Low	To undertake as proposed within this document.	NCC SPT
Lack of direction for the recommissioning and procurement processes leading to new / effective service delivery model not being achieved	High	High	Close working continues with support providers concerned and Procurement Team and relevant support provided where necessary.	NCC SPT
Non-compliance with the performance requirements of WG, resulting in funding being cut	High	High	Work with support providers to ensure delivery is agreed and starts from 1 April 2024.	NCC SPT
Reduction in HSG budgets now and in the future, resulting in reduced services available to people at risk of homelessness within in the city	High	Medium	Liaison with other stakeholders (within and outside of the Council) to ensure capacity of SPT is focussed on new developments to address risk.	NCC SPT

Links to Council Policies and Priorities

The Housing Support Grant Programme budget for Newport totals £8.5m received as a grant directly from Welsh Government. The HSG programme supports a number of the Council's policies and priorities including:

- Homelessness Strategy and Delivery Plan – prevention of homelessness through commissioned housing support services;
- Rough Sleepers Strategy – support services for rough sleepers and Rough Sleepers Co-ordinator;
- NCC Corporate Plan 2017-2022 - contributes, with partners, to two of Newport City Council's four Well-being Objectives/Goals, namely Objective 3 'To enable people to be healthy, independent and resilient' and Objective 4 'To build cohesive and sustainable communities';
- NCC Corporate Parenting Strategy and Pledge – provision of safe and secure accommodation and support for care leavers;
- Newport Well-Being Plan 2018-2023. The floating support services support two of the four wellbeing objectives of the plan, namely "We want people and communities that are friendly, confident and able to improve their wellbeing" and "We want Newport to have healthy, safe environments for people to enjoy";
- Strategic Equalities Delivery Plan – commissioned services for hard to reach, marginalised groups and domestic abuse provision.

Options Available and considered

Option 1 - The Cabinet Member decision not to waive Contract Standing Orders for the above contracts which would mean that these services would end placing unmanageable demand on remaining services and other stakeholder / statutory services. As the current contracts for Housing Support Grant are due to expire on 31 March 2022, the SPT does not have the capacity or the relevant information to recommission all seven services for 1 April 2022. This would also damage plans for the remodel of all floating support service provision in Newport.

Option 2 – Cabinet Member decision to waive Contract Standing Orders to extend the relevant contracts as follows:

- Extension for a period of 1 year, until 31 March 2023 – Renoir ASC, Memory Loss, Rough Sleeper service, European Economic Area.
- Extension for a period of 2 year, until 31 March 2024 – Family Intervention and Prevention, Lighthouse Project (Pobl) and Lighthouse(Project (Taff)).

During this extended period a full recommissioning and procurement process will be undertaken so that new projects will be in place from as detailed on the table above (Proposed Floating Support Remodel).

Preferred Option and Why

The **preferred option** is for Option 2 ie for the Local Authority to seek a Cabinet Member decision to waive Contract Standing Orders to extend the relevant contracts for a period of one year until 31 March 2023 (for Renoir ASC, Memory Loss, Rough Sleeper service, European Economic Area) and for a period of two years until 31 March 2024 (for Family Intervention and Prevention, Lighthouse Project (Pobl) and Lighthouse(Project (Taff)).

During this extended period the SPT will develop a realistic team work plan (based on the information contained in the table above – Proposed Floating Support Remodel).

Note – in its latest HSG guidance (updated March 2021) the Welsh Government encourages a person-centred and outcome approach to commissioning and contracting with longer term contract periods with a varied approach to contract drafting to support co-production and delivery of services. The guidance also suggests that "careful consideration should also be given to the contract length when procuring services, recognising the need for flexibility in contract lengths to deliver sustainable services whilst balancing value for money. Consideration should also be given to the importance of contract lengths

creating a stable environment to recruit and retain staff and to give certainty and consistency to people who use services.”

Comments from Procurement Category Manager:

The contracts for Renoir ASC, Memory Loss and the Lighthouse Project were all procurements awarded using the Public Procurement Regulations 2006 as Part B Services where no contract value was given and therefore a further extension of these contracts outside of the initial contract period would not contravene the regulations by not inviting competitive tenders.

The contracts for the Family Intervention and Prevention, Rough Sleeper Service and European Economic Area were all direct awards to local organisations who are experts in delivering these services as excepted contracts in accordance with CSOs. The value of these services for the initial contract period and for the requested extension are below the OJEU ‘Light Touch Regime for Social and other specific services (Regulation 74) threshold of £663K respectively and again there is no legal requirement to invite competitive tenders.

As current contracts for these Housing Support Grant services are due to expire on 31 March 2022, the Local Authority has to seek a Cabinet Member decision to waive Contract Standing Orders to extend.

Comments of Chief Financial Officer

There is no direct financial implication to core budgets as the contracts detailed within this report are grant funded. Any reductions in grant allocations would result in reductions to the providers. This of course would result in an operational risk and could indirectly cause cost increases in other areas of the council i.e. homelessness.

Waiver of CSO’s to extend contracts is allowed under section 25 and the values shown are under the threshold which would otherwise not allow this to happen. Therefore, procurement rules, both Council and UK are satisfied.

Comments of Monitoring Officer

There are no specific legal issues arising from the report. The Cabinet Member is able to authorise the waiving of Contract Standing Orders, provided that this does not contravene any statutory requirements in relation to the tendering of public contracts, and he is satisfied that the proposed award of these contracts represents value for money. The Public Contracts Regulations 2005 were amended in 2015, to remove the previous distinction between Part A and Part B services. These types of services that are funded through Housing Support Grant would now be covered by the “light touch” tendering regime, but only where they exceed the relevant financial threshold of £663k. In these cases, the individual contracts are below this procurement threshold and, therefore, there is no statutory requirement for them to be re-tendered. Therefore, it is open to the Cabinet Member to agree to waive the requirement in CSO’s to re-tender these contracts and agree to them being extended for a further 1 or 2 years, as appropriate. The reasons for waiving this requirement are set out in the report and the extension of the current contract arrangements will facilitate a comprehensive review of the way in which these services are procured and delivered in future, to deliver improved services and a more efficient use of the grant funding. The effect of this waiver is to allow a direct award of the existing contracts on the current terms for a further agreed period, as there is no provision within the existing contracts to allow for a further extension of time.

Comments of Head of People and Business Change

The report seeks approval to waive contract standing orders for the Housing Support Grant Programme, pending a full review following an increase in funding and changes to guidance. This will maintain stability during this challenging time and also allow for capacity to be developed in order to deliver a more fit for purpose provision in the future. There are no HR implications in extending the current contracts.

Scrutiny Committees

Not applicable.

Fairness and Equality Impact Assessment:

• Wellbeing of Future Generation (Wales) Act

- Long term: The extension of these contracts will support many vulnerable citizens to avoid becoming engaged with statutory services thus preventing long term needs escalating.
- Prevention: The Housing Support Grant Programme is a prevention and early intervention programme, especially in the prevention of homelessness and preventing the move to more expensive, less independent, statutory provision
- Integration: all of the services are commissioned and provided by the Housing Support Grant Programme are following an assessment of individual need delivered in partnership with APB, ABUHB, Public Health Board, Adult and Community Services, Children and Family Services, Housing, OPCC and voluntary sector etc.
- Collaboration: Housing Support Grant Programme, the NCC team and commissioned services work collaboratively to ensure services are available, delivered and flexible to meet the needs of Newport citizens. The Programme works collaboratively across a number of service areas and teams within the Council and with external partners and stakeholders. Collaboration extends into the evaluation, reconfiguration and recommissioning of services as required. Since the start of the Programme in 2003 the SPTs in Gwent have worked collaboratively on a range of initiatives.
- Involvement: Housing Support Grant Programme holds regular engagement / consultations events with stakeholders, partners and service users in order to influence and inform the strategic planning of new services and the evaluation of specific services. Service users are invited to participate in their support service (what support is needed and how it is delivered) through the Outcomes Framework of which are recorded bi-annually. In addition a regional service user website has been developed to provide direct information and support for people in receipt of services; this is also a forum for service users to share their feedback / comments and participate in interactive events eg surveys etc.

• Equality Act 2010

The Housing Support Grant Programme is mindful of the protective characteristics included within the Equality Act 2010 and reports to the Welsh Government to ensure representation and equitable distribution of available resources amongst eligible vulnerable groups / citizens.

• Socio-economic Duty

The objectives of the Housing Support Grant Programme focus on delivering services which support those people who are the most socially-economically disadvantaged in order that they may improve their lives / circumstances. As such services commissioned under the Housing Support Grant Programme support the Council's Socio-economic duty. The specific arrangements for Newport are detailed within the Local Commissioning Plans and the upcoming Housing Support Grant Strategy.

• Welsh Language (Wales) Measure 2011

There is no Welsh language impact to this proposal.

Children and Families (Wales) Measure

This Measure placed a duty on Welsh Ministers, local authorities and other public bodies to set specific objectives for tackling child poverty and to publish child poverty strategies. The Housing Support

Programme is one of the Welsh Government's anti-poverty programmes and commissions a number of financial inclusion services that assist in addressing child poverty.

A specific Fairness and Equality Impact Assessment has not been completed to accompany this proposal. The proposal does not seek to change any current arrangements but seeks to extend existing services/contracts for a period of one or two years in preparation of a full remodel of Housing Support Grant funded floating support services at which point a full Fairness and Equality Impact Assessment will be completed.

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.

Housing Support Grant Programme has commissioned and currently funds a number of projects to support ex-offenders and prison leavers.

Consultation

This report was submitted to the Cabinet Member for Social Services who approved the proposal.

Background Papers

Not applicable.

Dated 29 October 2021

Decision Schedule

Cabinet Member for Social Services

TO ALL MEMBERS OF NEWPORT CITY COUNCIL

Decision Schedule published on 12 November 2021

The Cabinet Member took the following decisions on 12 November 2021. They will become effective at Noon on 22 November 2021 with the exception of any particular decision, which is the subject of a valid "call-in".

The deadline for submission of a 'Call-in' request form is 4.00 pm on 19 November 2021.

Information relating to the 'Call-in' process can be found via [Democratic Services](#).

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

E&S 01/21

Housing Support Grant Programme

Options Considered/Reasons for Decision

This report proposes that the contracts named below are extended for up to a maximum period of two years ie four contracts for one year until 31 March 2023 and three contracts for two years until 31 March 2024. This extension is outside of the contract terms and is not in compliance with Contract Standing Orders but will allow the Council adequate time to implement a remodel and recommissioning of floating support services funded by the Housing Support Programme in Newport by 1 April 2024.

Decision

To approve the waiving of Contract Standing Orders to extend seven Housing Support Grant Programme funded contracts (as detailed below) for up to a maximum of two years to allow for the review and recommissioning processes of Housing Support Grant floating support services; this will consolidate some services reducing the total number of contracts thereby improving capacity, effectiveness, resilience and efficiency.

Consultation

Monitoring Officer, Head of Finance, Head of People & Business Change.

All members were consulted and provided with an opportunity to comment. Any comments received and response thereafter are set out in the report.

Implemented By: Head of Adult and Community Services
Implementation Timetable: Immediate

COUNCILLOR P COCKERAM, CABINET MEMBER FOR SOCIAL SERVICES

Date: 12 November 2021



Report

Governance and Audit Committee

Part 1

Date: 28 July 2022

Subject Draft Work Programme

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

Author Democratic & Services Officer

Ward General

Summary The purpose of a forward work programme is to help ensure Councillors achieve organisation and focus in the undertaking of enquiries through the Governance & Audit Committee function. This report presents the current work programme to the Committee for information and details the items due to be considered at the Committee’s next two meetings.

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

Action by Governance and Audit Committee

Timetable Immediate

Background

The purpose of a forward work programme is to help ensure Councillors achieve organisation and focus in the undertaking of enquiries through the Governance & Audit Committee function. Attached at Appendix 1 is the forward work programme for this Committee. Below are the items scheduled to be presented at the Committee’s next two meetings. Committee Members are asked to endorse this schedule, confirm the list of people they would like to invite for each item, and indicate whether any additional information or research is required.

29 September 2022
Progress Against Internal Audit Plan 2022/23 Quarter 1
Corporate Risk Register (Quarter 1 April to June)
Annual Report on Compliments, Comments and Complaints Management 2022
Corporate Self-Assessment Report
Referrals to Governance and Audit Committee

27 October 2022
Internal Audit Plan 2020/21– Progress (Quarter 2)
SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 2, July to September)
Corporate Risk Register (Quarter 2)
Treasury Management Report
Audit of Financial Statements Report 2021/22
Audit Wales Annual Report on Grants Works 2021-22 Draft
Audit Enquiries Letter 2021/22

Comments of Chief Financial Officer

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

Comments of Monitoring Officer

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

Staffing Implications: Comments of Head of People and Business Change

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

Background Papers

None.

Appendix 1

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

26 January 2023
Internal Audit Plan – Progress (Quarter 3)
Financial Memorandum on the 2021-22 Financial Audit
Lessons Learned 2021/22
Internal Audit Unsatisfactory Audit Opinions (6 monthly report)
Referrals to Audit Committee

30 March 2023
WAO Annual Report on Grants Works 2022-23
Annual Corporate Self-Assessment
Audit Wales and Regulatory Bodies 6-month update
Annual Report on Compliments, Comments and Complaints Management 2023

Annual Governance Statement (draft statement)
Referrals to Audit Committee

25 May 2023
Appointment of Chairperson
Treasury Management Year End Report 2022/2023
Corporate Risk Register Quarter 4
Annual Report on Compliments, Comments and Complaints Management update
SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 4, January to March)
Audit Wales Annual Report on Grants Works 2022-23 Draft
Internal Audit Annual Report 2022-2023
Internal Audit Annual Plan 2023-2024
Referrals to Audit Committee

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